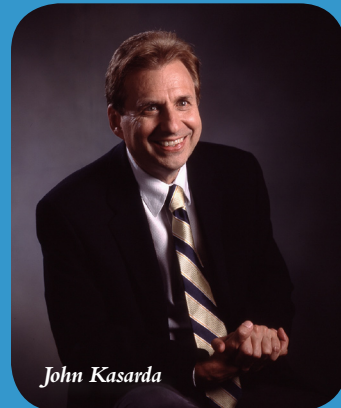


# AUTHORS

## ABOUT THE AUTHORS

• **John D. Kasarda**

John D. Kasarda is the Kenan Distinguished Professor of Management at UNC's Kenan-Flagler Business School and the director of the Frank Hawkins Kenan Institute of Private Enterprise. He received his B.S. and M.B.A. (with distinction) from Cornell University and his Ph.D. from the University of North Carolina at Chapel Hill.



Kasarda has published more than one-hundred scholarly articles and nine books on economic development and business issues. He is frequently quoted in the *Wall Street Journal*, *New York Times*, and other the national and international media. He also has served as a consultant to the Carter, Reagan, Bush, and Clinton administrations and has testified numerous times before U.S. Congressional committees on urban and economic development. Kasarda has been elected as a fellow of the American Association for the Advancement of Science for his research on demographics and job creation and a senior fellow of the Urban Land Institute.

At UNC-Chapel Hill, Kasarda also directs the Carolina Entrepreneurial Initiative, a pan-university initiative to foster entrepreneurship across the campus supported by the Ewing Marion Kauffman Foundation, and the Center for International Business Education and Research, a national resource center funded by the U.S. Department of Education.

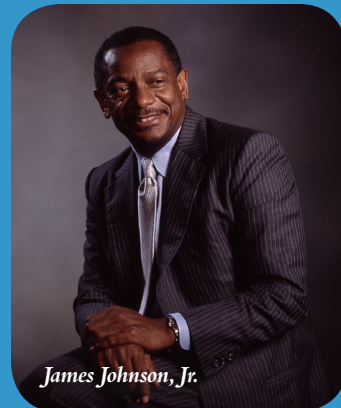
• **James H. Johnson, Jr.**

James H. Johnson, Jr. is the William Rand Kenan, Jr. Distinguished Professor of Management at the University of North Carolina at Chapel Hill. He holds degrees from North Carolina Central University (B.S., 1975), the University of Wisconsin at Madison (M.S., 1977), and Michigan State University (Ph.D., 1980).

Selected by *Fast Company* magazine as one of the "17 ... brightest thinkers and doers in the new world of work," Johnson's current research and consulting activities focus on the workforce and workplace implications of post-1990 demographic changes in the United States and on how to create highly competitive and sustainable business enterprises and communities in the current era of economic uncertainty and global insecurity. His research on

these and related topics has been widely cited in a number of national media outlets, including the *New York Times*, *Los Angeles Times*, *Wall Street Journal*, *Washington Post*, *Detroit Free Press*, *Newsweek*, *Time Magazine*, *U.S. News and World Report*, and *Business Week*. He has also appeared on a number of national television shows, including *The Today Show* on NBC, *CNN Headline News*, *CBS Evening News*, *ABC Nightly News*, *Sunday Morning* on CBS, *Inside Politics* on CNN, and *This Week in Review* on NBC.

Prior to joining the UNC-Chapel Hill faculty, Johnson was a professor at the University of California, Los Angeles, where he spent the first twelve years of his professional career.



## THE ECONOMIC IMPACT OF THE HISPANIC POPULATION ON THE STATE OF NORTH CAROLINA

*John D. Kasarda and James H. Johnson, Jr.*  
**FRANK HAWKINS KENAN INSTITUTE OF PRIVATE ENTERPRISE**

*Kenan-Flagler Business School*  
**THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL**

# EXECUTIVE SUMMARY

## THE ECONOMIC IMPACT OF THE HISPANIC POPULATION ON THE STATE OF NORTH CAROLINA

### EXECUTIVE SUMMARY

Immigrants from Latin America, authorized and unauthorized, are dramatically changing North Carolina's demographic and economic landscape. Hispanics live in every one of the state's 100 counties and work in all sectors of the economy.

North Carolina's rapidly growing Hispanic population contributes more than \$9 billion to the state's economy through its purchases and taxes, while the net cost to the state budget (after Hispanic tax contributions) is an estimated \$102 per Hispanic resident for health care, education, and corrections.

If recent migration trends continue, the total economic impact of Hispanic spending in North Carolina could increase to \$18 billion by 2009. Clear opportunities exist for financial institutions and other businesses statewide to capitalize on this increasingly significant market.

This study documents the nature and magnitude of North Carolina's Hispanic population change and estimates the economic impact of Hispanic residents on individual counties, metropolitan areas, and the state as a whole, along with their associated costs and benefits.

#### Among the study's key findings:

- North Carolina's Hispanic population totaled 600,913, or 7 percent of the state's total population, in 2004, and accounted for 27.5 percent of the state's population growth from 1990 to 2004.
- Between 1995 and 2004, 38.2% of North Carolina's Hispanic newcomers migrated from abroad, 40.2 percent migrated from another U.S. jurisdiction, and 21.6 percent were born in North Carolina.

- Nearly half (45 percent) of North Carolina's Hispanic residents in 2004, and over three-quarters (76 percent) of those migrating to the state from abroad between 1995 and 2004, did not have authorized documentation.
- From school years 2000-01 to 2004-05, Hispanic students accounted for 57 percent of the total growth in the North Carolina Public Schools.
- The average Hispanic household contains 3.7 persons (compared to 2.4 persons in the average non-Hispanic household) and earns about \$32,000 annually (compared to \$45,700 for non-Hispanics).
- Prime working-age adults (18-44) make up a significantly higher percentage of the population in Hispanic (55.3 percent) than in non-Hispanic (37.3 percent) households.
- Hispanics filled one in three new jobs created in North Carolina between 1995 and 2005, with a significant concentration in construction.
- North Carolina Hispanics had an estimated total after-tax income of \$8.3 billion in 2004. With about 20 percent of that total sent home to Latin America, saved, or used for interest payments, the remaining spending had a total impact of \$9.2 billion on the state—much of which is concentrated in the major metropolitan areas along the Interstate 40/Interstate 85 corridor, but which also supports businesses in every part of the state.
- Hispanics annually contribute about \$756 million in taxes (direct and indirect) while costing the state budget about

\$817 million annually for K-12 education (\$467 million), health care (\$299 million), and corrections (\$51 million) for a net cost to the state of about \$61 million.

- The net cost to the state budget must be seen in the broader context of the aggregate benefits Hispanics bring to the state's economy. Above and beyond their direct and indirect impacts on North Carolina business revenues, Hispanic workers contribute immensely to the state's economic output and cost competitiveness in a number of key industries. Without Hispanic labor, for example, the state's construction industry output would likely be considerably lower and the state's total private-sector wage bill as much as \$1.9 billion higher.

#### At least three areas of significant opportunity exist to expand the economic impact of North Carolina's growing Hispanic population.

- In some N.C. counties, Hispanic buying power exceeds their economic impact because communities lack sufficient retail and service facilities to meet the consumer needs of Hispanics. In such instances, Hispanic spending takes place outside these counties—a practice commonly termed "leakage." Businesses across the state, particularly in rural areas, stand to benefit if they can find ways to forestall leakage and tap this growing market.
- Promoting Hispanic entrepreneurship is a related opportunity for the state. In 2002, there were 9,047 Hispanic-owned businesses in North Carolina that generated \$1.8 billion in sales and receipts. The potential for further Hispanic business development is immense. This potential will not be achieved,

however, unless barriers are addressed (e.g., complex English-language only legal and reporting documents, lack of credit histories and associated financing) that limit the start-up and growth of Hispanic businesses.

- North Carolina exports to Latin America have grown markedly in recent years. Such exports were responsible for nearly 70,000 jobs and \$231 million in state and local taxes in 2004. At the same time, significant potential exists for Latin American-headquartered companies to invest in North Carolina to serve the state's rapidly expanding Hispanic population.

Taking advantage of these business opportunities could boost North Carolina's employment growth and overall economic prosperity considerably for decades to come.

**This study was supported by the North Carolina Bankers Association (NCBA), in cooperation with the Consulate of Mexico in Raleigh, North Carolina. The full report may be downloaded on-line at:**

[www.kenaninstitute.unc.edu](http://www.kenaninstitute.unc.edu)

#### CONTACTS:

- **John D. Kasarda, Director**

Frank Hawkins Kenan Institute of Private Enterprise  
(919) 962-8201

- **James H. Johnson Jr., Director**

Urban Investment Strategies Center, Kenan Institute of Private Enterprise  
(919) 962-8201

