

FEDERATION FOR AMERICAN IMMIGRATION REFORM

THE COSTS OF ILLEGAL IMMIGRATION TO

# *Pennsylvanians*

A REPORT BY JACK MARTIN, DIRECTOR OF SPECIAL PROJECTS

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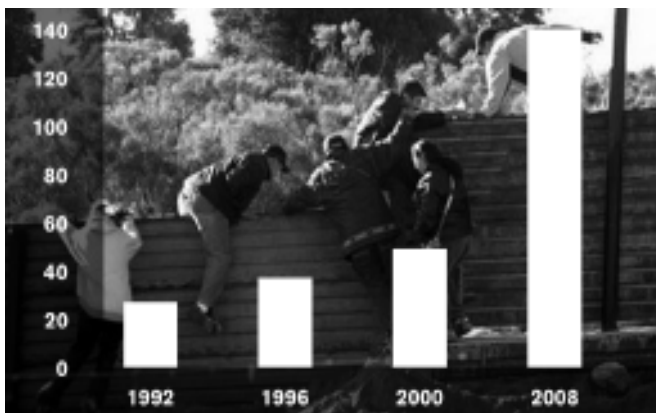
## EXECUTIVE SUMMARY

Pennsylvania has a rapidly growing illegal alien population of about 140,000 persons, nearly tripling since 2000.<sup>1</sup> Between 2000 and 2008, the state's foreign-born population has grown by 34.5 percent while its native-born population has decreased by 0.1 percent. Similarly, public school enrollment of students who require special instruction in English has also soared, rising by 187 percent from 1993 to 2006.

Pennsylvania's illegal alien population represents a major burden on the state's taxpayers and on the state budget. The costs imposed on law-abiding Pennsylvanians are unfair and unwelcome even in the best of times, but are especially burdensome at a time when the state ended the 2008-09 Fiscal Year with a \$3.25 billion revenue deficit which has led to a proposed three-year temporary increase of one-half percent in the state's personal income tax.<sup>2</sup>

### ILLEGAL ALIEN POPULATION

*(in thousands)*



In 2008, the foreign-born population in Pennsylvania represented nearly one in every 18 residents (5.5%), and illegal aliens constitute about one-third (34%) of that immigrant population.<sup>3</sup>

Pennsylvania's illegal immigrant population costs the state's taxpayers about \$728 million per year for education, medical care and incarceration. The annual fiscal burden amounts to about \$150 per Pennsylvania household headed by a native-born resident.

In addition to the fiscal cost estimates in this study, there are additional costs associated with illegal immigration that should be kept in mind by policymakers when they focus on this fiscal cost burden. Foreign remittances sent abroad by the illegal alien population also constitute a major drain on the state's economy. The Inter-American Development Bank estimated that remittances from Pennsylvania just to Latin America and the Caribbean amounted to \$517 million in 2006. If this amount had been earned by American workers, it would have been spent locally, and it would have generated sales, production and jobs in the state as well as increased tax collection.

The about \$728 million dollars in costs incurred by Pennsylvania taxpayers annually result from outlays in the following areas:

- **Education**

Based on estimates of the illegal immigrant population in Pennsylvania and documented costs of K-12 school-

**\$728 million per year**

PENNSYLVANIA'S ILLEGAL IMMIGRANT POPULATION COSTS THE STATE'S  
TAXPAYERS ABOUT \$728 MILLION PER YEAR.



ing, Pennsylvanians spend about \$660 million annually on education for an estimated 48,500 children of illegal aliens. That amount includes the cost of about \$150 million to provide special English instruction to an estimated 34,200 children of illegal aliens. About 2.7 percent of the K-12 public school students in Pennsylvania are children of illegal aliens.

• **Health Care**

Taxpayer-funded, unreimbursed medical outlays for health care provided to the state’s illegal alien population amount to about \$50 million a year.

• **Incarceration**

The cost of incarcerating illegal aliens in Pennsylvania’s state, county, and independent city prisons amounts to more than \$17.5 million a year — not including related law enforcement and judicial expenses or the monetary costs of the crimes that led to the incarceration.

Some state and local taxes are received from illegal immigrants — even from those working off the books. But, those same tax collections, or more likely an in-

creased amount, would occur if the jobs were done by legal workers. So, unless it is illogically assumed that no legal U.S. or immigrant or foreign guestworker would do the jobs now done by illegal workers, it makes little sense to consider this a true offset to the tax burden. The estimated amount of the taxes currently collected from the illegal workers is about \$178 million per year.

The fiscal costs of illegal immigration to Pennsylvania’s taxpayers do not end with these three major cost areas. They would be considerably higher if other cost areas such as assistance programs for needy families or welfare benefits for American workers displaced by illegal alien workers or lost or depressed wages were included in the calculation.

The current proposal to adopt an amnesty for the illegal aliens would not lessen the burden if enacted. Rather, it would increase the access of this population to additional social welfare benefits and allow them to legally apply for the state’s reverse tax benefit known as the Earned Income Tax Credit.

I N T R O D U C T I O N

While the primary responsibility for combating illegal immigration rests with the federal government, there are many measures that state and local governments can take to combat the problem. Pennsylvanians

should not be expected to assume this growing burden from illegal immigration simply because local businesses or other special interests benefit from being able to employ lower cost workers. The federal gov-



ernment has provided tools to state and local governments to assist in combating the influx of illegal residents. The state and local jurisdictions may use these tools to systematically collect information on illegal alien use of taxpayer-funded services and to identify employers of illegal workers. With greater information, policymakers are better prepared to work cooperatively with the federal government to locate and deport criminal aliens and absconders and to hold employers accountable if they break the law by hiring illegal workers.

The federal government has empowered local law enforcement agencies to exercise immigration law enforcement authority after completion of special training programs. The program — known as 287(g)

for the immigration law section that authorizes it — has not yet trained any local personnel in Pennsylvania. However, the state is partnering with the federal government in the Safe Communities program that routinely submits fingerprints of persons arrested to the Department of Homeland Security to identify deportable criminal aliens. This program began operation in June 2009 in eight states described as “...sites that represent the highest concentrations of the most dangerous criminal aliens.”<sup>4</sup> The city of Hazleton, under the leadership of Mayor Lou Barletta, has taken a prominent lead in an effort to discourage illegal aliens through an ordinance that restricts renting to and employment of illegal aliens. That effort is currently pending resolution of a legal challenge.<sup>5</sup>

## B A C K G R O U N D

Pennsylvania had the nation’s twentieth highest number of illegal immigrants in its population in 2000 according to the Immigration and Naturalization Service (INS), now part of the Department of Homeland Security (DHS). The official estimate was that there were 49,000 aliens residing illegally in the state in 2000.<sup>6</sup> Between 2000 and 2007 the federal government’s estimate of the illegal alien population nationwide grew by 68 percent, but a new federal estimate for Pennsylvania has not been made. Our estimate is there are about 140,000 illegal aliens in the state, and that estimate is similar to the estimates of other researchers.

In addition to the current illegal alien population, there are thousands of former illegal aliens residing in Pennsylvania who have gained legal residence since 1986 as a result of the amnesty enacted in that year and other subsequently adopted legalization provisions.

Not only has Pennsylvania’s illegal alien population grown rapidly according to our estimate and that of other researchers, the overall foreign-born population has shot up since the 1965 change in U.S. immigration law. This population, which includes illegal immigrants, has increased from about 400,000 in 1980 to more than 680,000 today.

This study looks at the fiscal costs to the state associated with illegal immigration. It does not focus on the goods and services produced by illegal alien workers, i.e., their economic contribution, because it may be assumed that if the work were essential, and illegal immigrants were unavailable, the same economic output would be achieved by legal workers. Similarly, this study does not include the displacement costs incurred as a result of legal workers who are laid off or fail to get a job as a result of the hiring of illegal workers willing to work for lower wages. Those costs, which would in-

clude unemployment compensation, welfare outlays, lost taxes, etc., are real, but outside the scope of this study. In July, 2008 unemployment in Pennsylvania stood at 8.2 percent.

Recognition by the federal government of the fact that illegal immigration represents a fiscal burden may be

seen in the fact that the Congress has authorized and appropriated funds to assist state and local governments with uncompensated medical expenses and incarceration of illegal immigrants. That is true to some extent also in the Title III federal funding support for English Language Learners in public schools.

IDENTIFYING THE COSTS OF ILLEGAL IMMIGRATION

The costs of illegal immigration are both quantifiable and non-quantifiable. Because data on illegal immigration generally are not collected, even quantifiable costs must be informed estimates.

The absence of recorded data on illegal alien enrollment in schools, use of taxpayer-supported medical care, and other public services is not accidental. It is due in large part to the efforts of service providers, civil libertarians, business interests and immigrant support groups to thwart data collection efforts in order to keep these costs hidden from the taxpayers who must pay for them. An example of these efforts to keep the costs of services to illegal aliens hidden may be seen in the record of opposition by health care providers, civil libertarians and illegal immigrant enablers to a proposed legislative requirement that emergency health care providers collect and provide information on the cost of care provided to illegal alien patients in order to receive federal compensation. These groups went on record to oppose the data collection requirement, and the U.S. Department of Health and Human Services subsequently dropped its proposed regulation.<sup>7</sup>

Because there are a number of fiscal costs of illegal immigration that are outside the scope of this study, the cost estimates in the study understate the total costs. Some of those costs areas are:

- Anti-gang policing, identity fraud, misdemeanor offenses, prosecution, indigent defense, adult probation, juvenile probation, etc.
- Foreign language interpretation and translation services, notably in the health care, law enforcement and judicial systems.
- Parental liaison, translation at PTA and other school meetings, and newsletters prepared in foreign languages for the school-age children of illegal aliens.
- Increased insurance rates resulting from property crimes perpetrated by illegal immigrants, especially burglary and auto theft.
- Time lost from congestion, and property value loss in areas where illegal aliens congregate to seek day jobs.

Non-monetary costs, which are also worth noting, include issues such as degradation of the learning environment resulting from students with limited English language proficiency. Other examples include inconvenience and poor health outcomes resulting from long waits to receive medical attention where illegal aliens contribute to congestion in the emergency admissions facilities of public hospitals, and the closure of emergency rooms due to uncompensated costs. Social cohesion may be strained by foreign language

communications barriers, and rising income inequality associated with immigration. Finally, respect for the rule of law is eroded when an increasing share of the population lives illegally in the country, relies on stolen and counterfeit identities, and works in the underground economy. This is magnified when law enforcement officers are required to ignore this law-breaking activity.

#### SIZE OF THE ILLEGAL IMMIGRANT POPULATION

The estimate of the INS — before it merged into the Department of Homeland Security (DHS) — was that

there were 49,000 illegal aliens in Pennsylvania. That estimate excludes illegal aliens given Temporary Protected Status and also illegal aliens in the country for less than one year. In the 2002-2004 timeframe, the Pew Hispanic Center estimated the illegal alien population at 125,000 persons. It increased that estimate to a range of 125,000 to 175,000 as of 2007.

**FAIR's estimate of the illegal alien population in Pennsylvania in 2008 is 140,000 persons. That is the 16<sup>th</sup> largest concentration of illegal aliens in the nation.**

## PUBLIC SCHOOL EDUCATIONAL OUTLAYS

#### SIZE OF THE ILLEGAL IMMIGRANT K-12 STUDENT POPULATION

The GAO released a report in 2004 on difficulties in estimating state costs of illegal alien school children. It noted that data on legal status are not collected by most school systems, and that makes providing a precise estimate of the illegal alien population in public schools currently not possible.<sup>8</sup> The study's conclusion did not mean, however, that estimates of the costs are inappropriate or invalid. The artificial barriers against collecting accurate data on the number of illegal aliens in public schools necessitate that the cost estimates in this study are ballpark estimates done for the purpose of increasing awareness of the general magnitude of the burden borne by Pennsylvania's taxpayers because of illegal immigration.

FAIR released in 2005 an estimate of the cost of Pennsylvania's public education of children of illegal aliens.<sup>9</sup>

In that study, the annual cost to Pennsylvanians was estimated to be \$239.9 million, with about two-fifths of that amount due to students who were illegal aliens and the remainder due to U.S.-born children of illegal aliens. That estimate was based on an average annual school cost of \$9,086 per student and an estimate of 11,000 illegal alien students and 15,400 U.S.-born children of illegal aliens. That calculation did not include the additional costs of remedial and special English instruction. Because of the rapidly rising illegal alien population in the state and the rising costs of K-12 education, those costs today are significantly higher.

A recent study by the Pew Hispanic Center estimated that there are now nearly three times as many children born here to illegal immigrant parents as children who are illegally in the United States (4 million compared to 1.5 million).<sup>10</sup> Among the children of illegal aliens residing in Pennsylvania, as many as three-quarters of

140,000 illegal residents

FAIR'S ESTIMATE OF THE ILLEGAL ALIEN POPULATION IN PENNSYLVANIA IN 2008 IS 140,000 PERSONS. IT IS THE NATION'S SIXTEENTH LARGEST CONCENTRATION OF ILLEGAL ALIENS.

are likely to be enrolled in kindergarten through secondary public schooling. Moreover, of the one-quarter not currently enrolled, most are below school age and will enter the system within a few years.

In estimating the size of the illegal alien student population in the state’s public schools, we have used our estimate of the illegal alien population in the state and the assumptions of the Pew study with regard to the balance between U.S.-born and foreign-born children of illegal aliens.

**Based on our estimate of Pennsylvania’s illegal alien population, the illegal alien population in public schools in 2008 was about 13,200 students.**

That estimate of the illegal immigrant student population does not include the U.S.-born children of illegal aliens. They too, however, would not be in the Pennsylvania public school system were it not for the illegal presence of their parents, and the cost of educating them is also a fiscal burden resulting from illegal immigration.<sup>11</sup>

**Using the assumption in the Pew study and our estimate of the illegal alien population, we estimate that there likely were an additional 35,300 U.S.-born children of illegal immigrants in Pennsylvania’s schools in 2008. The combined 48,500 children of illegal aliens in public schools represent about 2.7 percent of the state’s total K-12 public school enrollment.**

COSTS OF EDUCATING THE CHILDREN OF  
ILLEGAL IMMIGRANTS

The GAO report cited above contained the following information supplied by the state on the cost of edu-

cating illegal aliens based on the federal government’s estimate of illegal alien population in the state in 2000.

*Pennsylvania state government staff estimated a range of \$38.1 million to \$66.3 million for current average per pupil expenditures (\$7,772) and possible additions to these costs of \$12.2 million to \$21.2 million for ELL and other special programs. These two ranges total \$50 million to \$87.5 million.*<sup>12</sup>

Not included in that calculation is an estimate of the educational costs for the U.S.-born children of illegal immigrants. Both the number of children of illegal immigrants in the Pennsylvania public school system and the educational cost per student have increased significantly since 2000.

National Center for Education Statistics (NCES) data indicate that annual educational costs per pupil in Pennsylvania rose to a level of \$10,905 in 2007.<sup>13</sup> Adjusting for inflation, the present per student annual expenditure is likely to be about \$11,320. This average cost may be conservative because the cost of public education may be higher in areas where the illegal alien population is concentrated. The authors of a 1994 Urban Institute study of the fiscal costs of illegal immigration explained, “We believe that undocumented aliens are more likely than other students to live in urban areas where per student expenses are relatively high.”<sup>14</sup>

The NCES data for the average per capita educational expense of K-12 public schooling in Pennsylvania parsed that expenditure into the sources of funding. It found that a majority (56.5%) of funding was local,

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BASED ON OUR ESTIMATE OF PENNSYLVANIA’S ILLEGAL ALIEN POPULATION, THE ILLEGAL ALIEN POPULATION IN PUBLIC SCHOOLS IN 2008 WAS ABOUT 13,200 STUDENTS.



## K-12 COSTS FOR CHILDREN OF ILLEGAL IMMIGRANTS (\$ millions)

Foreign-Born Number	Cost @	Outlay	U.S.-Born Number	Cost @	Outlay	Total
13,200	\$10,500	\$138.6	35,300	\$10,500	\$370.7	\$509.3

the second largest source was state funding (36.2%) and the remainder came from the federal government (7.3%). As this study focuses only on the in-state fiscal costs, we reduce the average expenditure to eliminate the federal funding. This leaves a per pupil average annual cost of about \$10,500.

The K-12 public school cost of the children of illegal aliens in Pennsylvania amounts to an estimated \$509 million per year. About 27 percent of that expense is for the schooling of illegal alien children, and the balance is for the schooling of the U.S.-born children of illegal aliens.

## SIZE OF THE ILLEGAL ALIEN LEP POPULATION

Enrollment in Limited English Proficiency (LEP) classes in Pennsylvania was 45,993 students in the 2005-06 school year according to the Pennsylvania Department of Education. That enrollment was 187 percent higher than in the 1993-04 school year. By comparison, the rate of increase in all K-12 public school students over the same period was 3.7 percent. If it were not for the surge in non-English speaking students, who may be presumed to be mostly children of the foreign-born population, the state's public school enrollment would have increased by a much smaller amount — two percent — over that period.

Note that the estimated size of the LEP enrollment is approximately the same the size of the population of children of illegal aliens. However, not all LEP (or English Language Learner – ELL) students are chil-

dren of illegal aliens, even though most of them presumably are.<sup>15</sup> 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, or prepared for years to immigrate to the United States, or arrived from countries where English is taught in the schools.<sup>16</sup>

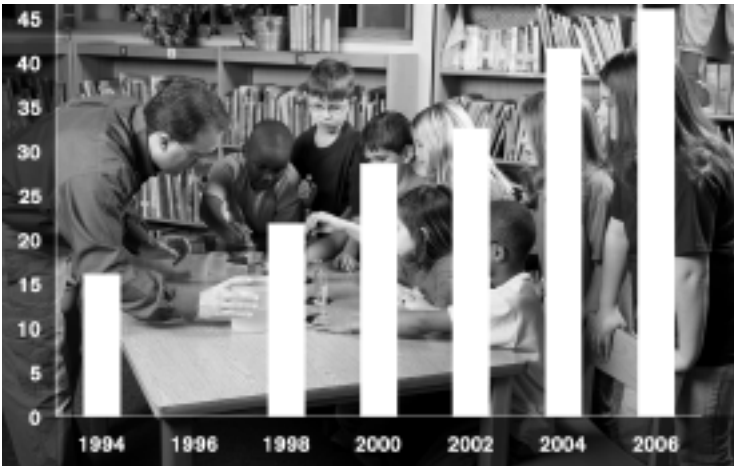
The number of children of illegal aliens in LEP classes is smaller than the number of children of illegal aliens attending school for two reasons. First, some students graduate out of special English classes every year into the regular curriculum. Second, children of illegal aliens born and raised in the United States are less likely to need such assistance. For that reason, we estimate that about three-fourths of all LEP students are the children of illegal aliens and that more than nine-tenths of illegal alien students are in LEP classes, but less than seven-tenths of U.S.-born children of illegal aliens are similarly in LEP classes.

## COST OF ENGLISH INSTRUCTION FOR THE CHILDREN OF ILLEGAL IMMIGRANTS

A 2004 report by the GAO estimated that the costs associated with English language instruction for limited English speakers adds significantly to the cost of normal instruction. The GAO noted:

*“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*

LIMITED ENGLISH PROFICIENCY ENROLLMENT  
(in thousands)



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.”<sup>17</sup>

That implies a very broad range. In the case of Pennsylvania, it implies an annual per pupil additional cost of LEP instruction of between \$1,050 and \$21,000, excluding federal support.

That level of outlay is, however, only the part of the costs funded by the county. As noted above, a smaller, but significant, share of funding is provided by the state. Other funding that is provided by the federal government is ignored in this study. The estimate by the state cited above in the GAO study put the average expenditures on LEP instruction at between 32 percent and 41 percent of normal classroom costs. Using the mid-point of that range, current estimated LEP outlays are assumed to be about \$4,135 per student per year.

The Limited English Proficiency instruction cost for the children of illegal aliens in Pennsylvania amounts to an estimated \$151 million per year. About one-third of that expense is for the schooling of illegal alien children, and the balance is for the schooling of the U.S.-born children of illegal aliens.

About 30 percent of the LEP enrollment is in the Philadelphia metropolitan area. In the 2006 school year, state-compiled data showed that in the Philadelphia school system the LEP enrollment was 13,070, and suburban areas such as Chester, Radnor and Norristown also had significant numbers of LEP students.<sup>18</sup>

LEP COST FOR CHILDREN OF ILLEGAL IMMIGRANTS (\$ millions)						
Foreign-Born Number	Cost @	Outlay	U.S.-Born Number	Cost @	Outlay	Total
11,900	\$4,135	\$49.2	24,700	\$4,135	\$102.1	\$151.3

.....

**\$661 million taxpayer expense**

THE TOTAL ESTIMATED COST OF SCHOOLING FOR THE CHILDREN OF ILLEGAL ALIENS IS APPROXIMATELY \$661 MILLION DOLLARS.

As shown in the table below the total estimated cost of schooling for the children of illegal aliens in Pennsylvania is approximately \$661 million dollars. The educational expenditures are divided into regular K-12 schooling (77%) and LEP instruction (23%) and into education for the foreign-born children of illegal aliens (28%) and for their U.S.-born children (72%).

PUBLIC EDUCATION COSTS FOR CHILDREN OF ILLEGAL IMMIGRANTS (\$ millions)			
	Foreign-Born	U.S.-Born	Total
K-12	\$138.6	\$370.7	\$509.3
LEP	\$49.2	\$102.1	\$151.3
Total	\$187.8	\$472.8	\$660.6

Some argue that the cost of educating the U.S.-born children of illegal aliens should not be included with the cost of educating the foreign-born children of illegal aliens. However, these dual-citizen children would not be receiving the benefits provided by the state's taxpayers were it not for the illegal presence of their parents. If the parents leave or are deported, it is

reasonable to assume that the children will accompany them, and the federal government provides for U.S.-born children to accompany parents who are being deported.

The purpose of this study is to assess the costs of illegal immigration to better understand the importance of deterring further illegal immigration and working to reduce the current illegal alien population. In that context, it is clearly important to take into consideration the fiscal costs associated with educating all of the children of the illegal aliens regardless of where born.

Again it should be kept in mind that there are other educational expenditures not included in the \$660 million estimate. In addition to previously cited expenditures for adult education English programs for, *inter alia*, illegal aliens and post-secondary education enrollment, those include such expense as administrative costs of dealing with non-English speaking parents through notices that have to be translated into foreign languages and interpreters used in parent-teacher conferences.

EMERGENCY MEDICAL OUTLAYS

Estimates of the costs of uncompensated medical outlays are hampered by a lack of precise data. As the GAO noted in a May 2004 report, "Hospitals generally do not collect information on their patients' immigration status, and as a result, an accurate assessment of undocumented aliens' impact on hospitals' uncompensated care costs — those not paid by patients or by insurance — remains elusive."<sup>19</sup>

The costs of medical care related to illegal immigration take several different forms. They include:

- The emergency medical treatment provided to illegal aliens that is not covered by Medicaid and is therefore a burden on the state's taxpayer.
- The emergency medical treatment that is covered by Medicaid for deliveries to illegal alien mothers.
- Emergency and non-emergency medical attention that is covered by Medicaid for the U.S.-born children of illegal aliens.
- Medicaid expenses for the treatment of U.S. citizens who have contracted diseases from illegal aliens.

Of these categories, only the first — emergency treatment not covered by Medicaid — is generally discussed when considering the medical costs to the taxpayer from illegal immigration. It is this expense that led to the adoption of a federal program to compensate states for these outlays. Although records are not kept specifically on the emergency medical care provided to illegal aliens, there are reasonably reliable estimates of such costs because medical facilities providing such services collect data to establish whether patients are eligible for Medicaid reimbursement and — by default — those ineligible for Medicaid reimbursement are generally illegal aliens. If the patient does not have a Social Security number, or has one that proves to be false, it is likely that person is an illegal alien.

Because of the state's fiscal deficit, the state is considering cutting assistance to hospitals that provide medical assistance to uninsured poor persons not covered by Medicaid, i.e. largely illegal aliens. The proposed cut in funding is \$78 million covering several services including those provided to persons ineligible for Medicaid.<sup>20</sup>

For the past four years, the federal government has partially compensated states for their emergency medical expenses. In 2008, Pennsylvania received a payment of \$1,168,499.<sup>21</sup> The formula for allocation of those funds uses the federal government's estimate of the illegal alien population in 2000 and, therefore, it under-compensates states that have rapidly growing illegal alien populations.

**Based on the experience in other states, an annual average out-of-pocket expense from emergency medical treatment is about \$100 per illegal alien. That suggests that those costs in Pennsylvania are**

**about \$14 million. Subtracting the federal compensation leaves an uncompensated balance of about \$12.8 million.**

The emergency medical care paid for by Medicaid for deliveries to illegal aliens represents the largest of the medical expenditures. They are paid for under the concept that the medical service is being provided to the infant, who is born a U.S. citizen.

*“Federal law generally excludes undocumented immigrants, as well as legal immigrants who have been in the United States less than 5 years, from Medicaid eligibility. These individuals can, however, receive Medicaid coverage for emergency medical services (Emergency Medicaid) if they belong to a Medicaid-eligible category, such as children, pregnant women, families with dependent children, elderly or disabled individuals, and if they meet state income and residency requirements.”<sup>22</sup>*

In Pennsylvania, pregnant illegal aliens may receive taxpayer funded treatment under the state's Healthy Beginnings program that operates in conjunction with Medicaid for women whose family income is less than 165 percent of the poverty level. Medicaid assisted births averaged about 42 percent of all births in 2006 and were 68 percent in Philadelphia County.<sup>23</sup>

The annual average number of births in Pennsylvania since 2000 has been about 144,825, and we estimate that about 15,915 of them (11%) have been to foreign-born women. About a fifth of those births are likely to have been to illegal alien mothers, i.e., about 3,200 out of the more than 60,000 Medicaid births per year in the state.<sup>24</sup> Data from other states indicate that the average cost of an uncomplicated Medicaid delivery is likely to be at least \$10,000.<sup>25</sup> Medicaid expenditures in Pennsylvania are split 46-54 between the



state and the federal government. Thus, the state's share of the cost of Medicaid births (termed "Medical Assistance" in Pennsylvania) to illegal alien mothers is about \$4,600 per delivery.

**Using a state-funded birth expense of \$4,600 per birth to illegal aliens and an estimated annual number of 3,200 births, the cost of Medicaid funded births is likely to be about \$14.7 million.**

Medicaid also pays for treatment of the U.S.-born children of illegal aliens. Those costs are likely to be proportionate to the size of this population. Using the recent finding of the Pew Hispanic Center regarding the relative size of the population of U.S.-born children of illegal aliens, we estimate the U.S.-born children of illegal aliens in Pennsylvania to be about 47,000 persons. This is a larger number than the U.S.-born students in public school because it includes those below school age. As with childbirth expendi-

tures, we assume that the income limits on Medicaid will exclude very few if any of the children of illegal aliens. Research establishes that the national outlay in child medical expenses in 2003 was \$67 billion.<sup>27</sup> That amounts to an average per child expenditure in 2003 of about \$900. Adjusting for inflation, that current cost is about \$1,050 per child.

**The U.S.-born children of illegal aliens receive on average annual medical outlays paid for by Pennsylvania's taxpayers (46% of the cost) of about \$22.7 million.**

MEDICAL EXPENDITURES	
Non-Medicaid Emergency Care	\$12.8 million
Births to Illegal Aliens	14.7 million
Medicaid for U.S.-Born	22.7 million
Total	\$50.2 million

## PHILADELPHIA

Data suggest that births to illegal aliens in Philadelphia may account for 1,800 to 1,950 births per year.

*Four city health systems provide care at no cost at Philadelphia health clinics. Undocumented women make up 60% to 65% of the nearly 3,000 prenatal patients treated at the city health clinics annually, Kate Maus, director of Maternal, Child and Family Health at the Philadelphia Department of Public Health, said, adding that eight years ago "all of [the patients] were insured." Jack Ludmir – chair of obstetrics and gynecology at Pennsylvania Hospital – also noted that the percentage of women in Philadelphia who did not provide a Social Security number after giving birth rose from 4.8% in 2003 to about 7% to 8% this year.<sup>26</sup>*

## INCARCERATION OUTLAYS FOR ILLEGAL AND DEPORTABLE ALIENS

### SIZE OF THE ILLEGAL ALIEN PRISONER POPULATION

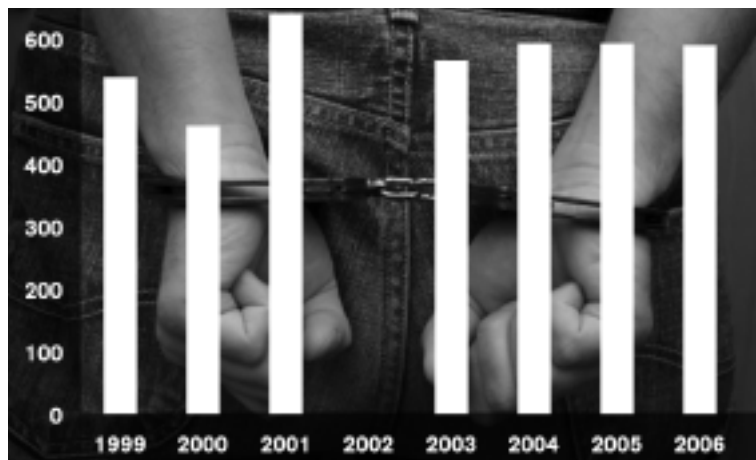
The data upon which the costs of incarcerating illegal aliens can be estimated come from information collected in the State Criminal Alien Assistance Program (SCAAP), which is administered by the Office of Justice Programs in the U.S. Department of Justice. In that program, states and local jurisdictions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

In FY 1999, the state documented about 539 illegal alien detention years in its SCAAP application for reimbursement. In that year it received federal reimbursement for 38.6 percent of its costs.

Since then, the level of inmate years has remained fairly constant at about 600 years through 2006. Over the same period, however, SCAAP funding received by the state has declined from more than \$5 million in 1999 to about \$2.1 million in 2006 and for the past two years.<sup>28</sup>

### CRIMINAL ALIENS

(in millions)



**On the basis of this trend in SCAAP awards, and the fact that not all of Pennsylvania's jurisdictions are included in that program, we estimate the current deportable alien population in state facilities to be at least 600 prisoner years in 2008.**

This estimate does not include all criminal costs generated by illegal aliens. In addition there are other administration of justice expenses related to crime costs, insurance, law enforcement, and prosecution that have not been included in this calculation.

### UNCOMPENSATED INCARCERATION COSTS

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.

In a 2008 Budget Presentation by the State Department of Corrections, the average annual cost per prisoner in the state penitentiary system was identified as \$32,032, up \$669 from the previous year. Assuming that the rate of increase has continued, the likely cost per year for 2008-09 is about \$32,700.<sup>29</sup> Between 2004 and 2008, the state prison system received SCAAP compensation amounts varying between 58 to 68 percent of the total awards to Pennsylvania jurisdictions (62% on average). The Philadelphia prison system received between 5 and 10 percent of the

awards during that period (8% on average). The other two major recipients of SCAAP reimbursements over the same period were Bucks County (7% of awards on average) and Berks County (4% of awards on average). In the Philadelphia prison system, the annual average per inmate cost was slightly higher than in the state system, i.e., \$33,179 in 2007-08 and \$34,938 in 2008-09.<sup>30</sup> The Bucks County correctional system annual average cost per inmate in 2008-09 is \$31,025.<sup>31</sup> For this study, we assume the state-wide average is close to the state prison system cost per inmate.

COSTS OF ILLEGAL ALIEN INCARCERATION			
(\$ millions)			
	Prisoner Years	Cost @	Outlay
Expenditures	600	\$32,700	\$19.6
SCAAP Reimbursement			-\$2.1
Total			\$17.5

The above estimate of the annual fiscal cost of incarceration is conservative because it is based on only those jurisdictions applying for SCAAP compensation from the federal government. Costs to the state's taxpayers are likely higher for the simple reason that SCAAP reimbursements included payments to 17

counties in 2008 (besides Bucks, Berks and the Philadelphia prisons). Thus the estimated deportable inmate population does not include those who may be imprisoned in any of the state's additional more than 50 counties, including some populous ones, such as Delaware, Washington and York Counties, nor does it include short-term incarceration.

#### 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.

In addition to prison, juvenile detention 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 above annual \$17.5 million uncompensated cost estimate.

TOTAL EXPENDITURES FOR EDUCATION, EMERGENCY MEDICAL CARE AND INCARCERATION	
Outlays (\$ millions)	
Education	
Foreign-Born	\$138.6
U.S.-Born	370.7
English Instruction (ELL/LEP)	151.3
Uncompensated Medical Care	50.2
Incarceration	17.5
Total	\$728.3

**In 2008 there were about 4.84 million households in Pennsylvania headed by native-born residents. So the average share of the about \$728 million borne by those households as a result of the estimated 140,000 illegal aliens and their U.S.-born**

**children is about \$150 per native household per year. This cost does not include the share of the costs that is paid by these same taxpayers at the federal level resulting from this same population of illegal aliens.**

## TAXES COLLECTED FROM ILLEGAL ALIENS

As noted earlier, we include a discussion of the estimated tax collections from illegal aliens even though that is not truly an offset against the fiscal outlays. Similar — or more likely greater — taxes would be collected if the same jobs were filled by U.S. citizens or legal immigrant workers. In addition, replacing illegal alien workers with legal workers likely would decrease outlays such as unemployment compensation and social assistance programs available to those legal workers currently displaced by illegal alien workers.

For reasons outlined below, tax collections from illegal aliens will be at a significantly lower rate than from legal residents and citizens.

- Data from the 2007 Census Bureau's American Community Survey indicate that more than about 90,000 of Pennsylvania's foreign-born are in poverty and another about 140,000 have income below 200 percent of the poverty level.<sup>32</sup> Together they are a larger number than the size of the estimated illegal alien population. Legal immigrants, whether or not they have become U.S. citizens, are less likely than illegal aliens to work in the underground, or "informal," economy, and it is reasonable to assume that the vast majority of illegal aliens fall within the 230,000 foreign-born residents in the poverty and near-poverty category.
- Also in 2007, 78.4 percent of full-time, year-round, non-citizen workers in the state earned less
- than \$35,000 a year. Again, illegal immigrants would have lower average earnings. A Pew Hispanic Center study put average family income for "unauthorized migrants" in 2003 at \$27,400.<sup>33</sup> That level of earnings for a family of four will not only be exempt from Pennsylvania's income tax, it could also qualify the family for payments, i.e., negative taxes, in the Earned Income Tax Credit (EITC) program.<sup>34</sup>
- *"If you had no children living with you in 2008 and you earned less than \$12,880, AND you were at least 25 years old but under 65 at the end of the year, you can get up to \$438. If you lived with one child in 2008 and your family earned less than \$33,995, you can get up to \$2,917. If you lived with two or more children in 2008 and your family earned less than \$38,646, you can get up to \$4,824."*<sup>35</sup>
- Illegal alien workers for whom taxes are withheld by employers are likely to have a lower than average tax liability because they have larger than average families,<sup>36</sup> and because they are more easily able to overstate their number of dependents since Social Security numbers for dependents are not required of children born and residing abroad. This opens a loophole that can be exploited to claim lower payroll tax withholding and greater dependent deductions on tax returns that are not readily verifiable.
- Illegal aliens often send part of their earnings abroad in the form of remittances. The Inter-



American Development Bank estimates that in 2006, more than \$517 million dollars were sent to Latin America, and the Caribbean from Pennsylvania. Illegal aliens are more likely than legal immigrants to have nuclear family members living abroad to whom they send remittances. Besides being a drain on the state's economy by removing the earnings from circulation, these remittances reduce the disposable income of the sender, which means fewer purchases that generate sales taxes.

- Illegal aliens are more likely to make purchases in the informal economy from which sales taxes are not collected and paid to the government. An example would be home prepared food sold on job sites to laborers, thereby avoiding the tax on meals purchased in a restaurant.<sup>37</sup>
- The lower earnings profile means that a larger share of the illegal immigrant's disposable income will be spent on food, which is exempt from tax.
- Illegal aliens often will share housing, which means that per capita indirect property tax payments on rental property will be lower than for most other residents.

Illegal aliens will, in theory, pay income, sales and property taxes. However, as noted above, it is likely that only a small share of the estimated half of illegal aliens who are working with false identity documents posing as legal workers and who have taxes withheld are likely to be earning enough to incur a tax liability despite the state's 6 percent flat tax (and additional 1% tax in Philadelphia and Allegheny Counties). With an increase in tax preparation services provided by enablers of illegal immigrants, it is likely that even for those workers who have had taxes withheld, the withheld taxes, if any, are being refunded accompanied by

EITC payments. It is reasonable to assume that EITC payments received by illegal alien workers offset any income tax payments. It is also worth keeping in mind that if the illegal alien amnesty currently being promoted by the Obama Administration is enacted the number of EITC tax filings may significantly increase.

Property taxes and sales taxes, however, are not so easily avoided. Although the Institute on Taxation Policy (ITEP) has provided estimates of tax collections in other states, it has not done so for Pennsylvania. Nevertheless, estimates by ITEP for other states suggest that average per person property tax collections in Pennsylvania may be about \$600 and sales taxes may be about \$570.

In our calculation below, we have used lower estimates of property and sales tax collections than those suggested by the ITEP model because of the lower disposable income resulting from remittances, lower sales tax collection due to a larger share of disposable income spent on tax exempt food, and the prevalence of shared housing.

We estimate that about \$500 (51.3%) in sales taxes and about \$475 (48.7%) in property taxes on average are collected annually per illegal alien in Pennsylvania. The results shown below include taxes collected from the U.S.-born children of illegal aliens.

#### TAX RECEIPTS FROM ILLEGAL ALIENS

Property Tax	\$86.8 million
Sales Tax	\$91.3 million
Total	\$178.1 million

## OUTLAYS FOR AND RECEIPTS FROM ILLEGAL IMMIGRANTS

*2008 Outlays (\$ millions)*

Outlays	\$728.3
Receipts	-\$178.1
Net Fiscal Effect on Pennsylvanians	\$550.2

## FUTURE IMPLICATIONS

Pennsylvania's taxpayers increasingly have been required to assume a growing burden for local governmental outlays resulting from the rapidly rising number of illegal aliens living in the state. Unless federal, state or local measures — or a combination of such measures — are taken to stem the flow of illegal immigration, these costs may be expected to continue to rise. And the costs of illegal immigration are not likely to subside until the size of the illegal alien population begins to subside.

If today's illegal residents were to gain legal status, as the Obama Administration has adopted as a legislative goal, such an amnesty would not significantly alleviate

the cost burden on the Pennsylvania taxpayer, because the illegal alien population, in general, does not have the educational preparation or work skills that would allow workers to move to higher paying jobs and contribute more in tax payments. That assessment is borne out in studies of the beneficiaries of the 1986 IRCA amnesty. Rather, the adoption of any amnesty is more likely to enhance the temptation for others to follow the same path of illegal entry taken by the amnesty recipients. Furthermore, an amnesty would increase access to EITC payments and to public services by newly legalized residents and, therefore, the costs to the state's taxpayers.

## RECOMMENDATIONS

The fiscal costs to Pennsylvanians associated with illegal immigration are not inevitable. While the federal government has the primary responsibility for enforcing immigration laws, state and local governments have a role to play that can either discourage or encourage illegal immigrants settling in their area. State and local policies can either facilitate or hinder federal immigration law enforcement efforts.

Despite the efforts of a number of legislators, Pennsylvania has yet to adopt measures to effectively discourage the settlement of illegal aliens in the state. Such measures have been proposed, most recently under the rubric of the "National Security Begins at Home" package of measures advanced by Rep. Daryl Metcalfe. But until employers are held accountable for hiring illegal alien workers and state and local law

"SIMPLY PUT, THERE SHOULD BE NO ECONOMIC REWARDS, PUBLIC BENEFITS OR  
EMPLOYMENT PRIVILEGES FOR ANYONE WHO IS GUILTY OF BREAKING OUR  
NATION'S IMMIGRATION LAWS."

—REP. MARK MUSTIO

enforcement agencies work cooperatively with federal immigration officials to identify and remove illegal aliens, the illegal alien population in the state is likely to continue to grow.

#### LOCAL REFORM ACTIVISTS SHOULD ALSO FOCUS ON NATIONAL POLICIES

Pennsylvanians have a right to expect their national and local elected representatives to work to alleviate the fiscal burden of illegal immigration. To simply convert illegal alien residents to legal resident status with an amnesty violates a fundamental principle of immigration reform, because it would encourage rather than deter future illegal immigration. A policy that conveys the message that the country or any state or local government will tolerate and reward foreigners who ignore our immigration law invites the world to see illegal immigration as an accepted route to seeking a better life in our country and perpetuates the problem.

As the late Barbara Jordan, a former member of Congress from Texas and chair of the U.S. Commission on Immigration Reform summed up her view on immigration:

*“The credibility of immigration policy can be measured by a simple yardstick: people who should get in, do get in; people who should not get in are kept out; and people who are judged deportable are required to leave.”*

—U.S. Immigration Policy: Restoring Credibility,  
USCIR 1994

Pennsylvania’s elected representatives owe it to the state’s citizens and legal residents to uphold the principle that the United States is founded on respect for the rule of law, and to act in ways that demonstrate that those who disrespect our immigration law will not be tolerated.





## ENDNOTES

- 1 FAIR's estimate of the illegal alien population is nearly the same as the current estimate by the Pew Hispanic Center of an illegal alien population of about 300,000 persons. The latest federal government estimate of the state's illegal alien population was that in 2000 the population was about 212,000 persons.
- 2 The Pennsylvania Budget and Policy Center, "Revenue Tracker: State Ends Fiscal Year With \$3.25 Billion Deficit," website consulted July 7, 2009 (<http://www.pennbpc.org/revenue-tracker>).
- 3 This is FAIR's estimate based on American Community Survey finding of a foreign-born population of 639,992 in the 2005-07 survey data. The 2008 foreign-born population is likely to be 683,890 persons.
- 4 "Secure Communities: Phased Implementation," Immigration and Customs Enforcement, Department of Homeland Security, (website consulted June 29, 2009 [http://www.ice.gov/secure\\_communities/deployment/](http://www.ice.gov/secure_communities/deployment/)).
- 5 On July 26, 2007, U.S. District Court Judge James Munley ruled in favor of plaintiffs who challenged the local ordinance. That ruling has been appealed but not yet decided. FAIR defended in court the legality of the ordinance and has supported the appeal.
- 6 2002 Yearbook of Immigration Statistics, DHS Office of Immigration Statistics, Oct. 2003.
- 7 Department of Health & Human Services letter of October 1, 2004 from Dr. Mark B. McClellan, Administrator to National Alliance for Hispanic Health stating, "Our intention is to accept the public comments that suggested the use of indirect, non-burdensome eligibility methods to target the funds using methods that do not require providers to obtain direct evidence of a patient's immigration status."
- 8 "Illegal Alien Schoolchildren: Issues in Estimating State-by-State Costs," United States General Accounting Office, GAO-04-733, June 2004.
- 9 Martin, Jack, "Breaking the Piggy Bank: How Illegal Immigration Is Sending Schools into the Red," FAIR, June 2005.
- 10 Passel, Jeffrey and D'Vera Cohn, "A Portrait of Unauthorized Immigrants in the United States," Pew Hispanic Center, April, 2009.
- 11 FAIR believes that the practice of conferring U.S. citizenship on children born in the United States to illegal aliens is a misapplication of the U.S. Constitution's 14th Amendment. It disregards the "subject to the jurisdiction thereof" clause of the Amendment.
- 12 "Illegal Alien Schoolchildren" op. cit., p.13
- 13 "Revenues and Expenditures for Public Elementary and Secondary Education: School Year 2006-07 (Fiscal Year 2007)" (Table 6), National Center for Educational Statistics, website consulted June, 23 2009. (<http://nces.ed.gov/pubs2009/2009337.pdf>).
- 14 "Fiscal Impacts of Undocumented Aliens: Selected Estimates for Seven States," The Urban Institute, September 1994.
- 15 Pennsylvania Fact Sheet, 2007 American Community Survey and Census Data on the Foreign Born by State, Migration Policy Institute. 40.7 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 1.4 percent. Thus, 267,798 foreign-born persons aged 5 or older were LEP compared to 151,334 native-born persons, and most of those native-born LEP persons are likely US-born children of immigrants, legal or illegal. (Website consulted June 30, 2009 <http://www.migrationinformation.org/datahub/acscensus.cfm?CFID=2446740&CFTOKEN=52980399#>)
- 16 The number of refugees intending to reside in Pennsylvania during the 1997-2006 decade was 14,669, and most of those admissions were adults. In the Department of Homeland Security's 2006 Yearbook of Immigration Statistics, 20.9 percent of refugee admissions in that year were school aged.

. . . . .

- 17 United States General Accounting Office, (GAO-04-733), June 2004 *op.cit.*
- 18 “2005-2006 LEP Enrollment Counts By LEAs,” website consulted July 8, 2009, ([http://cybersecurity.state.pa.us/portal/server.pt/document/357801/2005\\_2006\\_lep\\_enrollment\\_counts\\_by\\_leas\\_pdf](http://cybersecurity.state.pa.us/portal/server.pt/document/357801/2005_2006_lep_enrollment_counts_by_leas_pdf)).
- 19 “Undocumented Aliens: Questions Persist about Their Impact on Hospitals’ Uncompensated Care Costs,” GAO-04-472, May 2004.
- 20 “State Budget Proposals Place Critical Hospital Services in Jeopardy,” The Hospital and Healthsystem Association of Pennsylvania, June 3, 2009. “Hospitals face the loss of special Medicaid funds for trauma centers, burn centers, rural hospital services, medical and health professional education, obstetrics and neonatal care services, and hospital services for low-income adults who are not eligible for Medicaid or other health insurance programs.” (See <http://www.pahospitalsadvocacy.org/page.asp?content=startpage&g=hap> and [http://www.careforpa.org/2009/06/state\\_budget\\_proposals\\_place\\_c.html](http://www.careforpa.org/2009/06/state_budget_proposals_place_c.html), consulted July 8, 2009).
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- 23 “Medical Assistance Coverage of Pregnant Women and Newborn Children in Pennsylvania,” Pennsylvania Medicaid Policy Center, website consulted July 8, 2009, ([http://www.pamedicaid.pitt.edu/documents/Pregnant%20and%20Newborn\\_fs\\_08.pdf](http://www.pamedicaid.pitt.edu/documents/Pregnant%20and%20Newborn_fs_08.pdf)).
- 24 The number of Medicaid financed births in Pennsylvania was 45,068 in 2003. The 42 percent of all births cited for 2006 indicates that the number has risen significantly since then. “Pennsylvania: Number of Births Financed by Medicaid, 2003,” Kaiser State Health Facts, website consulted July 8, 2009 (<http://www.statehealthfacts.org/profileind.jsp?ind=222&rgn=40&cat=4>).
- 25 Earlier studies of the cost of illegal immigration in Nevada found an average cost of a Medicaid birth was \$9,800 and in North Carolina the average was \$9,720. In the report on the cost of illegal immigration in Florida earlier this year, the average Medicaid birth was found to be \$10,948.
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- 27 Chevarley, Francis M. “Utilization and Expenditures for Children with Special Health Care Needs,” Research Finding No. 24, U.S. Dept. of Health and Human Services, Agency for Healthcare Research and Quality, 2006
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- 30 City of Philadelphia Prison System, Annual Report 2008, website visited June 30, 2009. (<http://www.phila.gov/prisons/docs/FY08C.pdf>).
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- 33 Passel, Jeffrey, "Unauthorized Migrants: Numbers and Characteristics," Pew Hispanic Center, June 14, 2005.
- 34 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).
- 35 "Earned Income Tax Credit (EIC): Earn It, Keep It, Save It," Pennsylvania Department of Public Welfare. (website consulted July 9, 2008, <http://www.dpw.state.pa.us/ServicesPrograms/CashAsstEmployment/003672357.htm>)
- 36 Foreign-born household size in Pennsylvania (3.65 persons) was larger than native-born household size (3.09) according to data collected by the U.S. Census Bureau in the 2000 Census.
- 37 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 sub-standard; .... 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."

## ABOUT FAIR

The Federation for American Immigration Reform (FAIR) is a national, nonprofit, public-interest, membership organization of concerned citizens who share a common belief that our nation's immigration policies must be reformed to serve the national interest.

FAIR seeks to improve border security, to stop illegal immigration, and to promote immigration levels consistent with the national interest — more traditional rates of about 300,000 a year.

With more than 250,000 members and supporters nationwide, FAIR is a non-partisan group whose membership runs the gamut from liberal to conservative. Our grassroots networks help concerned citizens use their voices to speak up for effective, sensible immigration policies that work for America's best interests.





FAIR's publications and research are used by academics and government officials in preparing new legislation. National and international media regularly turn to us to understand the latest immigration developments and to shed light on this complex subject. FAIR has been called to testify on immigration bills before Congress more than any organization in America.

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