



A Report by the Federation for  
American Immigration Reform

# The Costs of Illegal Immigration to Iowans

by Jack Martin, Director of Special Projects



## ■ EXECUTIVE SUMMARY

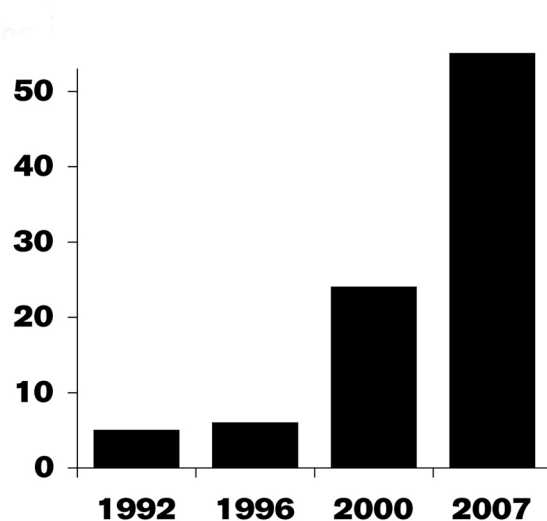
Iowa has a fast growing illegal alien population of at least 55,000 persons, and the fiscal burden on Iowans resulting from services provided to that population are similarly growing rapidly. Comparing this number with the federal government estimate of 24,000 illegal immigrants in 2000 suggests that the illegal resident alien population has grown by roughly 31,000 persons — an increase of 130 percent — over the past seven years.<sup>1</sup> A comparison of the entire foreign-born population residing in Iowa in the 2000 Census — including legal and illegal immigrants and some long-term nonimmigrants, such as foreign students — with the estimated size of that foreign-born population in 2006 also shows an increase of about 31,000 people. This suggests that virtually all of the increase in the foreign-born population in Iowa since 2000 has been by illegal residents.<sup>2</sup>

This rapid rise in the illegal alien population in Iowa since 2000 has coincided with the implementation of a program termed the New Iowans Project.<sup>3</sup> The New Iowans centers are still operating in the state.

FAIR estimates that the annual fiscal burden on Iowa taxpayers today from illegal immigration is at least \$241 million. That equates to an annual cost of about \$172 per native-born headed Iowa household after accounting for taxes collected from illegal workers.

This study takes into account the findings of a report prepared by Iowa's Legislative Services Agency (LSA) in February 2007<sup>4</sup> and by the Iowa Policy Project<sup>5</sup> (IPP) in response to the LSA report. Our estimates, based on a different methodology, reveal a greater fiscal burden than reported in either of those studies. Even without accounting for all areas in which costs associated with illegal immigration are being incurred by Iowa taxpayers, the program areas analyzed in this study indicate that the burden is substantial. The nearly one-quarter billion dollar costs incurred by Iowa taxpayers annually result from outlays in the following areas:

**Estimated Illegal Alien Population**  
(in thousands)



*INS estimates, 1992–2000. FAIR estimate, 2007.*



- **Education.** Based on an estimate of 8,645 school-age illegal aliens and 12,100 U.S.-born children of illegal aliens in Iowa and estimated per pupil costs of \$8,450 per year for public K-12 schooling, Iowans spend about \$175.3 million annually on education for the children of illegal immigrants. An additional estimated \$13 million is being spent annually on programs for limited English students who are likely children of illegal aliens. More than four percent of the K-12 public school students in Iowa are children of illegal aliens, and this share has been increasing as the illegal resident population increases and the overall public school enrollment has decreased slightly.
- **Health care.** State-funded uncompensated medical outlays for health care provided to Iowa's illegal alien population amount to an estimated \$48.3 million a year. This estimate does not include higher medical bills and insurance costs that Iowans who have medical insurance pay to cover the costs of those without insurance.
- **Incarceration.** The uncompensated cost of incarcerating deportable illegal aliens in Iowa's state and local prisons amounts to nearly \$4.9 million a year. This estimate excludes compensation from the federal government, short-term detention costs, related law enforcement and judicial expenditures, as well as the monetary costs of the crimes that led to incarceration.<sup>6</sup>

## ■ COMPARISON WITH LSA AND IPP STUDIES

The state's LSA study estimated that "undocumented immigrants" cost the state's General Fund \$107.4 million based on an estimated population of 70,000 persons, which was the mid-point of a low and a high estimate of the 2005 illegal resident population by the Pew Hispanic Center.<sup>7</sup> The IPP critique of that study also used the illegal alien population estimate of the Pew Hispanic Center, except it used the range of 55,000 to 85,000 persons residing illegally in the state rather than the midpoint of that range. We use our own estimate of 55,000 illegal aliens in the state in 2007. That estimate constitutes about 45 percent of the overall foreign-born population residing in the state.

The method used by the LSA to arrive at an estimated cost of \$37 per resident per year (about \$89 per family) was to apportion a pro rata share of the General Fund expenditures times the estimated illegal alien population. It also developed estimates of tax collections from that population depending on the share of illegal workers paying state taxes rather than avoiding those taxes by working in the underground economy for cash wages. If half of the workers were paying taxes, the estimate of annual tax receipts was about \$12.7 million in income taxes and an additional \$45.5 million in sales taxes — for a total of \$58.2 million. This was slightly more than half of the estimated annual fiscal costs.

The IPP study faulted the LSA methodology as "expansive" in ascribing all services paid for in the General Fund — including items such as the governor's salary — as appropriate to allocate proportionately to illegal aliens. In its study, the IPP estimated an illegal alien-headed family pays on average \$1,671 in taxes (including property tax), an annual amount of between \$40 million and \$62 million — depending on the estimate of the number of illegal immigrant families. The study's fiscal outlay estimate ranged from \$54 to \$81 million, and, therefore represented an estimated annual net fiscal burden on the Iowa taxpayer of \$14 to \$19 million.

Unlike both the LSA and IPP studies, FAIR estimates the cost of illegal immigration to the Iowa taxpayer on the basis of not just the illegal immigrants themselves, but also the dependent children of those illegal aliens. FAIR considers U.S.-born children of illegal aliens to be a logical part of the calculation of fiscal outlays. If the parents were not in the country in violation of our law, the child would not be born and raised here. The only



difference in the costs to the taxpayer from illegal immigration, depending upon where the child of an illegal immigrant is born, is that the taxpayer is required to assume greater public assistance costs for the child born in this country.

## ■ EDUCATIONAL COSTS

### K-12 Enrollment

Just as the size of the illegal immigrant population must be estimated, so too the school-aged population in public schools must be estimated. The IPP study used an estimate of 5,445 to 8,415 K-12-aged illegal alien students at an average annual per pupil cost of \$6,497 to generate a cost estimate of \$35.4 to \$54.7 million.

FAIR, in a 2005 study, estimated the annual costs to the Iowa taxpayer of educating the children of illegal immigrants at about \$99 million (\$41.3 million for students who were themselves illegally in the country, and \$57.8 million for their siblings).<sup>8</sup> Those estimates did not include the additional costs associated with instruction in the English Language Learners (ELL) program. The rapidly rising illegal alien population in the state means that those costs today would be significantly higher.

In 2000 the Immigration and Naturalization Service estimated the illegal alien population in Iowa at 24,000. We estimate that it is now at least 55,000 persons. The Pew Hispanic Center estimated the illegal immigrant population in the state in 2005 at 55-85,000 persons.<sup>9</sup>

In 2000, a research report of the Pew Hispanic Center estimated there were 1.1 million K-12 age students nationally who were illegal aliens and a 40 percent larger number of siblings. This represented a school-age population of illegal aliens that was about 15.7 percent of the overall illegal alien population.

Based on FAIR's estimate of the illegal immigrant population in 2007, and using the same share of that population that is of school age as in the Pew study, we estimate that there currently are about 8,645 illegal immigrant children in Iowa's public school system and an additional 12,100 siblings, whose presence is due to their birth to an alien illegally residing in this country.

FAIR considers the children born to illegal immigrants in this country a necessary part of the calculation of fiscal outlays. If the parents were not in the country in violation of our law, the child would not be born and raised here. The only difference in the costs to the taxpayer from illegal immigration, depending upon whether the child of an illegal immigrant is born here, is that the taxpayer is required to assume greater public assistance costs for the child born in this country.<sup>10</sup>

The per pupil estimated average educational expenditure public school education in Iowa is about \$8,800.<sup>11</sup> However, 4-5 percent of that is from the federal budget. Using an average expense of \$8,450, the annual cost to Iowa taxpayers of educating the children of illegal immigrants is about \$175.3 million (\$73.1 million for illegal alien children, and \$102.2 million for their siblings).

In addition to the fiscal impacts of the children of illegal immigrants in the schools, there are also impacts on the number of students per classroom. When unanticipated students enroll, it may result in overcrowded classrooms. Pedagogical issues may arise from students lacking the necessary preparation to study with students of their age group, and social problems may develop when groups of students speaking a different language form cliques.



A few years ago, in immigrant-heavy Dubuque, many of the elementary schools were housing 10 to 30 percent more students than they were designed for.<sup>12, 13</sup> In Waterloo, the elementary school required two full-time translators.<sup>14</sup> In Marshalltown, the children of immigrants brought by meatpacking plants accounted for 25 percent of the student body.<sup>15</sup> These conditions are likely to be even more acute today unless those localities have been constructing new schools as is being done in Iowa City, where a new elementary school was built last year and another is planned for next year.<sup>16</sup>

## LEP Enrollment

Data on state enrollment collected by the National Clearinghouse for English Learning Acquisition (NCELA) of the U.S. Department of Education identified enrollment in LEP classes in Iowa at an average rate of 14,540 students over the 2003-05 school years.<sup>17</sup> That was more than double the average enrollment during the 1995-97 period and just over 3 percent of total enrollment. One Iowa data source states that ELL enrollment in the public schools is 9.6 percent, but that appears disproportionately high.<sup>18</sup> The rapid rise in that population is shown in the chart. Over the same period, overall enrollment in the state's public schools decreased by about 12 percent.

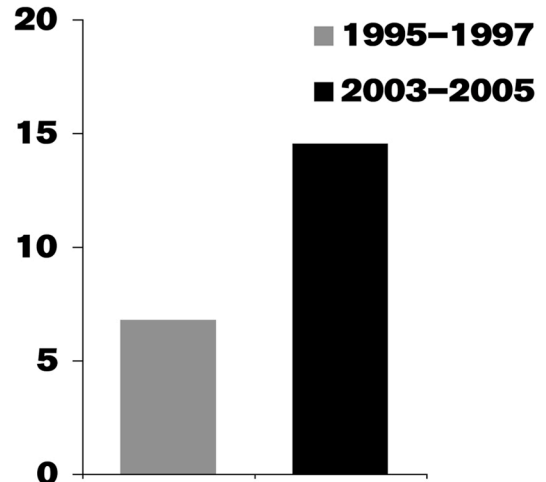
This rapidly growing LEP enrollment began earlier. LEP enrollment data for the 1990-2000 decade showed an increase of about 85 percent. Most of the increase — more than four-fifths (81.3%) — was among native Spanish speakers. An additional share likely was accounted for by speakers of indigenous languages from Spanish-dominant countries. More recent data compiled by the state's Bureau of Planning, Research, and Evaluation found that for the decade between the 1995-96 school year and the 2005-06 school year the enrollment in ELL programs increased by 14,026 students (445.3%), and more than seven-eighths (85.2%) of that increase was by Spanish speakers. This most recent data from the Basic Educational Data Survey finds that ELL enrollment rose in 2005-06 to 17,176 students.

Our estimate of the number of children of illegal aliens in public school is larger than enrollment in ELL classes. This is to be expected for two reasons. First, enrollment in ELL classes is funded by the state for only three years per student, although the local school district may extend that period out of its resources.<sup>19</sup> Second, some children of illegal aliens may not need special English instruction. This should be especially true for those children raised in the United States.

It is also the fact that not all of these English learners will be children of illegal aliens, but most of them will be. With the exception of children of refugees, most of the children of immigrants admitted for permanent residence already have knowledge of English because they have been living in the country as nonimmigrants or

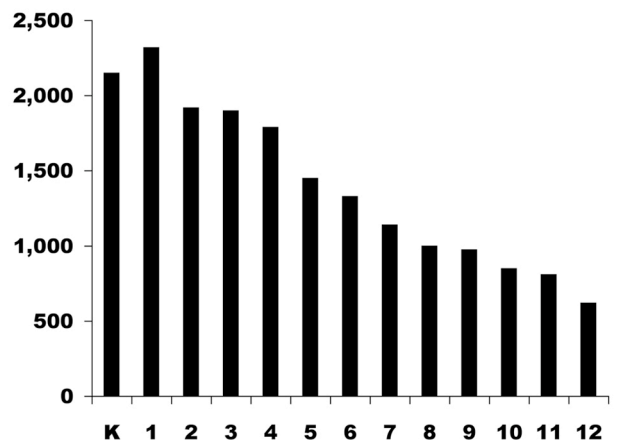
## Limited English Proficiency Enrollment

(in thousands)



U.S. Department of Education (NCELA)

## Limited English Proficiency Enrollment by Grade



2006-2007 Iowa Public School LEP Enrollment



have been preparing for years to immigrate to the United States. Ten years ago, the majority of ELL/LEP students in Iowa were Asians, and presumably the children of refugees. Over the ensuing ten years, the number of speakers of Asian languages in English instruction has fallen to less than ten percent while overall enrollment has surged.

English language instruction begins in elementary school and continues through high school. One outline of that instruction program from the Waterloo community schools program is below:

- **Elementary School Program.** Elementary ELL services consist of up to 45 minutes daily of direct language development instruction delivered by a teacher with the ESL endorsement as defined by the Iowa Department of Education Bureau of Licensure. Additional time may be provided by a teacher, a native language interpreter/paraprofessional directed by a teacher, or by a parent volunteer directed by a teacher, depending on the needs of the child...
- **Middle School Program.** Middle school ELL services consist of a minimum of one class period daily of English language development services. Additional class periods are provided as determined by the needs of the individual. Students are mainstreamed into content classrooms as they are able to be successful. Native language interpreters/paraprofessionals are available to assist in content classrooms as needed.
- **High School Program.** ELL services consist of three levels of ELL English plus an introductory level for newcomers, an ELL Reading class, an ELL Vocabulary class and sheltered content classes. Content specialists deliver instruction in all sheltered content classes. ELL students with no measurable proficiency in English are enrolled in at least two class periods daily of direct language instruction. ELL students who are at the intermediate and advanced level receive one class period daily of language instruction. Advanced students may continue to be enrolled in sheltered content classes even after they are no longer enrolled in an ELL English class. Native language interpreters/paraprofessionals are available to assist students in content classrooms as needed.<sup>20</sup>

We estimate that the children of illegal aliens in LEP/ELL classes include about 7,000 children who are themselves illegal aliens, and about 6,000 of their U.S.-born siblings.

If the children of illegal aliens participated in the program for only three years, this would imply that the number of children of illegal immigrants is significantly larger than our estimate of its size. Rather than increase the size of our estimate of the number of children of illegal aliens, this study assumes that these students continue to receive special English instruction beyond the three-year period.

Budgeting for ELL instruction in Iowa is a complicated and obscure process. Funding comes from the federal government in the No Child Left Behind program, a majority (87.5 percent) from the state budget and the remainder from local school district funding. For purposes of this study we have used an estimate of the outlays for this program (excluding federal funding) derived from the more transparent budgeting for ELL instruction in other states.



### Educating Children of Illegal Aliens (in millions)

	Illegal Aliens	Cost @	Outlay	Siblings	Cost @	Outlay	TOTAL
K-12	8,645	\$8,450	\$73.1	12,100	\$8,450	\$102.2	\$175.3
ELL	7000	\$1,000	\$7.0	6,000	\$1,000	\$6.0	\$13.0
Education Total			\$80.1			\$108.2	\$188.3

Not included in the above calculation is the taxpayer expense for tuition subsidy for illegal aliens or their siblings in higher education because Iowa is not one of the states that have chosen to spend tax revenues in that fashion. This is not to say that there is no such expense as a result of ‘don’t ask-don’t tell’ policies, especially at the community college level. Additional expenses that are not included in these estimates are the costs of pre-Kindergarten classes as well as adult education classes in which English is taught to illegal immigrants among others. For example, one of the guidelines for the state-assisted “New Iowans” program is the following.

*English limited proficiency will not necessarily be limited to students. Adults may also need accommodation in learning a new language. Communities will be encouraged to create partnerships among employers and local educational institutions to devise classes that are flexible in scheduling and accessible to the new population.*

## MEDICAL FISCAL OUTLAYS

The IPP study estimated public medical spending on illegal adult immigrants at between \$14.2 and \$21.9 million per year. That estimate was based on a 2006 research report based on survey work in Los Angeles County.<sup>21</sup> Because that study provided an estimate of medical outlays for adults only, it significantly understates the amount of medical expenses. Its scope excludes the major cost expenditure for the delivery of children born to illegal aliens. Compared to its estimate of \$1.1 billion in outlays nationwide for illegal immigrants, our estimate is that the fiscal costs of uncompensated medical outlays in just California alone were \$1.4 billion in 2005.<sup>22</sup>

The IPP study ignores the portion of the illegal immigrant population aged below age 18. There are medical expenses for the low income U.S.-born children of illegal immigrants, which are covered by Medicaid and paid for by both the state and the federal government. Similarly, the IPP estimate did not include the costs of deliveries of children born to illegal immigrants — also covered by Medicaid. The average cost of an uncomplicated delivery was more than \$6,200 in 2004 and the number of births to illegal alien mothers could be as high as 5,000.<sup>23</sup> This implies a medical expense of \$31 million, about half of which will be paid by the federal government.

The average cost from the Los Angeles study was about \$162 per illegal immigrant per year. By 2007, average inflation would have made that cost per person rise to nearly \$200. Using that inflation-adjusted estimate and applying it to the estimated illegal immigrant population in the state plus their U.S.-born children results in an estimated annual fiscal impact of about \$33.4 million. With the state share of Medicaid costs for deliveries of the children of illegal aliens, the estimated annual outlay is about \$48.9 million.



Because hospitals are required by federal law (Emergency Medical Treatment and Active Labor Act) to provide emergency medical care without regard to legal status or ability to pay, Congress has provided for reimbursements to be paid to the states to cover state outlays for these expenses. Under the FY2007 state allocations for Section 1011 of the Medicare Modernization Act reimbursement for emergency health services to “undocumented aliens,” Iowa received \$572.326 for 2007 as compensation from the federal government.<sup>24</sup>

<b>Public Costs of Medical Care</b> (millions)	
2007 Outlays (est.)	\$48.9
Federal Compensation	\$.6
Net Outlay	\$48.3

There are additional medical expenditures not included in the above estimate. Those include mental health services, public health services and children’s services that are provided on the basis of a ‘don’t-ask-don’t-tell’ policy that makes any quantification of the outlays difficult. In addition, hospitals find increasing need to provide translation services to a growing non-English-speaking population. These additional costs to Iowa taxpayers are probably not a major outlay, and may be considered subsumed in the above estimate.

Examples of these additional impacts are documented in news reports from several years ago on the impact on medical services in communities in which meat processing plants began hiring large numbers of illegal alien workers in the past decade. At Buena Vista county hospital, which began to employ translators on its staff in 1997, uncompensated health care constitutes 25 percent of the total services. Buena Vista County social services are provided to “...a diverse ethnic population, making communication difficult and time-consuming.”<sup>25</sup> At Storm Lake, workers at the IBP meatpacking plant don’t get health insurance until they’ve worked at the plant for six months; as a result, the county’s medical services are under “tremendous pressure,” according to City Supervisor Jim Gustafson.<sup>26</sup>

## ■ INCARCERATION AND CRIMINAL JUSTICE COSTS

### **Incarceration**

The IPP study reported estimated incarceration costs of \$4.1 million based on an average annual cost of slightly more than \$26,000 per inmate year and an illegal immigrant population of 158 prisoners. The cost estimate and the number of “confirmed illegal alien” prisoners were supplied by Iowa Department of Corrections as of October 2007.

Because the number of prisoners was limited to those who were “confirmed,” i.e., with detainers from the immigration authorities, it will understate the actual number. The immigration authorities’ program for issuing detainers, the Institutionalized Hearing Program (IHP), has been found to fail to identify a significant number of deportable aliens imprisoned by the states.<sup>27</sup> While this criticism of the effectiveness of the IHP is dated, anecdotal information suggests that the failure by the federal authorities to have detainers for all deportable aliens persists.



It is also not clear whether the 158 prisoners identified by the state is the actual number at the time it was reported, or is an estimate of the total prisoner years. The latter is the appropriate number for estimating the annual cost.

As a check on the Department of Corrections data, we looked at the data reported by the state in the State Criminal Alien Assistance Program (SCAAP) which seeks federal compensation for incarceration of deportable aliens. The last year for which detention data is available is 2004, and in that year Iowa sought compensation for about 184 prisoner years (including both suspected illegal immigrants and those with detainers). This was an increase over the 2003 SCAAP data in which the total prisoner years were 150, with over half of the total (82 prisoner years) reported by the state penitentiary system, and the other major reporting units were Polk County and Woodbury County (26 and 25 prisoner years respectively).

The SCAAP data suggest that a more realistic estimate of the deportable alien population incarcerated in Iowa is more than that used in the IPP study. Because the number of deportable alien prisoner population has been growing along with the illegal alien population, it is likely that the number of prisoner years is about 190 in 2007.

Using the state correction system's 2007 average cost per inmate and 190 prisoner years, we estimate an annual cost to the state's taxpayers of about \$4.94 million. The offset through the SCAAP program for 2006 was \$563,480.<sup>28</sup> More than two-thirds (69%) of that compensation was to the state correctional system, and Woodbury County received 11.7 percent of the compensation.

### **Other Criminal Justice Expenses**

Not included in either the Legislative Services Agency or the Iowa Policy Project study is any discussion or estimate of other expenses resulting from criminal activities of illegal aliens. Such activities would include policing, especially gang-related policing for gangs that include significant numbers of illegal aliens.

In September 2007 police apprehended nine gang members in the Sioux City area. They were charged with possession of a controlled substance, drug paraphernalia and stolen property. One of the nine, Marco Herrera of South Sioux City, is charged with criminal gang participation and assault while participating in a felony.<sup>29</sup> Police in Des Moines and Polk County have reported a rising number of violent incidents involving Hispanic youth gangs.<sup>30</sup> In March 2006, the Immigration and Customs Enforcement (ICE) branch of the Department of Homeland Security announced a major operation to detain and deport illegal alien gang members that included apprehensions in Des Moines.<sup>31</sup> According to Sen. Charles Grassley, 40 of those arrested were residing in Iowa.<sup>32</sup> According to ICE press releases, a Guatemalan who was wanted in Guatemala for homicide was apprehended in Sioux City in March 2005.

There have been numerous recent operations against employers of illegal aliens in the state including The Galley Restaurant in Vinton in March 2006, Julio's Mexican Restaurant in Cedar Falls in April 2006, Swift & Co. in December 2006, and DeCoster Egg Farms at several locations in Wright County (the latest in a string of similar enforcement operations in the past several years against DeCoster) in September 2007.

In addition to policing costs, criminal aliens cause the courts significant added expenses for interpreters. Other costs result from jailing prior to trials and the cost of trials. These clearly are additional fiscal outlays that are attributable to illegal and deportable aliens which the state comptroller was in a better position to estimate than we are.



### Public Costs for Justice Programs

	Prison Years	Per Year	Cost (millions)
Expenditures	190	\$26,006	\$4.94
SCAAP Reimbursement			\$0.56
Total			\$4.38

### ■ OTHER OUTLAYS

Other fiscal costs of illegal immigration which have not been included in this study include the following:

- An array of social assistance programs that are extended to persons in poverty or near poverty that are received by U.S.-born children of illegal aliens.
- Assisted housing.
- Tax losses from workers in the underground economy paid in cash.
- Tax losses from remittances sent abroad and not spent locally.
- Public assistance to Americans in poverty or near poverty as a result of job loss or lowered earnings resulting from employment of illegal aliens.
- Costs to schools of interpretation/translation services to communicate with illegal alien parents of students.

There are also a number of social costs associated with illegal immigration that should be noted even though they are outside the scope of a fiscal impact study. These include:

- Degradation of the learning environment in schools resulting from an influx of linguistically and academically unprepared illegal alien students.
- Congestion, inconvenience, and property value loss from the presence of illegal aliens seeking day-labor jobs or in neighborhoods where multiple families share a single-family dwelling.
- Delay in receiving medical attention in hospital emergency facilities impacted by illegal aliens seeking assistance.
- Frustration in communicating with a growing population of non-English speakers.
- A higher incidence of crime among illegal aliens and a greater threat from uninsured and hit-and-run drivers.<sup>33</sup>

### ■ TOTAL FISCAL COST ESTIMATE

#### Annual Fiscal Costs of Illegal Immigration (in millions)

Educational Expenses	\$188.3
Public costs of medical care	\$48.3
Public Costs for Justice Programs	\$4.4
Total	\$241.0



## ■ OFFSETTING TAX PAYMENTS

Illegal foreign residents contribute to the state's tax collections. It can be argued that those tax receipts would not change, or would not drop significantly, if those illegal residents were deported or returned to their home countries on their own, because those same jobs that generated the income to pay those taxes would be taken by legal workers (and, in the process, wages might rise, resulting in increased tax collections). However, as this study looks at the present fiscal effects of illegal immigrants, and tax collections are an aspect of the fiscal effects, it is appropriate to include an estimate of how much of the estimated \$241 million in outlays might be offset by tax collections from the same population of illegal residents.

The Legislative Services Agency's study estimated that if half of the illegal alien workers work in formal sector jobs and half work in the underground economy for cash, and the size of the illegal alien population is 70,000 persons, that population is paying about \$12.7 million in income taxes and about \$45.5 million in sales taxes, a total of \$58.2 million. If that calculation were reduced for the estimate of illegal immigrants that we are using (55,000 rather than 70,000) the tax collections would similarly drop to about \$10 million in income taxes and about \$35.8 million in sales taxes, a total of \$45.7 million.

The LSA study did not take into consideration the fact that the illegal immigrant population will not pay taxes similar to the average taxpayer. It did not take into account the fact that the disposable income of illegal alien workers will be reduced by the amount of money they send abroad in remittances. Also, illegal alien workers are likely to have reduced tax withholdings because they have larger numbers of dependents and because they are more easily able to overstate their number of dependents. American workers are deterred from cheating in listing fictitious dependents by the requirement for furnishing the dependent's Social Security number. Workers with dependents living abroad, who do not have SSNs, are not subject to the same check on fictitious dependents. Although it is speculation supported only by anecdotal information, it is reasonable to believe there is a different practice among illegal alien workers in claiming dependents than among U.S.-resident workers. The difference would have the effect of lowering the tax contributions of the illegal workers.

The IPP study concluded that a population of 55,000 illegal immigrants would account for tax collections of \$40.1 million. Unlike the LSA study, the IPP study did take into account the reduced disposable income resulting from foreign remittances. However, the estimate apparently did not take into consideration either the larger average size of the illegal immigrant family — and, therefore, a lower level of tax withholding — or the potential for greater tax cheating with fictitious dependents living abroad. Furthermore, the tax withholding differs based on income, and nearly two-fifths of the non-U.S. citizen population was living in poverty or near poverty in 2005. This was double the rate of poverty and near-poverty among native-born residents. Finally, the property taxes paid by illegal immigrants will differ from those of the general population to the extent that they share the costs of shelter with non-family members much more than do legal residents. This has the effect of lowering per resident shares of property tax payments.

Data collected in the Census Bureau's American Community Survey indicates that in Iowa 22.2 percent of noncitizens lived in poverty, and an additional 15.9 percent had an income of less than 50 percent above the poverty level. For native-born residents, the combined shares amounted to 19.2 percent of the population. In Iowa in 2005, 8.2 percent of full-time, year-round, foreign-born workers (those working more than 50 weeks a year and more than 35 hours per week) earned less than \$15,000 a year; 59.3 percent earned between \$15,000 and \$35,000.<sup>34</sup> Thus, more than two-thirds of all foreign-born workers in the state earned less than \$35,000 in 2005.



The different income profile of the illegal alien population and the different shared occupancy practice will reduce tax collections for property taxes (including those paid indirectly as part of rent payments). Our estimate of \$1.8 million is about two-thirds of the IPP estimate. Sales and excise tax collections are also likely reduced further than in the IPP study to adjust for reduced disposable income because of foreign remittances. A larger share of the illegal immigrant's income will be spent on food, which is exempt from sales taxes. We estimate that these tax collections likely will be no more than two-thirds of the estimates used in the IPP study, i.e., not more than about \$22 million. In addition, the income tax receipts estimated in the IPP study are also likely overstated because of the failure to account for the lower earnings profile of the illegal alien population. Accordingly, our estimate is approximately three-fourths of that used in the IPP study, i.e., \$5.6 million.

**Tax Receipts from Illegal Aliens**  
(millions)

<b>Tax Type</b>	<b>Receipts</b>
Property	\$1.8
Sales	\$22.0
Income	\$5.6
Total	\$29.4

■ **NET FISCAL COSTS OF ILLEGAL IMMIGRANTS**

The estimated partial fiscal costs of illegal immigration to the Iowa taxpayer of more than \$248.8 million is much greater than the estimated about \$29.4 million tax revenue collected from that same population.

**Net Fiscal Effects of Illegal Immigration**  
(millions)

Outlays	\$241.0
Receipts	\$29.4
Net	\$211.6

The estimated fiscal outlay of about \$241 million in 2007 represents a cost of about \$196 per year to each native-headed household. The net cost after accounting for tax receipts from the illegal immigrant taxpayers amounts to about \$172 per native-headed household in 2007.

■ **CONCLUSION**

The above estimates of the fiscal impact of illegal immigration in Iowa are conservative. We used our estimate of the illegal immigrant population in the state (55,000 persons in 2007) rather than that of the Pew Hispanic Center (55,000-85,000 in 2005). The Pew estimate would suggest that the fiscal costs could be higher by at least 27 percent (mid-point) or 55 percent (high estimate).



The reason for estimating the considerable fiscal costs of the rapidly growing illegal immigrant population is not to facilitate state efforts to seek additional compensation from the federal government to offset those outlays. Regardless of which level of government is picking up the costs, the bill is being paid by current taxpayers or being added to the debt that will be faced by future generations.

States have a range of resources available to them to decrease the attractiveness of the state to illegal job seekers. Federal law has provided the means for states to take action against illegal residence and has encouraged such action. For example, Florida requires employers to verify the legal work status of employees, and a number of states have programs to train local law enforcement personnel in immigration law enforcement.

The purpose of providing an estimate of the fiscal impact is to educate the public as well as policy makers of the impact of illegal immigration in the state as an aid to informed policy making. Until recently, the interests most likely to influence the policies adopted by state lawmakers were employers who benefit from lower wage costs from hiring illegal workers and ethnic advocacy groups seeking benefits for their co-ethnics.

A poll taken among Republicans and Democrats attending the Iowa state caucuses in November 2007 found that a majority of representatives of both parties said that the immigration situation is a serious problem (86 percent of Republicans and 59 percent of Democrats).<sup>35</sup> With information on the burden that illegal immigration is placing on the state's taxpayers, the public becomes more empowered to register its concerns with their elected representatives.

## ■ ENDNOTES

- 1 The increase in the estimated illegal immigrant population is a net increase. Because illegal immigrants are being removed by enforcement actions, as detailed later in this report, the number of illegal immigrants taking up residence in Iowa over the past seven years will be greater than the 31,000 estimated increase in that population.
- 2 There is also a flow of legal immigrants into the state, including refugees, but the data suggest that the flow of legal immigrants into the state is largely balanced by the number of legal immigrants leaving the state with the result of little, if any, net change in the foreign-born population from legal immigration. Overall legal admission of immigrants who identified Iowa as their intended residence averaged nearly 5,000 per year since 2000. Refugee admissions between 2000 and 2005 (part of immigrant admissions) averaged a bit fewer than 650 persons per year and have shifted from primarily Bosnians to primarily Sudanese.
- 3 The New Iowans project was launched in 2000 by Governor Tom Vilsack, and for which he was honored in 2001 by the Latino advocacy group, La Raza. "The 2004 Campaign: the No. 2 Spot; Iowa Governor Makes His Case for Stepping Into the National Limelight With Kerry," *New York Times*, June 27, 2004.
- 4 Iowa Legislative Services Agency, Fiscal Services, "Undocumented Immigrants' Cost to the State," February 22, 2007.
- 5 Pearson, Beth and Michael Sheehan, "Undocumented Immigrants in Iowa: Estimated Tax Contributions and Fiscal Impact," The Iowa Policy Project, October 2007.
- 6 Some fiscal cost studies argue that incarceration is not a "benefit" and, therefore, should not be included with educational and medical services. We do not focus on benefits, but, rather on the burden placed on legal residents by illegal immigrants.
- 7 "Estimates of the Unauthorized Migrant Population for States Based on the March 2005 CPS [Current Population Survey], Fact Sheet, April 26, 2006, Pew Hispanic Center.



- 8 Martin, Jack, "*Breaking the Piggy Bank: How Illegal Immigration is Sending Schools into the Red*," FAIR, 2005. The cost estimate was based on an enrollment of 5,388 illegal aliens in 2004 and an additional estimate of 7,543 U.S.-born children of illegally resident aliens. The average cost of \$7,662 per student was based on data reported by the state and collected by the U.S. Department of Education.
- 9 Passel, Jeffrey, "The Size and Characteristics of the Unauthorized Migrant Population in the U.S.," Pew Hispanic Center, March, 2006.
- 10 FAIR also considers the issue of whether a child born in the United States to an illegal immigrant is in fact a U.S. citizen under the provisions of the 14<sup>th</sup> Amendment to be an open question that needs to be decided by the Supreme Court. There is good reason to believe the practice of considering those children as citizens is does not accord with the intent of the framers of that constitutional provision.
- 11 Derived from the International Center for Education Statistics: Digest of Education Statistics 2006, Table 28, adjusted upward slightly for inflation.
- 12 "School Board Hears Long List of Overcrowding Woes," *Dubuque Telegraph Herald*, October 15, 2002.
- 13 "No School Realignment Next Year," *Dubuque Telegraph Herald*, March 3, 2003.
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- 15 Christopher Conte, "Strangers on the Prairie," *Governing Magazine*, January 2002.
- 16 "Board backs new school," *The Daily Iowan*, November 11, 2007.
- 17 Web site consulted October 30, 2007, <http://www.ncela.gwu.edu/expert/faq/01leps.html>.
- 18 Iowa Department of Education, Iowa Demographics 2004-05: Statewide Profile of Public Schools. (web site consulted December 12, 2007 - [www.iowaccess.org/educate/fis/pre/coer/doc/statewide\\_profile05.pdf](http://www.iowaccess.org/educate/fis/pre/coer/doc/statewide_profile05.pdf)).
- 19 Iowa Administrative Code, Chapter 280, Section 4. "In order to provide funds for the excess costs of instruction of limited English proficient students above the costs of instruction of pupils in a regular curriculum, students identified as limited English proficient shall be assigned an additional weighting ... for a period not exceeding three years. However, the school budget review committee may grant supplemental aid or modified allowable growth to a school district to continue funding a program for students after the expiration of the three-year period."
- 20 Waterloo Community School District Program for English Language Learners Program Description, [www.waterloo.k12.ia.us/student-services/index.php?pageid=231](http://www.waterloo.k12.ia.us/student-services/index.php?pageid=231), (web site consulted December 4, 2007).
- 21 Goldman, Dana et. al., "Immigrants and the cost of medical care," *Health Affairs*, 2006.
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- 32 "Grassley Statement on Comprehensive Immigration Reform Legislation," Press Release, March 2, 2006.
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- 34 "Iowa State Factsheet," Migration Information Source, Migration Policy Institute (web site consulted December 2, 2007).
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