

FEDERATION FOR AMERICAN
IMMIGRATION REFORM



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THE COSTS OF ILLEGAL IMMIGRATION TO

Nevadans

A REPORT BY JACK MARTIN, DIRECTOR OF SPECIAL PROJECTS

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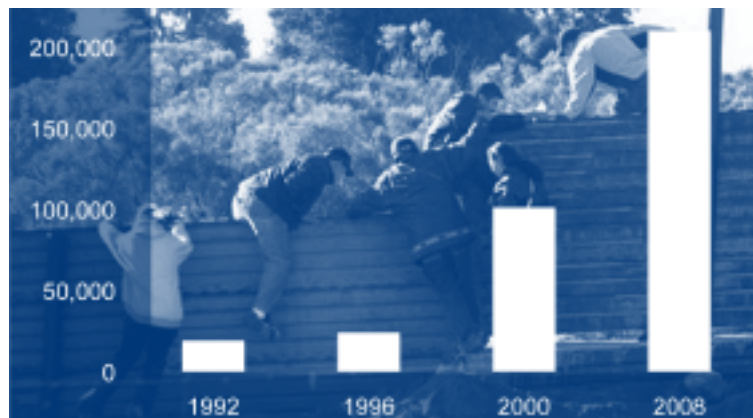
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Contributing to its status as the fastest growing state in the country, Nevada has a rapidly growing illegal alien population of about 210,000 persons.¹ While the state's native-born population has grown since 2000 by 24 percent, the foreign-born population has grown by 61 percent. As this report will detail, Nevada's illegal alien population represents a major burden on the state's taxpayers and on the state budget. These costs imposed on law-abiding Nevadans are unfair and unwelcome even in the best of times, but are especially burdensome at a time when the state is confronting a major budget shortfall.

In 2008, the foreign-born population in Nevada represented nearly one in every five residents (19.6%),³ and illegal aliens constitute nearly one in every twelve residents (8.1%). The share of children of immigrants is even higher. More than one-in-three (36.2%) Nevada residents under age 18 in 2006 had an immigrant parent.⁴

The rapid growth of the illegal alien population prompted the state legislature to adopt laws in 2007 dealing with human smuggling and exploitation and to bring the state driver's licensing into compliance with federal REAL ID standards. Additionally, the Las Vegas Police Department entered into a Section 287(g) agreement with the U.S. Department of Homeland Security (DHS) in September 2008. This program provides training and deputizes local law enforcement personnel to work cooperatively in immigration law enforcement.

ESTIMATED ILLEGAL ALIEN POPULATION
(in thousands)



These measures are a response to public concern about illegal immigration and support for the adoption of strong measures to discourage illegal settlement in the state. An October 2007 poll of Nevada registered voters found that 59 percent believed that “a tough approach to immigration” is preferable to an amnesty and guest worker program. That was nearly double the share of voters, i.e. 31 percent, who supported the amnesty approach.⁵ By wide margins, Nevadans believe that illegal immigration has a negative impact on the state budget. A January 2009 Zogby International poll found that more than three-fourths of Nevada voters (76.5%) believe that the impact of illegal immigration on the state budget is “very negative” or “somewhat negative.” The same poll found that more than three-fifths (60.4%) of Nevada voters think that enacting an amnesty for illegal aliens would “add to the state’s fiscal crisis,” compared with less than one-fifth (19.4%) who say amnesty would “ease the state’s fiscal crisis.”

spending cut by \$300M

“[GOVERNOR JIM] GIBBONS SAID DECLINING TAX REVENUES ARE FORCING THE STATE TO CUT SPENDING BY ANOTHER \$300 MILLION FOR THE FISCAL YEAR ENDING JUNE 30 AND BY \$1.5 BILLION IN THE 2009–11 TWO-YEAR BUDGET. OFFICIALS ALREADY HAVE CUT STATE SPENDING BY \$1.2 BILLION SINCE JANUARY.”²

To the extent that tough enforcement measures discourage illegal aliens from coming to the state and encourage those already in the state to leave, they should contribute to the efforts of local elected officials to cope with the projected budget deficit.

EXECUTIVE SUMMARY

FAIR estimates that the annual fiscal burden on Nevada taxpayers associated with illegal immigration to be about \$630 million. This equates to an annual average cost of about \$763 per native-born headed household in the state. In addition, there is a cost to the state's economy resulting from remittances sent abroad that amounted to \$618 million in 2006. Like the surge in illegal immigration, the flow of remittances out of the state has also been rapidly rising. From 2004 to 2006, the remittance flow increased 38 percent.⁶

Estimated taxes collected from the illegal alien population are about \$216 million. But it should be kept in mind that the departure of those illegal workers would not necessarily mean any drop in state revenue if they were replaced by U.S. or legal foreign workers. In that case, tax receipts would likely rise. Even if we were to allow for those tax receipts from illegal aliens to be calculated as an offset against the fiscal costs, the net cost would remain about \$414 million and the average burden per native-born household would be about \$501 per year.

This study examines only the most visible portion of state fiscal costs of illegal immigration:; i.e., expendi-

tures related to education, medical care and incarceration. A number of other costs resulting from illegal immigration that are borne by Nevada taxpayers are not included in this study. In addition, a portion of Nevadans' federal taxes also cover costs associated with illegal immigration, such as the federal contributions to education and medical costs and incarceration of illegal aliens. Therefore, a comprehensive estimate of the burden on Nevada taxpayers from funding the services received by illegal aliens would be significantly higher.

The \$630 million fiscal burden borne by Nevada taxpayers annually result from outlays in the following areas:

•Education

Nevadans spend nearly \$470 million annually to educate the children of illegal immigrants in K-12 public schooling. An additional \$45 million is being spent annually on programs for limited English students who are likely children of illegal aliens. Nearly one in six (15.8%) K-12 public school students in Nevada is the child of an illegal alien, and this share has grown as the illegal resident population has grown.

•Health Care

State-funded and uncompensated outlays for health care provided to Nevada's illegal alien population amount to more than an estimated \$85 million a year. That is a net cost after crediting compensation from the federal government. Nevadans who have medical insurance pay higher medical insurance bills to cover the costs of those without insurance.

\$630M taxpayer burden
THE \$630 MILLION FISCAL BURDEN BORNE ANNUALLY BY NEVADA TAXPAYERS,
RESULT FROM OUTLAYS IN EDUCATION, HEALTH CARE AND INCARCERATION.

•**Incarceration**

The cost of incarcerating deportable aliens in Nevada’s state and local prisons amounts to about \$31 million a year. This estimate also is a net amount after deducting compensation received from the federal government. It does not include short-term detention costs, related law enforcement and judicial expenditures, or the monetary impact of the crimes that result in incarceration.⁷

EDUCATIONAL COSTS

•**K-12 Enrollment of Illegal Aliens**

Just as the size of the illegal immigrant population must be estimated, so too must the school-aged population in public schools be estimated. In 2000, a research report by the Pew Hispanic Center estimated there were 1.1 million K-12 age students nationally who were illegal aliens. In addition, about 1.54 million K-12 students were U.S.-born children of illegal aliens.⁸ This represented a school-age population of children of illegal aliens that was more than one-eighth (15.8%) of total enrollment. Using the assumptions in the Pew study, and the estimate of the Immigration and Naturalization Service of the number of illegal aliens residing in the state in 2000, our estimated cost in 2004 of K-12 education for the children of illegal aliens in Nevada was \$321 million.⁹

As noted above, the illegal alien population has risen rapidly over the past several years. Based on our current estimate of the illegal immigrant population, and using the same methodology as in the 2004 report, we estimate that there currently are about 27,175 illegal

immigrant children in Nevada’s public school system and an additional about 38,045 U.S.-born children whose presence is due to their birth to an alien illegally residing in this country.

We consider that the children born to illegal immigrants in this country are 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. Similarly, the parents — if deported or leaving on their own — may be expected to take these dual-citizenship children with them to their home country.¹⁰

The average annual educational expenditure per student for public school education in Nevada was about \$7,435 in 2006 according to data collected by the U.S. Census Bureau.¹¹ Expenditures vary by school district. However, as the variation is not large, we will use the statewide average adjusted upward slightly for inflation to \$7,735.¹² Some of that expenditure per student comes from federal allocations. On average, the federal share amounted to 7.1 percent of expenditures in 2006,¹³ and using that same share, we estimate that current state and local expenditures per student amount to \$7,186.

The Nevada taxpayer is, of course, also paying for a share of the federal expenditure on the same students. However, we ignore that amount because our focus is on the in-state fiscal impact. The estimated population of public school-aged children of illegal aliens and the estimate of the per pupil cost of that schooling yield an annual estimated expenditure of about \$469



million for educating the children of illegal immigrants.

That estimated expenditure does not include capital costs, although new school construction is clearly related to the rapidly expanding school-age population. According to a recent study published by the Migration Policy Institute, Nevada’s public school population grew faster than any other state’s between 1994 and 2005, rising 52 percent. And, in the Clark County School District (including Las Vegas), one new school was opened each month between 2004 and 2006 to meet that demand.¹⁴

In addition to the fiscal effects of the children of illegal immigrants in the schools, there are also non-fiscal consequences. These include unanticipated enrollment of newly arriving students that may result in overcrowded classrooms and pedagogical issues arising from students lacking the necessary preparation to study with students of their age group. According to the Annie E. Casey Foundation, Nevada ranked 50th in the nation (at the bottom) in percent of teens ages 16-19 who were high school dropouts (11%) in 2005.¹⁵ Other disruptions to the learning environment may develop when groups divide into cliques based on their native language.

•LEP Enrollment

Enrollment in Limited English Proficiency (LEP) classes in Nevada was 74,305 students in the 2005-06 school year according to the National Center for Education Statistics (NCES) data. That was triple the number of students a decade earlier (24,851 students

in the 1995-96 school year) and a rate of increase about 10 times higher than the one-third increase in non-LEP student population in public schools.¹⁶

Not all English Language Learners (ELL) or LEP students are children of illegal aliens, but most of them are.¹⁷ With the exception of children of refugees, the children of immigrants legally admitted for permanent residence are likely to already speak English because the parents lived in the United States as nonimmigrants, prepared for years to immigrate to the United States, or immigrated from countries where English is taught in the schools.

Our estimate of the number of children of illegal aliens in LEP classes is smaller than our estimate of the children of illegal aliens attending school statewide for two reasons. First, some students graduate out of special English classes every year. Second, children of illegal aliens born and raised in the United States are less likely to need such assistance. For that reason, we es-

LIMITED ENGLISH PROFICIENCY ENROLLMENT
(in thousands)



one of the fastest-growing states

NEVADA IS ONE OF THE FASTEST-GROWING STATES IN THE NATION, AND
ENGLISH LANGUAGE LEARNERS ARE THE FASTEST-GROWING
SEGMENT OF OUR STUDENT POPULATION.

—INVEST '07: Investing in Nevada’s Education, Students, and Teachers

timate that slightly more than four-fifths of all ELL students are the children of illegal aliens.

A 2004 report by the U.S. Government Accountability Office (GAO) estimated that the costs associated with English language instruction for limited English speakers adds significantly to the cost of normal instruction. Referring to English Language Learner (ELL) programs, the GAO noted:¹⁸

“Bringing ELL-enrolled children up to the grade level of same age non-ELL-enrolled children has been estimated to potentially increase costs by an additional 10 to 100 percent over usual per pupil costs; for students living in poverty (independent of ELL programs), the corresponding range of estimates is 20 to 100 percent. Bringing students characterized by both poverty and limited English proficiency up to average levels of achievement could potentially increase average costs by a larger amount—perhaps 30 to 200 percent over average per pupil costs.”¹⁹

That implies in the case of Nevada an annual per pupil cost of ELL instruction of between \$720 and \$14,400. In Nevada, all of that expense is borne at the local level, as the state does not assist in funding English acquisition programs.²⁰ Under current budget constraints, English language programs are under scrutiny. In Clark County, a freeze has been placed on hiring any new ESL (English as a Second Language) teachers. Based on the absence of state assistance and the comparatively low level of educational funding in the state, our estimate of the cost of ELL instruction in Nevada, i.e., \$750 per student per year, is significantly lower than the cost estimate for ELL instruction in other

states.²¹ This estimated per pupil expenditure does not include federal support — which for Nevada is only about half as much per enrolled student as the national average. According to a state Department of Education official, this low level of support results from the rapidly growing enrollment and the fact that federal support is based on 2000 Census data rather than current enrollment data.²²

A research report by the Urban Institute found that in 2005 nationally 43 percent of LEP students were first generation, i.e., foreign born, and 57 percent were second generation, i.e., born in the United States to immigrant parents.²³ In Nevada, according to a research report by the Migration Policy Institute, 68 percent of the ELL students in the state’s elementary schools and 43 percent of those students in the secondary schools are U.S.-born.

In the 2003-04 school year, more than four-fifths (82%) of English-learning students were located in the Clark County schools (Las Vegas area) and another eighth (12.6%) of the students are in the Washoe County schools (Reno area). Those shares are virtually identical with those two counties’ shares of the state’s foreign-born population in 2007 (81.6% and 13.1% respectively).

Other expenditures that are not included in these calculations are the costs of pre-kindergarten classes as well as adult education classes in which English is taught to illegal immigrants among others. Also not included, as already noted, are capital expenditures

EDUCATING THE CHILDREN OF ILLEGAL ALIENS

(in millions)

	Illegal Aliens	Cost @	Outlay	Siblings	Cost @	Outlay	Total
K - 12	27,175	\$7,186	\$195.3	38,045	\$7,186	\$273.4	\$468.7
LEP	26,000	\$750	\$19.5	34,500	\$750	\$25.9	\$45.4
Total			\$214.8			\$299.3	\$514.1

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that are 40 percent higher than the national average.²⁴ Finally, the above calculations also do not include the costs of school meal programs for low income students. A Migration Policy Institute study of adolescent LEP students found that more than half qualified for free or reduced price lunch programs.²⁵

MEDICAL COSTS

Because of a projected budget shortfall of \$440 million, Governor Gibbons has proposed across-the-board budget cuts of 4.5 percent including medical expenditures.

The medical expenses associated with illegal immigration borne by Nevada taxpayers include uncompensated emergency medical care — maternity expenses, injuries or other conditions — as well as possible use of false documentation in order to receive Medicaid-paid services. Legally, Medicaid is not available to illegal aliens, but in practice it may be used fraudulently with false documents. No estimate of the costs of fraudulent access to Medicaid services has been included in this study.

Emergency Medicaid pays for costs of medical assistance to persons not eligible for regular Medicaid coverage. This coverage is used by both legal and illegal immigrants. It is used by poor legal immigrants because they are not eligible for regular Medicare for their first five years in the country, and it is used by illegal aliens because they are not eligible for Medicare at any time.

A report by the chair of the University of Las Vegas Department of Health Care Administration and Policy in 2005 found that:

Nevada has a higher than national average percentage of uninsured low income adults, low income children and minority residents. Low income, minority adults are uninsured, because they work for businesses

*that do not provide an insurance benefit; they work for a company that provides a benefit but they cannot afford to purchase the benefit; they are not U.S. citizens; and/or they are not eligible for Nevada's relatively stringent Medicaid program. Low income children are uninsured, because many of them are not enrolled in the Nevada Medicaid and/or the Nevada SCHIP programs.*²⁶

All of the above described reasons for a larger than normal medically uninsured population pertain to conditions that apply to the illegal alien population and contribute to an understanding of why medical assistance providers to this population face major unreimbursed medical costs.

According to a study done by RGJ Research, Emergency Medicaid expenditures in Nevada amounted to \$27.5 million in 2007. Clinics in northern Nevada estimated that about a third of their workload consisted of immigrants. Uncompensated care to the state's 16 largest hospitals totaled \$536.5 million.²⁷

We estimate the current number of births to immigrant mothers in Nevada is about 13,800.²⁸ We estimate that about three-fourths of those births, i.e., 10,400 births, are to illegal aliens. This may be on the low side as Medicaid births in the state in 2002 numbered 10,466 and a large share of those births may be assumed to be to illegal aliens, and the number of births will have increased as the illegal alien population has rapidly increased. However, our estimate is in line with the experience of one of the state's providers of obstetric services to Medicaid patients.²⁹ We calculate the cost of those Medicaid births to illegal aliens using an average cost estimate of \$9,800 per delivery. This amount is similar to Medicaid delivery charges elsewhere and within the range reported in Nevada.

Once those children are born under Medicaid coverage, they continue to be eligible for Medicaid services

for one year. In addition, the parents of the new child become eligible to collect social assistance under the Temporary Assistance to Needy Families (TANF) program on behalf of that child. No estimate of the fiscal costs of that continuing assistance to the children born to illegal aliens has been included in this study.

•Emergency Care

Under the Emergency Medical Treatment and Active Labor Act, emergency medical care cannot be denied to anyone in need of such treatment. This makes emergency rooms the health care provider of first resort for persons including illegal aliens who have neither medical insurance nor the financial ability to pay for private health care. Such assistance is required until the patient’s condition is stabilized.

An estimate of the medical costs of non-elderly adult illegal immigrants by the RAND Corp. put those costs nationally at \$1.1 billion annually in 2000.³⁰ After the RAND study was released, FAIR publicly commented that we considered that to be an unreasonably low estimate, and James Smith, the principal author of the RAND study acknowledged in press accounts that the costs might be as high as double that amount.³¹ If we assume national costs of \$2 billion in 2000, adjusted upwards for inflation to \$2.4 billion, and that the share of health care usage by adult, non-elderly illegal aliens in Nevada is proportional to the national share, the uncompensated medical outlays in the state would be about \$38.8 million. That amount could be higher as a result of some medical treatment being received by elderly illegal aliens, although this is presumed to not be a significant amount because longer-term illegal aliens are likely to have gained legal residence as a result of the 1986 amnesty or other subsequent more limited amnesty provisions. The nearly \$40 million is about seven percent of the estimated total uncompensated care provided in the state.³²

The cost of emergency medical care is partially reimbursed to the states since 2004 by the federal government based on a formula that takes into account the federal government’s estimate of the illegal alien population in the state in 2000 being 101,000 persons. For a state like Nevada, with a rapidly rising illegal alien population, that formula under-compensates the state even if the appropriated funds matched expenditures — which they do not.

Under the FY2008 state allocations for Section 1011 of the Medicare Modernization Act, reimbursement for emergency health services to “undocumented” aliens, Nevada received an allocation of \$2.4 million.³³

PUBLIC COSTS OF MEDICAL CARE

(in millions)

State Medicaid cost (births) 10,400 @ \$9,800	\$101.9
Federal Medicaid Share (52.64%)	-\$53.7
Emergency Care	\$38.8
Federal Compensation	-\$2.4
Net Outlay	\$84.7

There are additional medical expenditures associated with the illegal alien population not included in the above estimate. Those include mental health services, public health services, such as immunizations, 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. Furthermore, hospitals increasingly must provide interpretation/translation services to a growing non-English-speaking population. A comprehensive fiscal cost estimate should include such costs.

INCARCERATION AND CRIMINAL JUSTICE COSTS

•Incarceration

The data upon which the costs of incarcerating illegal aliens can be estimated come from information collected in the State Criminal Alien Assistance Program (SCAAP), which is administered by the Office of Justice Programs in the Department of Justice. In that program states and local jurisdictions apply for compensation for the incarceration of illegal aliens and other deportable aliens.

The current guidelines for the compensation are: “SCAAP provides federal payments to states and localities that incurred correctional officer salary costs for incarcerating undocumented criminal aliens with at least one felony or two misdemeanor convictions for violations of state or local law, and incarcerated for at least 4 consecutive days during the reporting period.” The appropriation provided by Congress funds only a portion of the incarceration costs, and local jurisdictions absorb a major portion of these expenses. As shown in the chart, SCAAP compensation paid to Nevada since 1997 has fluctuated widely from a high of nearly \$7 million to less than \$2 million. But this does not necessarily reflect a proportional change in the size of the incarcerated illegal alien population in the state because the compensation also varies based on the changing amount of appropriated funds. As a percentage of the national SCAAP outlays, the share received by Nevada jurisdictions has increased with the rising number of deportable alien inmates. The share has tripled from 0.6 percent in 1997 to 1.8 percent of the national total in 2008, i.e., double Nevada’s share (0.9%) of the U.S. population.

In FY 1999, when the state documented 556 illegal alien inmate years, it received federal reimbursement for 38.6 percent of its costs. Three years later, SCAAP

data indicate that Nevada’s illegal alien inmate population had more than doubled to 1,192 inmate years, while compensation increased by 17 percent. The last year for which published detention data are available is 2006, and in that year Nevada sought compensation for 1,386 prisoner years (including both suspected and known illegal immigrants) and received \$6,791,824 in SCAAP compensation. Awards in the compensation program rose over the past two years by more than 14 percent while awards nationwide rose by 2.5 percent. This indicates a further increase in the number of deportable alien prisoners in the state.³⁴ On the basis of this trend in SCAAP awards, we estimate the current deportable alien population to be at least 1,500 persons in 2008.

SCAAP AWARDS

(in millions)



The 2006 SCAAP data indicate that the number of inmate years of deportable criminal aliens was 13 percent of the state’s total inmate years. In Clark County, according to a May 2008 account, 20 percent of all inmates in the detention facility were foreign-born, but the authorities were not able to say how many of them were illegal aliens.³⁵ The Nevada Pardons Board launched a controversial program in 2007 to reduce prison overcrowding by reducing sentences of de-

portable criminal aliens convicted of drug trafficking in order to get them earlier into the hands of immigration authorities for removal from the country. According to a September 2007 news account on KTTV, more than 100 aliens had been released to federal authorities over the previous few months as a result of this initiative.³⁶

The Nevada Department of Corrections cited a projected annual per inmate cost of incarceration in the state prison system in 2008 of \$21,228.³⁷ Incarceration costs in county jails are more expensive than in the state system according to a study by RGJ Research, Inc. The costs of incarceration were nearly 52 percent higher for the Washoe County system.³⁸ In 2008, the SCAAP data indicate that 63.4 percent of the deportable alien prisoners were in the state penitentiary system and the remainder was in county facilities (27.4% in the Las Vegas, North Las Vegas and Clark County facilities and 6.4% in Washoe County). Applying the respective state and county cost figures, the annual net cost of incarceration of criminal aliens in Nevada is estimated to be \$31.1 million.

•Other Criminal Justice Expenses

Not included in our estimate of the costs of incarceration of deportable aliens is any estimate of other expenses resulting from crimes committed by illegal aliens. Such activities would include policing, especially policing for gangs that are likely to include illegal aliens.

Progress is being made in combating illegal alien crime, especially gang-related crime through a program of federal training of local law enforcement personnel in immigration law enforcement. These programs are known as 287(g) programs — named for the section of Immigration and Nationality Act that authorizes them. Before the advent of the 287(g) programs, and in those communities which do not yet have them, identifying illegal alien gang members required federal involvement, and that too often has been unavailable. The Las Vegas Metropolitan Police Department is the first service in the state to have officers trained and deputized in that program. Results in the first two months after the program’s adoption were the identification of about 300 high level offenders and another 1,700 low level illegal alien law breakers.³⁹

In addition to prison and policing costs, criminal aliens cause the police and the courts significant added expenses for interpreters/translators and the cost of trials including public defenders for indigents. These clearly represent additional fiscal outlays that are attributable to illegal and deportable aliens that are not included in the \$31 million uncompensated cost estimate.

COSTS OF ILLEGAL ALIEN INCARCERATION

(in millions)

	Prisoner Years	Cost @	Outlay
Expenditures			
State	950	\$21,230	\$20.2
County	550	\$32,200	\$17.1
SCAAP Reimbursement			-\$6.8
Total	1,500		\$31.1



The illegal alien population often comes from countries where enforcement of traffic laws is different from the United States, and this often may be seen in drunk driving cases and hit-and-run driving crimes. In 2008, Las Vegas had 1,500 DUI citations handed out to Spanish speakers (who will be mostly immigrants, including illegal aliens). A Salvadoran immigrant commented, “The laws of transportation are different [in El Salvador]. You drive drunk, you can pay the police and get away. Even if you kill someone, you won't get in that much trouble.”⁴⁰

OTHER IMPACTS FROM ILLEGAL IMMIGRATION

In addition to some costs related to education, medical care and incarceration of illegal aliens not included in the above estimates, other fiscal costs which are outside the scope of this study include the following:

- Social assistance programs such as Temporary Assistance to Needy Families (TANF), which in Nevada includes about one-in-ten beneficiaries of the program who are children of illegal aliens or recent immigrants;⁴¹
- Subsidized housing, available to persons in poverty or near poverty accessed by illegal aliens on behalf of U.S.-born children;
- Losses to the state’s economy from more than \$618 million in remittances sent abroad by workers in Nevada to Mexico and Central America. This results in a loss of sales, production, jobs and tax collections when the earnings do not circulate locally.
- Public assistance to Americans in poverty or near poverty as a result of job loss or lowered earnings resulting from displacement by illegal aliens.

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. In

addition to those already noted related to education, e.g. the impact on the learning environment, these include:

- Congestion, inconvenience, and property value loss from the presence of illegal aliens living in over-crowded conditions and in areas in which day-laborers compete for jobs;
- Delay in receiving medical attention in or closings of hospital emergency facilities impacted by illegal aliens seeking assistance;
- Other medical service suspensions, such as the closing of the University Medical Center’s oncology service in Las Vegas to Medicaid and uninsured patients because of financial losses resulting in part from the treatment of about 150 illegal aliens.⁴²
- Frustration in communicating with a growing population of non-English speakers;
- A higher incidence of crime committed by illegal aliens and a greater threat from uninsured and hit-and-run drivers.⁴³

TOTAL ANNUAL FISCAL COST ESTIMATE

(in millions)

Net Education Costs	\$514.1
Net Medical Care	\$84.7
Net Incarcerations	\$31.1
Total	\$629.9

OFFSETTING TAX PAYMENTS

Illegal aliens add to the state’s tax receipts. This is not, however, a logical offset against the fiscal costs, because it can be presumed that those tax collections would not decline if those illegal workers were deported or returned to their home countries on their own. While there may be some jobs that exist largely because of the presence of illegal alien workers, i.e., sweatshop jobs which should be eradicated, most of the jobs cur-

rently held by illegal aliens would be done by legal workers, whether Americans or guestworkers. Were that to happen, it is reasonable to assume that the same or higher wages would be earned by the legal workers (and, in the process, the economy would benefit).

Similarly, apologists for illegal aliens argue that allowance should be made for the value of the goods and services they produce as an offset to their fiscal costs. This is an economic argument outside of the fiscal focus of this study. Nevertheless, our view is that economic argument would make sense only if it were assumed — however improbably — that those jobs would disappear if the illegal workers were unavailable. Recent experience in hiring to replace apprehended illegal alien workers offers proof that assumption is false. The apologists also ignore the fact that many illegal alien workers are being exploited in jobs that have negative social consequences. No form of unlawful labor, such as indentured servitude, sweat shops, or other exploitation should be accepted on the basis that it contributes to the economy by producing goods or services.

Still, because this study looks at the fiscal consequences of illegal immigration, and tax collections are a fiscal effect, we include below an estimate of tax collections from Nevada’s illegal alien residents.

Because Nevada has no state personal income tax, tax receipts from illegal aliens are sales taxes (including gas, alcohol, and entertainment) and property taxes (most often collected from illegal aliens indirectly as part of

the rental payments.) Tax collections from illegal aliens will be at a significantly smaller rate than from legal residents and citizens for reasons outlined below.

- Nearly one-fourth (23.8%) of all foreign-born households in Nevada were found in 2006 to be living in poverty or near poverty in the Census Bureau’s American Community Survey.⁴⁴ Near poverty refers to 50 percent above the poverty line and qualifies persons below that level to public assistance programs. Illegal aliens in general will have lower earnings than foreign-born U.S. citizens and legal residents who are less likely to work in the underground, or “informal,” economy.
- Also in 2006, 17.3 percent of full-time, year-round, non-U.S. citizen, foreign-born workers in the state earned less than \$35,000 a year. That level of earnings for a family of four qualified the family for public assistance programs. Those data apply to both legal and illegal foreign-born residents. As noted above, the economic profile of illegal residents will be lower than that of legal residents and naturalized U.S. citizens.⁴⁵
- Calculations by the Institute for Tax and Economic Policy assume that about half of all illegal workers are in the underground or cash economy. This is due in part to employers exploiting illegal alien workers by employing them off-the-books.
- Disposable income of illegal aliens is often reduced as a result of sending part of their earnings abroad in the form of remittances. The Inter-American Development Bank estimates that in 2006, more than \$618 million dollars were sent to Mexico and Central America from Nevada. Illegal aliens are

23.8% of foreign-born live in poverty
 NEARLY ONE-FOURTH (23.8%) OF ALL FOREIGN-BORN HOUSEHOLDS IN NEVADA WERE
 FOUND IN 2006 TO BE LIVING IN POVERTY OR NEAR POVERTY IN THE CENSUS
 BUREAU’S AMERICAN COMMUNITY SURVEY.

more likely than legal immigrants to have nuclear family members living abroad to whom they send remittances. The reduced disposable income means reduced sales tax receipts.

- Illegal aliens are more likely to make purchases in the informal economy from which sales taxes are not collected by the government. An example would be home prepared food sold on job sites to laborers.⁴⁶
- The lower earnings profile means that a larger share of the illegal immigrant’s income will be spent on food, much of which is exempt from the sales tax.
- Illegal aliens often will share housing, which means that per capita indirect property taxes on rental property collected by local governments will be lower than for most other residents.

In our calculation of likely tax revenue collected from the illegal alien population, we use the estimate that approximately half of the state’s illegal alien workers are in the underground economy, working for cash. We estimate that most of the tax collections from the illegal alien population will accrue from the 6.5 percent sales tax. About 3 percent of tax collections will be local property taxes. The results are shown below.

TAX RECEIPTS FROM ILLEGAL ALIENS

(in millions)

Property	\$7.0
Sales	\$209.2
Total	\$216.2

NET FISCAL COSTS OF ILLEGAL IMMIGRANTS

The estimated fiscal costs of illegal immigration to the Nevada taxpayer in the three programmatic areas of education, medical care and incarceration of about

\$630 million heavily outweigh the estimated \$216 million tax receipts from that same population.

NET FISCAL EFFECTS OF ILLEGAL IMMIGRATION *(in millions)*

Outlays	\$629.9
Receipts	\$216.2
Net	\$413.7

The estimated fiscal outlay of about \$630 million in 2008 represents an average cost of about \$763 per year to each of Nevada’s 825,000 native-born households. The net cost after accounting for tax receipts from the illegal immigrant taxpayers amounts to an average burden of about \$501 per native-born household. This per household cost of illegal immigration is higher than in every other state with a large illegal alien population, with the exception of California and New Jersey. This is related to the fact that Nevada has the second highest per capita rate of illegal aliens in the country, after California.

COMBATING ILLEGAL IMMIGRATION

Most of the fiscal costs detailed in this study are mandated on the state. That is the case with K-12 public schooling and emergency medical care. Similarly, states have limited options in imprisoning convicted aliens other than making sure that the federal authorities are prepared to deport them when they have served their penalty. That means that for a state to work to lower the fiscal burden of illegal immigration on the state’s taxpayers it must work to reduce the number of illegal aliens living in the state. While it is correct that the federal government has the primary responsibility in combating illegal immigration, there is also a major scope of action for state policymakers.

Besides illegal immigration being a current fiscal burden on the state’s taxpayers and depriving the state treasury of receipts resulting from work in the underground economy, illegal workers tend over time to distort the labor market by giving an edge to those employers willing to exploit illegal workers over employers who respect the law. This situation, if allowed to fester, may aggravate budgetary problems by encouraging investment in enterprises that employ low-wage workers who increase the burden on state-provided and locally-provided social services without generating proportionate tax revenue, and it can exacerbate social problems associated with increasing income inequality.

National data suggest that the tide of illegal alien settlement may be ebbing, and that this may be due as much to the downturn in the housing industry and current general economic conditions (that have hit Nevada harder than most states) as to greater enforcement. Those current economic realities imply that the trend is likely to reverse again as the economy improves. Consequently, it would be in the state’s interest to take advantage of current conditions to continue to put in place additional measures to prevent any reflux.

Resources are available to state and local policymakers to assist in deterring settlement of illegal aliens. Federal law has provided encouragement and the means for states to take action against foreign illegal residents.⁴⁷ The 287(g) program, already in force in Las Vegas, offers one example. Another is the E-Verify program to verify the legal status of workers. Arizona made participation by employers in E-verify a requirement for employers last year. Several other states have made participation in that system a requirement for contractors doing business with the state.

Is the Nevada state government itself paying wages to

aliens or to contractors who hire them? It may be doing so because it does not currently use the E-Verify system to check the work documents of its employees or require contractors working on state projects to use that system. By contrast, the U.S. Congress has used this system for many years. The E-Verify system is the only way the state can assure taxpayers that their taxes are not going into the pockets of illegal aliens. Another state law option would be to deny business tax payroll deductions if the employer is found to have knowingly hired illegal alien workers.

To assist further in identifying and quantifying the fiscal cost of taxpayer-supported programs used by the illegal alien population, the state could mandate the collection of information on whether the recipient of medical emergency services has a valid Social Security number as a condition for receiving state compensation.⁴⁸ Similarly, the state could condition discretionary funding for public schools on the collection of data on whether the student has a valid social security number. There is already a similar requirement in federal law for state agencies that administer federal welfare benefits. Some localities have adopted requirements on landlords to verify legal status before leasing.

These are simply examples of measures undertaken elsewhere, not an exhaustive description of options available to state lawmakers. They illustrate the fact that there are means available if lawmakers want to lessen the fiscal burden from illegal immigration on their constituents.

CONCLUSION

The purpose of providing an estimate of the fiscal impact of illegal immigration is to better inform the public as well as policy makers and as an aid to reasoned policy making. It is also intended to combat misinfor-

mation spread by employers who decrease wage costs by hiring illegal workers and by ethnic advocacy groups which try to mask the fiscal impact of illegal aliens by ignoring the difference between legal immigrants and those in the country illegally.

Apologists for illegal immigration often assert that the economic output of illegal aliens offsets the fiscal costs that they incur. They imply that the amount of goods and services produced by illegal workers would disappear if the illegal workers returned to their home countries. Rather than harming the economy, replacing illegal workers with legal workers would benefit the economy through increasing wages and tax collections as well as increasing local spending and jobs when earnings are not sent abroad. In addition, reliance on welfare benefits by American workers should decrease

as job opportunities, wages and working conditions for them are no longer diminished by the illegal alien workforce.

Estimating the fiscal cost of the rapidly growing illegal immigrant population may also further the ability of the state to seek increased assistance from the federal government to offset those outlays. But that is not the purpose of this study. Regardless of which level of government bears the costs, it is either borne by current taxpayers or added to the debt faced by future generations.

Information on the burden that illegal immigration places on the state's taxpayers empowers the public to register their concerns with their elected representatives locally, at the state level, and in Washington, D.C.



ENDNOTES

- 1 Based on 2005 data, the Department of Homeland Security estimated the illegal alien population in the state at 240,000 persons. The Pew Hispanic Center estimated the illegal alien population in Nevada at between 150,000 to 200,000 persons. Between 2000 and 2007, the state's foreign-born population increased by an annual average of more than 25,600 persons. During the same period the annual average legal admission of immigrants to reside in the state was about 7,300. Of this latter amount, about half (3,900) were newly arriving immigrants and the rest were already resident in the United States and changing their status to permanent residence. The difference between these two data sets (about 22,000 per year) points to the size of the increase in the illegal alien population. These data do not reflect recent indications on the national level that the illegal alien population may be ebbing.
- 2 "State budget deficit: Gibbons says tax hikes possible," Las Vegas Review-Journal, Nov. 08, 2008.
- 3 This is FAIR's estimate based on American Community Survey finding of a foreign-born population of 461,488 in the 2005-07 survey data.
- 4 Terrazas, Aaron and Michael Fix, "Gambling on the Future: Managing the Education Challenges of Rapid Growth in Nevada," Migration Policy Institute, September 2008.
- 5 Mason-Dixon Polling and Research telephone poll conducted of 625 registered voters, October, 2007.
- 6 "Remittances from the U.S. to Latin America 2006," The Inter-American Development Bank reports remittances from Nevada in 2006 of \$618 million. (<http://www.iadb.org/mif/remittances/usa/ranking2006b.cfm>, website consulted December 11, 2008). Earnings spent locally have a multiplier effect as they circulate thereby boosting local sales, production and jobs that is lost when those earnings are sent out of the country.
- 7 Some fiscal cost studies argue that incarceration is not a "benefit" and, therefore, should not be included with educational and medical services. The focus of this study is on the burden placed on Nevadans by illegal immigrants, and the cost of incarceration of illegal aliens in the state prison system is such a cost.
- 8 Fix, Michael and Jeffrey Passel, "U.S. Immigration—Trends and Implications for Schools," The Urban Institute, 2003.
- 9 Martin, Jack, "Breaking the Piggy Bank: How Illegal Immigration Is Sending Schools in the Red," FAIR, 2005.
- 10 FAIR also considers the issue debatable as to whether the 14th Amendment is correctly interpreted to mean that a child born in the United States to an illegal immigrant in fact becomes a U.S. citizen. There is good reason to believe the practice of considering those children as citizens does not accord with the intent of the framers of that constitutional provision.
- 11 "Nevada still near bottom in per pupil spending," Las Vegas Review-Journal, Apr. 03, 2008.
- 12 The inflation adjustment used was a 2 percent increase for both FY-07 and FY-08. That is lower than the actual rate of increase in recent years.
- 13 National Clearinghouse for Educational Statistics, Revenues and Expenditures for Public Elementary and Secondary Education: School Year 2005-06, Table 1, (http://nces.ed.gov/pubs2008/expenditures/tables/table_01.asp).
- 14 Terrazas, Aaron and Michael Fix, op. cit.
- 15 "2007 Kids Count: State Profiles of Child Well-Being," The Annie E. Casey Foundation.
- 16 Data are from U.S. Department of Education's Survey of the States' Limited English Proficient Students and Available Educational Programs and Services, 1991-1992 through 2000-2001.
- 17 Nevada Fact Sheet, 2006 American Community Survey and Census Data on the Foreign Born by State, Migration Policy Institute. 55 percent of foreign-born persons over age 5 are Limited English Proficient (LEP). Among native-born persons over age 5, the share of LEP persons is 2 percent. Thus, 259,658 foreign-born persons were LEP compared to 36,212 native-born persons, and most of those native-born LEP persons are likely US-born children of immigrants, legal or illegal. (website consulted January 9, 2009
<http://www.migrationinformation.org/datahub/acscensus.cfm?CFID=2446740&CFTOKEN=52980399#>)
- 18 English instruction programs for non-English speakers are variously known as Limited English Proficiency (LEP), English Language Learners (ELL), Non-English Proficient (NEP), and English as a Second Language (ESL). The former terms are most commonly used in K-12 instruction, and are used interchangeably in this report.
- 19 "Illegal Alien Schoolchildren: Issues in Estimating State-by-State Costs," United States General Accounting Office, (GAO-04-733) June 2004.
- 20 "Immigration Transforms Communities," Education Weekly, January 8, 2009, "The state of Nevada does not provide districts with any additional money to educate ELLs beyond what it pays for regular students, which already falls short of what most states spend per student..." according to Norberta Anderson, Director of ELL programs for Clark County. She also stated that Clark County schools last October had 62,680 ELL students, and some 73 percent of them were native-born.

- 21 This estimate relates closely to the data provided in "INvest '07: Investing in Nevada's Education, Students, and Teachers," which identified funding for ELL public school students as \$41,697,482 for 2008. A lower cost per student estimate of \$205 implied by data from the Clark County budget director – based on \$11.5 million for 56,000 students – seems likely to omit some of the costs of the special instruction.
- 22 Morin, Mary Sue, "Nevada English Learners", (NCELA website consulted January 29, 2009 (<http://www.ncela.gwu.edu/resabout/profdev/tristate/Nevada.pdf>).
- 23 The 43 percent share of LEP students who are first generation immigrants, i.e., born abroad, is virtually the same as the earlier Pew Hispanic Center's estimated share in 2000 of illegal alien students in K-12 public schooling (41.7%) compared to their U.S.-born siblings, who are second generation immigrants.
- 24 Ladner, Matthew, "Quality & Quantity: Nevada's Educational Challenges," Nevada Policy Research Institute, May 7, 2008
- 25 Jeanne Batalova, Michael Fix and Julie Murray "Measures of Change: The Demography and Literacy of Adolescent English Learners," Migration Policy Institute, March 20, 2007.
- 26 Moseley, Dr. Charles and Michelle Sotero, "Health Care Access and Insurance Availability in Nevada," (UNLV website consulted January 29, 2009 <http://www.unlv.edu/centers/cdclv/healthnv/healthcare.html>).
- 27 Mullen, Frank X., "Nevada's illegal immigrants add to hospitals' woes, but bigger problem is uninsured," Reno Gazette-Journal, September 20, 2008
- 28 This estimate is based on national data that show births to immigrants about double their share of the population. Applied to Nevada, that rule of thumb implies a 39 percent share of 35,178 births in 2008, or 13,790 births to immigrants.
- 29 "Nevada No. 3 in immigrant births." Las Vegas Sun, July 7, 2005. According to Carl E. Heard, chief medical officer for Nevada Health Centers, Inc, about 75 percent of the 100 deliveries his staff oversees each month are to illegal immigrants. Heard also said that approximate hospital charges to emergency Medicaid for a normal delivery range from \$5,000 to \$12,000 and a physician's charges range from \$1,200 to \$1,800.
- 30 Goldman, Dana P., James P. Smith, Neeraj Sood, "Immigrants and the Cost of Medical Care," Health Affairs, Vol. 25, No. 6, 2006.
- 31 "Health Care for Undocumented Immigrants Cost \$1.1B in 2000, Study Finds," Medical Care Today, November 17, 2006. (website consulted October 8, 2008 <http://www.medicalnewstoday.com/articles/56809.php>)
- 32 [San Jose] Mercury News, "Doctors question Nevada Medicaid cuts," November 22, 2008. "Hospitals in Nevada with more than 100 beds provided a combined \$533 million in uncompensated care last year."
- 33 "FY2008 State Allocations...Reimbursement of Emergency Health Services to Undocumented Aliens," U.S. Dept. of Health and Human Services, Centers for Medicare and Medicaid Services, (website consulted January, 22 2009, www.cms.hhs.gov/UndocAliens/Downloads/fy08_state_alloc.pdf).
- 34 The state received \$7,420,671 in FY2007 and \$8,257,253 in FY2008. The 2006 compensation amounted to \$4,283 per prisoner year.
- 35 ABC News, May 2, 2008. To remedy the difficulty in distinguishing between legal and illegal immigrants, the County enrolled eight corrections officers in the 287(g) program.
- 36 KTTV news account of September 20, 2007(8:32 PM CDT).
- 37 Nevada Department of Corrections Fiscal Year 2007 Statistical Abstract, Table 35 - Historical and Approved Operating Costs By Facility, Cost Type, and Fiscal Year, (<http://www.doc.nv.gov/stats/annual/fy2007.pdf>, website consulted January 13, 2009)
- 38 Mullen, Frank X., Jr., "Immigration in Northern Nevada: Illegal immigrants account for 10% of Nevada state prison budget," The 2007 cost in Washoe was \$30,481 per prisoner year compared to \$20,075 for the state penitentiary. The reported number of prisoners with immigration holds for deportation in the state system was 1,531. This amount will be smaller than the number of alien years of detention, because some of those prisoners will not be detained during the full year. Reno Gazette-Journal, September 20, 2008.
- 39 "New local program formed to identify illegal immigrants in jails called a success," KTNV (Las Vegas) News, January 19, 2009.
- 40 KLAS News, January 26, 2009, (website consulted January 28, 2009, <http://www.lasvegastoday.com/Global/story.asp?S=9735743>)
- 41 "Babies born to illegal immigrants in Nevada and rest of U.S. can provide path to government aid," Reno Gazette-Journal, Oct. 19, 2008, Data from the Nevada Division of Welfare and Support Services show that of 100,018 TANF cases, 9,957 or 9.96 percent were the minor children of illegal immigrants or the children of legal immigrants in the country less than five years."
- 42 "Providers close doors to poor," Las Vegas Sun, November 16, 2008. The article notes that chemotherapy drugs can cost \$10,000 per dose.

- 43 Martin, Jack, *Illegal Aliens and Crime Incidence*, FAIR, 2007. See also FAIR Issue Brief "Unlicensed to Kill" (both available at www.fairus.org.)
- 44 The federal government's poverty guideline for 2006 placed the poverty level for a family of four at annual income of \$20,000 (with an upward adjustment of \$3,400 for each additional family member).
- 45 Nevada Fact Sheet, 2006, Migration Policy Institute, op. cit. Average foreign-born household size in Nevada (3.38 persons) was more than one-third larger than native-born household size (2.53 persons).
- 46 Writing in the July-August 2006 issue of the socialist magazine, *Monthly Review*, journalist Richard D. Vogel wrote, "Work in the informal economy contrasts sharply with formal employment: wages and working conditions are substandard; these workers purchase many goods and services from informal retailers and service providers who do not collect sales taxes and submit them to the state, further eroding support for the public sector."
- 47 Detailed discussion of the resources available to state and local lawmakers in their efforts to combat illegal immigration is available in FAIR's publication, *Guide to State and Local Action to Deterring Illegal Immigration*, May 2008 (available online at http://www.fairus.org/site/DocServer/StateLocalGuide_2008.pdf?docID=1961).
- 48 The Government Accountability Office (GAO) has found that not having a Social Security Number (SSN), although inexact, is the best proxy for illegal resident status. Under current policy, U.S.-born children acquire an SSN at birth, so that children without those numbers are generally foreign-born children. If they have legally immigrated to the United States, they also have access to an SSN. Thus, the absence of an SSN will most often indicate persons who are neither U.S. citizens nor legal permanent residents. Of course, some illegal aliens may have false SSNs.

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