The Costs of Illegal Immigration To Texans A Report by the Federation for American Immigration Reform

Executive Summary Analysis of the latest Census data indicates Texas's illegal immigrant population is costing the state's taxpayers more than \$4.7 billion per year for education, medical care and incarceration. Even if the estimated tax contributions of illegal immigrant workers are subtracted, net outlays still amount to more than \$3.7 billion per year. The annual fiscal burden amounts to about \$725 per Texas household headed by a native-born resident.

This analysis looks specifically at the costs to the state for education, health care and incarceration resulting from illegal immigration. These three are the largest cost areas, and they are the same three areas analyzed in a 1994 study conducted by the Urban Institute, which provides a useful baseline for comparison ten years later. Other studies have been conducted in the interim, showing trends that support the conclusions of this report.

Other significant costs associated with illegal immigration exist, and these too should be taken into account by federal and state officials. Even without accounting for all of the numerous areas in which costs associated with illegal immigration are being incurred by Texas taxpayers, the program areas analyzed in this study indicate that the burden is substantial and that the costs are rapidly increasing.

The more than \$4.7 billion in costs incurred by Texas taxpayers annually result from outlays in the following areas:

- Education. Based on estimates of the illegal immigrant population in Texas and documented costs of K-12 schooling, Texans spend more than \$4 billion annually on education for illegal immigrant children and for their U.S.-born siblings. About 11.9 percent of the K-12 public school students in Texas are children of illegal aliens.
- *Health Care.* Taxpayer-funded medical outlays for health care provided to the state's illegal alien population amount to about \$520 million a year.

Incarceration. The uncompensated cost of incarcerating illegal aliens in Texas's state and county prisons amounts to about \$150 million a year (not including local jail detention costs or related law enforcement and judicial expenditures or the monetary costs of the crimes that led to their incarceration).

State and local taxes paid by the unauthorized immigrant population go toward offsetting these costs, but they do not come near to matching the expenses. The total of such payments can generously be estimated at slightly less than \$1 billion per year.

The fiscal costs of illegal immigration do not end with these three major cost areas. The total costs of illegal immigration to the state's taxpayers would be considerably higher if other cost areas such as special English instruction, welfare programs used by the U.S.-born children of illegal aliens, or welfare benefits for American workers displaced by illegal alien workers were also calculated.

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. Texans should not be expected to assume this already large and growing burden from illegal immigration simply because local businesses or other special interests benefit from being able to employ lower cost workers. The state could adopt measures to systematically collect information on illegal alien use of taxpayer-funded services and on where they are employed. Policies could then be pursued to hold employers financially accountable.

The state could also enter into a cooperative agreement with the federal government for training local law enforcement personnel in immigration law so illegal immigrants apprehended for breaking the law can be expeditiously turned over to the immigration authorities for removal from the country. Similarly, local officials who have adopted "sanctuary" measures that shield illegal aliens from being reported to the immigration authorities should be urged to repeal them.

Texas has also voluntarily adopted policies that add to the cost burdens of illegal immigration. While all states are compelled under a 1982 U.S. Supreme Court decision to provide a free K-12 education to all children, irrespective of their immigration status, they are under no obligation to subsidize education beyond that point. Nevertheless, the Texas legislature and Governor Perry have decided to grant in-state tuition benefits at public colleges and universities to illegal aliens.

It is unreasonable for a state to expect federal assistance to compensate for the fiscal burden of illegal immigration if it is pursuing policies that encourage illegal aliens to come and remain in the state.

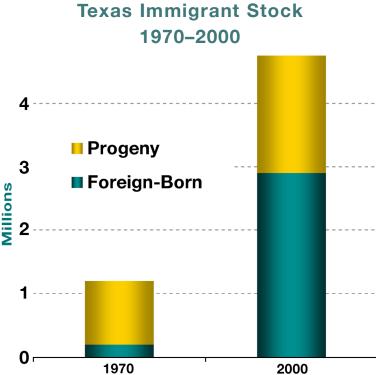
Background Information

Texas had the fourth highest proportion in the country of illegal immigrants in its population in 2000. According to a federal estimate, there were 1,041,000 aliens residing illegally in the state, which was about one-eighth of the country's total illegal alien population. That number of illegal aliens represented about 5 percent of the state's population.1 As recently as 1992, the INS estimated that the resident illegal alien population in the state was 357,000 persons so the estimated illegal alien population increased by nearly three-fold in just eight years. These estimates do not include more than 445,000 persons (308,517 long-term illegal residents and 136,535 illegal agricultural workers) who were also part of Texas's illegal alien population until they were given legal residence as a result of the 1986 amnesty.²

Not only has Texas's illegal alien population grown rapidly, the overall foreign-born population has shot up since the 1965 change in U.S. immigration law. Similarly, the size of the immigrant stock (which includes the progeny of immigrants as well as the foreign-born immigrants themselves) has surged. Both of these groups contribute to the costs of illegal immigration. The progeny of immigrants has more than doubled (136 percent) since 1970, while the foreign-born population has increased more than eight-fold (see chart).

This study looks at the fiscal costs and tax payments to the state associated with illegal immigration. It does not look at the goods and services produced by illegal alien workers, i.e., their economic contribution, as it may be assumed that if the work is essential, and illegal immigrants were unavailable, the work would be done by legal workers. Similarly, this study does not include the displacement costs incurred by

legal workers who are laid off or fail to get a job as a result of being undercut by illegal workers willing to work for lower wages. Those costs, which would include unemployment compensation, welfare outlays, lost taxes, etc., are real, but difficult to quantify.



Studies of the cost of illegal immigration to Texans have been done previously. The 1994 Urban Institute study of the costs of illegal immigration—which included Texas—will be described in detail in the following section. It was funded by the U.S. Department of Justice in order to allow the federal government to respond to the lawsuits against it by Texas and other states seeking redress for their increasing fiscal burden.

Another study of the costs of immigration in Texas by Rice University economist Donald Huddle estimated the net fiscal costs from illegal immigration in 1996 to the state at about \$1.38 billion. In addition, the study identified displacement costs—associated with unemployed American workers because of the illegal foreign workers—as representing an additional cost to the state's taxpayers of \$511 million annually. The Huddle study estimated tax payments by illegal immigrants at slightly over \$358 million.³

A study by a research firm, MGT of America, was done for the United States-Mexico Border Counties Coalition in 2002.⁴ The General Accounting Office released two studies in 2004, one on the process of estimating the uncompensated medical expenditures resulting from illegal immigration,⁵ and one on estimating the costs of illegal immigrants in public schools.⁶ All of these studies have been taken into consideration in the process of preparing this estimate of the current costs of illegal immigration to Texans.

National recognition of the fact that illegal immigration represents a fiscal burden, especially on states that border Mexico, may be seen in the fact that the Congress has authorized and appropriated funds in the past to assist Texas and other states for uncompensated medical expenses and for the incarceration of illegal immigrants. Federal recognition of the fiscal costs to state governments from illegal immigrants also may be seen in the State Legalization Impact Assistance Grants (SLIAG) program, which provided \$3.5 billion to states in the aftermath of the 1986 amnesty for illegal aliens to ease the burden of the additional expenses the states were required to assume.

In Texas, SLIAG funding was largest in 1990, when state agencies received \$64 million, half of which went to the Texas Education Agency for distribution to local public school districts. The Texas Department of Health also received a major part of SLIAG funds.⁷ Over the course of the program, Texas state agencies received \$338 million in SLIAG funds, almost 10 percent of the U.S. total.⁸ Those grants phased out in 1994, and the states since then have been bearing an unreimbursed burden associated with this amnestied illegal immigrant population.⁹

What Are 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 educated estimates.

The absence of recorded data on illegal alien enrollment in school, use of taxpayer-supported medical care, and other public services is not accidental. It is due to the efforts of civil libertarians, business interests and immigrant support groups that have thwarted data collection efforts in order to keep these costs hidden from the taxpayers who must pay for them. The most recent example of these efforts to obscure the costs of services to illegal aliens may be seen in the campaign against a requirement that emergency health care providers collect information on illegal alien patients in order to receive compensation from a federal appropriation. The health care providers, civil libertarians and illegal immigrant advocacy groups vociferously opposed the data collection requirement, and HHS dropped it.¹⁰

Some of the quantifiable costs are:

- Law enforcement costs resulting from investigating property loss due to theft and damage caused by illegal border crossers;
- Medical costs that are incurred when an alien's health is affected while illegally entering the country, or from accidents while trying to get to interior locations, or when aliens illegally residing in the country turn to emergency medical facilities for their treatment;
- Well-baby maternity care, delivery expenses, and long-term care that are incurred for children born to illegal aliens;
- Educational outlays made by public schools for enrolled illegal alien children, which are funded largely from state and local budgets;
- Expenses from educating the U.S.-born children of illegal aliens;
- Outlays that accrue from Limited English Proficiency (LEP) programs, e.g., staff salaries and foreign language teaching materials;
- Subsidized tuition in the state's higher education institutions borne by the taxpayer under a policy that allows illegal aliens to enroll as state residents;¹¹
- Low-income housing subsidies;¹²
- State welfare assistance. A study of welfare payments to illegal immigrants nationwide by the Center for Immigration Studies concluded that average non-medical welfare outlays to illegal-immigrant headed households averaged \$151 per year;¹³

- Incarcerated illegal aliens, if tried on state charges, cost the state's taxpayers for the investigation, prosecution, translation and interpreter services, judicial management, incarceration and possible parole costs. The federal government provides partial compensation of those costs only if it accepts responsibility for removing the aliens from the country upon release;¹⁴
- American workers who are displaced by illegal foreign workers willing to accept lower wages may qualify for a number of programs paid for by the taxpayer. In Texas, those indirect costs from illegal immigration would be about \$937 million;¹⁵
- Tax losses to the state resulting from lowered earnings by workers where wage levels have been depressed by the availability of illegal aliens workers, plus taxes lost by the proliferation of illegal aliens working in the underground economy lead to the need for the state to levy a higher tax burden on American taxpayers.

Some of the non-quantifiable costs include:

- Law enforcement costs associated with illegal immigration, in addition to felony incarceration, include those associated with general prevention and enforcement expenses, misdemeanor offenses, prosecution, indigent defense, adult probation, juvenile probation, etc.;
- The growing burden of providing illegal immigrants an array of services such as foreign language interpretation and translation, especially in the health care, law enforcement and judicial systems;

- Parental liaison, translation at PTA meetings and other school meetings, and newsletters prepared in foreign languages for the schoolage children of illegal aliens;
- Increased insurance rates that are associated with crimes perpetrated by illegal immigrants, especially property loss and auto theft;
- Autopsies (if death is suspicious) and burials of indigents;
- Remittances sent abroad do not remain in the state and contribute to the local economy. If U.S. citizens or legal residents earned the wages now earned by illegal immigrants, the money would usually be spent locally with beneficial multiplier effects;¹⁶
- Congestion, inconvenience and property value loss often occur in areas where illegal aliens seek day jobs.

There are also non-economic costs, such as a degraded learning environment that may result from students being unable to keep up with the class because of language difficulty. Other examples include inconvenience resulting from waiting to receive medical attention when there is congestion in the emergency admissions offices of public hospitals, and the closure of emergency rooms due to the overwhelming uncompensated costs.

There is also the unquantifiable cost of erosion of respect for the law when an increasing share of the population lives illegally in the country; when law enforcement officers are required to ignore this law breaking; when employers illegally hire unauthorized workers; and many of those workers are in the underground economy. Social cohesion may be strained by having to cope with increasingly pervasive language barriers, and rising income inequality associated with immigration.

Updating the Urban Institute Cost Estimates

In 1993, the annual cost to Texas and local governments for public education, emergency health care, social services, and incarceration for undocumented immigrants was estimated by the state to be \$1.3 billion. At the time, Texas joined Arizona, California, Florida, New York, and New Jersey in unsuccessfully suing the federal government to recover some of these costs. In that legal initiative, Texas sought compensation from the federal government for emergency medical services provided to illegal immigrants, and for incarceration of illegal aliens. The lawsuits ultimately were dismissed as a political

matter for which redress should be sought in Congress, not the courts.

However, in preparation for arguing the case in court, the Department of Justice contracted with the Urban Institute to study the claimed expenditures and provide estimates of the burden borne by the states. The Urban Institute released its report, *Fiscal Impacts of Undocumented Aliens: Selected Estimates for Seven States*, in September 1994. The study's methodology compared tax payments at all levels within the state with expenditures on only three programs, albeit the

major cost areas of education, health care, and incarceration. The study estimated the amount of state and local taxes paid by the illegal immigrants in Texas and used that amount to offset part of the estimated costs and arrive at a net uncompensated fiscal cost of about \$250 million annually.

1994 URBAN INSTITUTE STUDY

(millions)

Category	Outlays	Receipts	Net Cost
Education	\$419		\$419
Uncompensated Medical Care	9 – 12		9 – 12
Incarceration	23		23
Tax Payments		202	-202
Total	\$451 – \$454	\$202	\$249 – \$252

Size of the Illegal Immigrant Population

The Urban Institute based its cost calculation on an estimate of 389,000 illegal immigrant residents in Texas in 1993, while the state at that time estimated the illegal immigrant population at 550,000 persons. The Immigration and Naturalization Service estimated the 1992 illegal alien population in Texas at 320,000, and the U.S. Census Bureau estimated the 1993 illegal alien population at 520,000. These estimates were lower than estimates by demographers at the University of Texas.

The most recent estimate of the resident illegal immigrant population in Texas by the Immigration and Naturalization Service (INS)—before it merged into the Department of Homeland Security (DHS)—was 1,041,000 persons, reflecting the findings of the 2000 Census. This estimate, however, excludes certain categories of illegal immigrants such as those who have been in the country for less than one year

and those granted Temporary Protected Status. The Migration Policy Institute released an estimate in May 2002 that Texas's illegal alien population in 2000 was 1.2 million.

The Urban Institute estimated that the illegal alien population nationwide in 2002 was 9.3 million persons and that 1.1 million, i.e., 11.8 percent of the national total, lived in Texas. The federal immigration authorities, who estimated that 14 percent of all illegal aliens in the United States resided in Texas in 1996, revised that estimated share upwards to nearly 15 percent after the 2000 Census. Currently they also estimate that nationally the illegal alien population is increasing by about half a million persons per year.

Based on our estimate that in 2004 the illegal alien population in the country is between 10 and 12 million persons, we estimate the illegal alien population in Texas in 2004 is between 1.5 and 1.8 million persons, i.e., 13-18 percent of the national total²⁰ For this study we use a conservative estimate of 1.5 million illegal alien residents in the state, which is nearly four times

the population used in calculations by the Urban Institute ten years ago. That would put the illegal alien share of the state's population at about 6.7 percent compared to the 5 percent share based on official estimates in 2000.

Size of the Illegal Alien K-12 Student Population

The U.S. General Accounting Office (GAO) recently released a report on difficulties in estimating state costs of illegal It noted that data are not schoolchildren. collected by most school systems, and that providing a precise estimate of the illegal alien population in public schools is currently not possible.21 The study's conclusion did not mean that ballpark estimates of the costs were inappropriate or invalid. It should be kept in mind the cost estimates in this study are not precise and are simply ballpark estimates done for the purpose of increasing awareness of the general magnitude of the burden borne by Texas's taxpayers.

The Urban Institute's 1994 study estimated K-12 illegal alien enrollment in Texas's public schools ten years ago at 93,907 students, about 30 percent higher than the state's estimate at that time of 72,101 illegal alien students.

A 1997 survey in El Paso and Houston found in El Paso about two-thirds (67 percent) of illegal immigrants had children in the public schools. In Houston, the comparable share was 40 percent.²² The study did not indicate how many children in a family were in the public schools.

FAIR, in its August 2003 research report "Breaking the Piggy Bank: How Illegal Immigration Is Sending Schools Into the Red"23 used an Urban Institute estimate of the student share of the resident illegal population and calculated that a proportionate share in Texas in 2000 would be about 164,000 students. By 2004, the total illegal immigrant public school population would have risen to about 257,000 students, constituting a 64 percent increase in just four years. However, as noted in the GAO report, not all of the school age illegal immigrant children may be in school, and some may be attending other than public schools. But, because school attendance is mandatory, and the low incomes of most illegal alien families would limit private schooling options, the share of these students in public education is likely to be at least 80 to 90 percent of school-age illegal immigrant youth. This implies a range of 206,000 to 231,000 illegal immigrant students in the state's public schools.

As Texas is likely to have a larger than proportionate share of illegal immigrants compared to other states, given its proximity to the border and already sizable legal and illegal immigrant population, an estimate for 2004 of the illegal immigrant public school population

in Texas of 225,000 is reasonable. That suggests that the public school-age illegal immigrant population has more than doubled since 1994 when the Urban Institute did its calculation.²⁴

The estimate above of the illegal immigrant student population does not include those students who are the children of illegal immigrants but were born in this country. They too, however, would not be in the Texas public school system were it not for the illegal immigration of their parents, and the cost of educating them is an additional fiscal burden resulting from illegal immigration.²⁵

Jeffery Passel, one of the Urban Institute researchers who participated in the 1994 and subsequent studies of the school-age population, recently estimated that there are nearly twice as many children born here to illegal immigrant parents as children illegally in the United States (3 million compared to 1.6 million).²⁶ As many as three-quarters of them may be receiving educational benefits from pre-school through secondary school. Moreover, most of the children of illegal aliens who are not currently in the school system are below school age and will enter the system within a few years.

Applying the same proportion to the U.S.-born children of illegal aliens yields an estimated additional 315,000 children of illegal immigrants in Texas's schools whose educational costs are included in this study.²⁷ The combined 530,000 children of illegal aliens in public schools represent more than 11.9 percent of the state's total K-12 public school enrollment.²⁸

Cost of Educating the Illegal Immigrant K-12 Population

The Urban Institute's 1994 calculation of the cost of K-12 education in Texas was based on a perstudent cost to state taxpayers of about \$4,461. This was slightly higher than the state's comparable cost estimate of about \$4,146 per pupil per year. If costs remained constant, the Urban Institute's estimate of outlays on the education of the 2004 population of illegal alien students would have risen from about \$419 million to a present cost of about \$1 billion and the costs of educating the children of illegal aliens born in the United States would be about \$1.9 billion. However, educational outlays have not remained constant.

The FAIR research report on educational outlays for illegal immigrant education used the \$6,288 average per pupil cost in Texas reported by the National Center for Education Statistics (NCES)

for the 1999-2000 school year and calculated the cost of educating illegal immigrant students in Texas in 2000 to be about \$1.03 billion based on the illegal alien population in 2000.²⁹

Public educational expenses since 2000 have continued to rise. NCES data indicate that between the 1999-2000 school year and the 2002-2003 school year the per pupil expenses in Texas rose by about 7.7 percent to \$6,771. Extending this trend through the 2003-2004 school year would make public education outlays at least 10 percent higher than they were in 2000. Thus, outlays in 2004 would be about \$7,450 per pupil.

Using an average cost factor probably underestimates the costs associated with the illegal resident population. As the authors of the 1994 Urban Institute study explained, "We believe

that undocumented aliens are more likely than other students to live in urban areas where per student expenses are relatively high."³⁰

The state's admission of illegal aliens into the state's public universities and community colleges is an additional expense, but it is not included in the scope of this study. One estimate of that current cost in Texas is that it could cost the taxpayers \$12 million per year.

Using the estimate of the illegal K-12 immigrant population—updated to 2004—and the estimat-

ed per pupil expenditure results in a current cost to Texas's taxpayers of at least \$1.68 billion per year.

Using the same per pupil cost estimate for the U.S.-born children of illegal aliens suggests that the additional expense of educating these children through the 12th grade is at least an additional \$2.35 billion per year—or a total annual public educational cost from illegal immigration of more than \$4 billion per year.

Emergency Medical Outlays Updated Estimate

Estimates of the costs of uncompensated medical outlays are necessarily imprecise. 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."³¹

However, there is no doubt that illegal immigrant usage of emergency medical care is a burden on local taxpayers, and this was recognized by the U.S. Congress in the Balanced Budget Act (BBA) of 1997, which provided \$25 million in annual compensation to heavily impacted states. Congress renewed and upped the level of assistance tenfold in 2003 with an appropriation of \$1 billion to be apportioned among all states over the 2005-08 fiscal years, i.e., \$250 million each year.

Along with that proposed financial support, the U.S. Department of Health and Human Services

proposed that as a condition for receiving the money, the hospitals would have to collect information on to whom the services were provided. But this was dropped after a deluge of protests from immigrant advocates, health care providers and others.

The Urban Institute's 1994 calculation of the annual unreimbursed expense to the state for emergency medical services in Texas was a range of \$9-11.8 million. That range was about 50-60 percent of the state's estimate of \$19.4 million for emergency medical services outlays for illegal aliens. A similar calculation today yields a much higher estimate.

"Over the past 10 years, the [Harris county hospital] district has provided \$510 million in unreimbursed care to illegal immigrants, the district says."

—The Houston Chronicle, March 1, 2005

The Urban Institute based its estimate of uncompensated medical outlays by Texas taxpayers on data collected by the federal government in the State Legalization Impact Assistance Grants (SLIAG) program. program, authorized and funded by Congress, helped states cope with the additional services they were required to provide as a result of the 1986 Immigration Reform and Control Act amnesty for nearly 3 million illegal alien The Urban Institute researchers residents. thought that the SLIAG model might overstate the use of uncompensated medical outlays for the non-legalized population because the aliens might be reluctant to seek publicly funded emergency medical care. Nevertheless, their calculation of the cost was based on their estimate of the size of the illegal immigrant population and the cost of emergency medical services at that time.

As we showed above, the estimated illegal alien population in 2004 in Texas is nearly four times larger today than it was ten years ago in the Urban Institute estimate. This implies, conservatively, that the Urban Institute's estimated emergency medical outlays would be between \$35-\$46 million today if costs were constant, which, of course, they are not. If those medical expenses were adjusted for inflation, they would be about \$43-\$56.4 million today.

Other Studies: A study of the use of health care services by illegal immigrants and family members residing in El Paso and Houston in the 1994-96 period found 36.4 percent of those in El Paso and 35 percent in Houston had visited a physician.³² In addition, 11.4 percent of illegal aliens or a family member had been hospitalized in El Paso, and 12.8 percent in Houston. The study revealed that among illegal aliens 6.4 percent had a birth in El Paso and 5 percent had used all other medical services, compared to 4.8 percent childbirth in Houston and 8.3 percent all

other service usage. This same study found that in El Paso 2.5 percent of illegal immigrants reported using Medicaid, and in Houston the share was about 2.2 percent.

A 2001 study for the US/Mexico Border Counties Coalition, "Illegal Immigrants in U.S.-Mexico Border Counties: Costs of Law Enforcement, Criminal Justice and Emergency Medical Services," calculated the cost of unreimbursed medical services to illegal aliens in 12 border counties. The reported expenses totaled \$1.8 million in 1999.33 If the costs in the rest of the state were proportionate to the level of expenses in those border counties, statewide the unreimbursed costs in 1999 would have been about \$20 million. If that level of expenditure were adjusted for the much larger illegal alien population in 2004 and for the rising costs of medical services, the comparable cost on a statewide basis would be about \$32.3 million in uncompensated medical outlays for illegal aliens. However, the uncompensated medical expenses are likely to be higher in the border counties than elsewhere in the state. The 28 percent foreignborn population share in the border counties is about double the share for the rest of the state. If the estimated expenditures for the non-border counties are reduced by half for the rest of the state, the resulting estimate of outlays would be about \$20 million.

The results were very different in 2002 when a consulting company, MGT of America, did a follow-up study for the Border Counties Coalition.³⁴ The estimated uncompensated cost due to illegal immigrants in nine Texas border counties was \$73.7 million. If costs throughout the state were proportionate, the total costs would have been \$802 million, and if those costs were adjusted for the illegal alien population increase in the past two years and for inflation, the total would sum to \$1.18 billion in 2004.

After accounting for the lower costs in the non-border counties, the resulting estimated annual cost of uncompensated medical coverage to Texas taxpayers would be about \$570 million. This calculation does not take into account the expenditures on the children of illegal aliens who were born in this country, as their use of emergency medical services is compensated through Medicaid and is, therefore a burden at the national level rather than at the state level.

Thus, sources of estimated annual uncompensated medical outlays for illegal aliens vary widely from \$43-\$56 million in the Urban Institute methodology, or even lower in the 2001 Border Counties study, to \$570 million (derived from the MGT study). The MGT study, unlike the Urban Institute study, relied on information supplied by hospitals and other health care providers.

Although there would be a natural tendency for the health care providers to over-estimate out-ofpocket expenses, they are the only keepers of the data, and until such time as the federal government requires the submission of data on the number of illegal aliens provided emergency medical care and the amounts of expenditure involved, it will be difficult to second-guess their claims.

It seems likely that the out-of-pocket expenditures for medical care for illegal immigrants in Texas in 2004 amount to as much as \$570 million. Compensation of about \$51 million could be received by the state under the 2003 legislation. This fraction of the outlay would still leave the amount of the annual uncompensated outlays borne by the state's taxpayers at about to \$520 million.

Size of the Illegal Alien Prisoner Population

In 1994, the Urban Institute estimated the illegal alien prisoner population to be 1,594 personsabout 61 percent of the state's calculation of 2,620 The discrepancy incarcerated illegal aliens. between the Urban Institute estimate and that of the state, according to the Urban Institute, is that the state included aliens subject to deportation by the immigration service, but who were not illegal aliens. This distinction presumably meant that the aliens had gained legal resident status but were still deportable as a result of the commission of a felony crime. It seems unreasonable to us to exclude aliens who are eligible for deportation from a calculation of the costs of the illegal alien population.

In FY 1999, the state documented 7,854 illegal alien detention years, i.e., the number of days that

illegal aliens were held in state and county prisons divided by 365. In FY 2004, the state calculated about 8,235 prisoner years in the state penitentiary.³⁵ Data collected for the State Criminal Alien Assistance Program (SCAAP) in FY 2003 and FY 2004 indicate that the Texas state prison system accounts for about 70 percent of the total illegal alien detentions in the state, with the remainder accounted for by county prisons.

Increasing the illegal alien prisoner population estimate to adjust for the county prisons suggests that the state's total illegal alien prison population in 2004 was about 11,800 prisoner years of incarceration. That is more than seven times the size of the illegal alien prisoner population used in the 1994 Urban Institute study.

incarceration of illegal aliens. Additional expenses could be attributed to the locally jailed

This estimate does not include all costs of population of illegal aliens who are not covered by the SCAAP reporting and reimbursement.

Uncompensated Incarceration Cost Updated Estimate

The Urban Institute calculated in 1994 the annual cost of incarcerating an illegal alien was about \$14,620. This was 13 percent lower than the state's cost estimate of \$16,681 per prisoner year. Since that study, the state's illegal alien prisoner population has been steadily increasing, as noted above.

SCAAP data indicate that Texas has received partial compensation for the incarceration costs since 1995. For 1999, the state received about \$59 million in compensation, which was 38.6 percent of the expenditures. This meant Texas's taxpayers absorbed more than \$152 million in expenses. The average per prisoner cost was calculated by the state at about \$14,419 a figure slightly less than in the 1994 study.

Congress cut the amount of funds available for SCAAP reimbursement since 1999 resulting in the share of federal reimbursement being similarly decreased. In fiscal year 2001, Texas received SCAAP compensation of \$45.3 million, i.e., only 19.3 percent of the itemized illegal alien expenditures. Texas received a SCAAP award of about \$21 million in 2003 and about \$24.7 million in 2004 (\$17.1 million by the state, and the balance by the counties). The estimated average cost per prisoner year in the state penitentiary system in 2004 is \$14,622 and the total cost to the state's taxpayers was slightly more than \$120 million.³⁶ If the same estimated cost per illegal alien inmate is used for calculating the cost in county prisons, their costs for 3,530 inmate years would represent a cost of about \$51.6 million.

On the basis of an illegal alien inmate population in Texas of 11,800 prisoner years, the total incarceration cost will be about \$172 million per year. Offsetting reimbursements under SCAAP reduce that to a net amount of out-of pocket expenditures of about \$150 million to be absorbed by the Texas taxpayers.

This estimate, based on state data reporting, seems likely to be too low as it implies that the incarcerated illegal alien population has not increased proportionate to the overall rise in the illegal alien population and per prisoner costs have held steady.

Other Studies: A 2001 study by the U.S./Mexico Border Counties Coalition estimated the annual cost of law enforcement and criminal justice associated with illegal immigration in 12 Texas border counties in 1999 at more than \$20 million.³⁷ If those costs were expanded for all of the state's population, adjusted for the increase in the illegal alien population since 1999 and increased to reflect higher costs, that cost today would be about \$275 million per year. These expenses include more than just illegal alien detention.

Offsetting Taxes Paid By Illegal Immigrants

The Urban Institute study provided only the researchers' (but not the state's) estimate of state and local income tax payments plus sales and property taxes paid by illegal immigrants. These amounted to a total of \$202 million. Included in that total were state sales taxes (60 percent) and state and local property taxes (40 percent). Because there is no state income tax, that was not part of the calculation for Texas. Sales taxes and property taxes will have risen with inflation, and the size of the illegal immigrant population also has risen since the 1994 study.

Estimates of tax contributions are inherently difficult because many illegal workers are working in the underground economy, e.g., as day laborers or in sweatshops, and pay no income tax.³⁸ In addition, some taxes are being collected from illegal workers even if they work in the "informal sector," because they pay sales taxes

and they indirectly pay property taxes even if they only contribute to the rent on an apartment.

If the Urban Institute's estimate of state and local tax collections rose in proportion to the rise in the illegal immigrant population, it would have reached about \$779 million in 2004. However, as sales tax and property tax payments have probably kept up with inflation, this estimate must be further increased to allow for that.

Updating for both the increased illegal immigrant population and for inflation suggests that current annual tax payments would be about \$579 million in sales taxes and \$386 million in property taxes—for a total of about \$965 million. That represents more than a fourfold increase from the amount estimated by the Urban Institute ten years ago.

Balancing the Outlays for and Receipts from Illegal Immigrants

ILLEGAL IMMIGRANTS

2004 OUTLAYS AND RECEIPTS

(in billions)

Category	Outlays	Receipts	Net Cost
Education			
Illegal Aliens	\$1.68		\$1.68
Children of Illegal Aliens	2.35		2.35
Uncompensated Medical Care	.52		.52
Incarceration	.15		.15
Tax Payments		.97	97
Total	\$4.70 Billion	\$.97 Billion	\$3.73 Billion

analysis of fiscal The outlays and receipts associated with illegal immigration suggest a total cost to Texas taxpayers of \$4.7 billion per year and a net cost of about \$3.7 billion This includes per year. outlays for only education, medical care incarceration of illegal immigrants but not numerous other expenses

borne by the Texas taxpayer as a result of the extremely large presence of illegal immigrants in the state. If other expenditures, such as local law enforcement and jail costs, special language instruction, and other state and local government programs were included in the estimate, it is clear that the costs attributable to Texas taxpayers as a result of illegal immigration would be much higher. A 1997 national level comprehensive study on the fiscal costs of illegal immigration found the expenditures for the three cost areas included in this study amounted to only about one-fourth of total expenditures without including an estimate for costs associated with displacement of American workers.39

In 2004 there were about 6.5 million households in Texas headed by native-born residents. So the average cost to those households to support the estimated 1.5 million illegal aliens and another 290,000 children of illegal immigration is at least \$725 per native household per year. This cost does not include their share of the costs that are paid at the federal level that result from this same population of illegal aliens.

This per household estimate is higher than the national average, but less than the estimated costs per native household in California in 1997 reported by a panel of experts for the National Academies of Science (NAS) i.e., \$1,178 per year. This NAS calculation for California included costs from both legal and illegal immigrants. The principal author of the NAS report, economist James P. Smith, noted that, "The undocumented tend to be less skilled, less educated," thereby implying that the costs associated with illegal immigrants would be higher because of their lower earnings and tax payments.

Recommendations

The significant fiscal costs to Texans 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. For example, state and local policies can either facilitate or hinder federal immigration law enforcement efforts.

While the border states should not be expected to bear an unfair burden resulting from the federal government's failure to exclude unauthorized entries and overstays by aliens, it would be similarly unfair that those states have their expenses underwritten by taxpayers across the country if they have adopted laws or policies that encourage the settlement of illegal immigrants in their state.

Examples of state and local policies that undermine federal immigration law enforcement efforts and encourage illegal immigrant settlement include the following:

- Issuing state driver's licenses and voter registration cards to illegal aliens;
- Extending public assistance program eligibility to illegal aliens;
- Offering in-state tuition to illegal alien students;

- Adopting sanctuary or don't-ask-don't tell policies that shield illegal aliens from immigration authorities;
- Providing governmental support for or tolerance of formal or informal hiring centers where illegal aliens seek day-labor jobs;
- Accepting foreign government-issued identity cards as establishing residence.

Examples of state and local government practices that would discourage illegal alien settlement and facilitate federal enforcement of the immigration law include the following:

- Establishing systematic data collection for illegal alien use of public services and adopting methods to identify employers of the illegal aliens in order to put an end to their ability to exploit low cost illegal alien labor by passing costs to the public.
- Require the collection and verification of Social Security numbers for the issuance of unrestricted driver's licenses and identity cards;
- Issue restricted driver's licenses to aliens legally present in the state so that the license expires when the authorized stay in the United States expires;
- Refuse to accept the validity of driver's licenses from states that allow illegal aliens to obtain licenses without supporting documents that prove an applicant's residency status.
- Enter a cooperative agreement with federal immigration authorities for training local law enforcement personnel in immigration law enforcement so that law breakers who are identified as illegal immigrants can be turned over to the immigration authorities for

- removal from the country rather than being released back into society;
- Require government contractors to participate in the Basic Pilot document verification system for all of their new employees working on government contracts.

Texas allows illegal immigrants to enroll in state universities as if they were legal residents. Driver's licenses in Texas issued to foreigners are not limited to the visitors permitted stay. This means that a person who stays illegally in the country is free to continue to use a valid state driver's license as an identity document for employment and other purposes. Numerous county and municipal governments in the state support day laborer hiring centers that facilitate the employment of illegal immigrants and recognize the Mexican matricula consular ID cards.

National Policies that Have Local Impact

Texans have a right to expect their national and local elected representatives to work to alleviate the fiscal burden of illegal immigration. simply convert illegal alien students or workers from illegal alien status to legal resident status with an amnesty is not a valid way to deal with the problem. Rather, experience with the 1986 amnesty for illegal aliens indicates that rewarding today's illegal aliens only encourages others to come tomorrow. 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 Barbara Jordan, a former congresswoman from Texas, a University of Texas law school professor, 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)

Most Texans agree with Dr. Jordan's view. A Texas Poll conducted by the Scripps Howard Data Center in August 2001 found that a vast majority of Texans—including two-thirds of Hispanics—

consider illegal immigration from Mexico a problem, and more than half (51 percent) consider it a "very serious problem."⁴²

Texas's elected representatives should be expected to recognize that they owe it to the state's citizens and legal residents to take actions that demonstrate that the United States is founded on respect for the rule of law, and that we will no longer accommodate those who disrespect our immigration law.

Endnotes

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- 5 "Undocumented Aliens: Questions Persist about Their Impact on Hospitals' Uncompensated Care Costs," General Accounting Office, GAO-04-472, May 2004.
- 6 "Illegal Alien Schoolchildren: Issues in Estimating State-by-State Costs," U.S. General Accounting Office, GAO-04-733, June 2004.
- 7 Texas Comptroller of Public Accounts, *Annual Financial Reports and Comprehensive Annual Financial Reports for the State of Texas*, 1987 to 1996.
- 8 Texas Comptroller of Public Accounts, "IMMIGRATION: Crossing the Line," website accessed 10/29/04 see: http://www.window.state.tx.us/border/ch11/ch11.html. U.S. Department of Commerce, "Total Outlays for Grants to State and Local Governments by Function, Agency and Program: 1940-2002.
- 9 David Simcox, "Measuring the Fallout: The Cost of the IRCA Amnesty After 10 Years," Center for Immigration Studies, May 1997.
- 10 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."
- 11 The number of students benefiting from the reduced tuition in 2004, according to a 3/23/2004 story in *The Daily Texan*, was 3,246 illegal aliens. The difference between in-state and out-of-state tuition in 2004 was \$3,692 for a full-time student, so the subsidy paid by Texan taxpayers for those students would have been about \$12 million.
- 12 Berk, Marc L. *ibid*, The researchers found the rate of use of subsidized housing in El Paso by undocumented immigrants was 8.6 percent, and in Houston, the rate was two percent. At the time of the study, federal funds were not legally available for subsidized housing for illegal immigrants.
- 13 Camarota, Steven, "Back Where We Started: An Examination of Trends in Immigrant Welfare Use Since Welfare Reform," Center for Immigration Studies, March 2003.
- 14 According to a January 1998 University of Arizona study, in Texas, the border counties of Cameron, Dimmit, El Paso, Hidalgo, Kinney, Val Verde, and Webb bore the unreimbursed costs of apprehension, prosecution, indigent defense, and other related services for criminal aliens who served more than 142,000

- days in county jails. Non-border counties bore similar unreimbursed costs for apprehension, prosecution, indigent defense, and other related services for criminal aliens who served more than 1,000,000 days in county jails.
- 15 Huddle, *op.cit*. The study calculated probable costs based on one American out of work for every four illegal residents. Factoring in unemployment compensation, uncompensated medical outlays, food stamps and other assistance, Huddle calculated that the costs would be about \$2,500 per year per displaced worker.
- 16 The amount of remittances currently being sent abroad may be estimated to be about \$200 per month per illegal resident. That would suggest that the amount of remittances sent abroad by Texas's adult illegal alien population would be in the neighborhood of about \$3.6 billion per year. Mexico claims that it is receiving about \$12 billion annually in remittances. The source of these remittances is largely from an illegal resident population of roughly 5 million Mexicans in the United States.
- 17 "Texas Sues US Over Illegal Immigrant Costs," Reuters, August 3, 1994. "Texas is Latest to Sue US for Cost of Illegals," *San Francisco Chronicle*, August 6, 1994. "Poll Tracks Sentiment On Aliens," *Dallas Morning News*, February 19, 1995.
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- 19 Robert Warren, INS Statistical Yearbooks, Immigration and Naturalization Service (now in the Department of Homeland Security).
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- 21 GAO-04-733, June 2004 op.cit.
- 22 Berk, Marc L. op.cit.
- 23 The report is available in its entirety at www.fairus.org.
- 24 The proportionately smaller increase in illegal alien enrollment compared to the increase in the overall illegal alien population—when compared to the Urban Institute estimates—results because the Urban Institute estimated that there was one illegal alien student for every 1.7 non-student-aged illegal aliens.
- 25 FAIR believes that children born to illegal aliens should not be considered U.S. citizens. We believe that the prevailing interpretation of the U.S. Constitution's 14th Amendment that confers this citizenship is incorrect because it ignores the "subject to the jurisdiction thereof" clause of the Amendment.
- 26 "By including children, proposal may increase strain on schools, health care," Jerry Kammer, Copley News Service, *San Diego Union Tribune*, February 9, 2004.
- 27 A survey of the illegal immigrant population legalized in the 1986 IRCA amnesty found that 74 percent of males and 72 percent of females were between the ages of 20-39. *Report on the Legalized Alien Population*, Immigration and Naturalization Service, March 1992.

- 28 National Center for Education Statistics. "Enrollment in public elementary and secondary schools, by level and state." The estimated enrollment for 2002 was 4,259,823, and the rate of increase suggests a 2004 enrollment of about 4,460,000 students.
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- 30 "Fiscal Impacts of Undocumented Aliens: Selected Estimates for Seven States," The Urban Institute, September 1994.
- 31 GAO-04-472, May 2004, op.cit.
- 32 Berk, Marc L. op.cit.
- 33 US/Mexico Border Counties Coalition, "Illegal Immigrants in U.S.-Mexico Border Counties: Costs of Law Enforcement, Criminal Justice and Emergency Medical Services, February 2001. The counties reporting costs were Cameron Hidalgo, Zapata, Webb, Val Verde, Terrell, Brewster, Presidio, Jeff Davis, Culberson, Hudspeth, and El Paso. Three of the counties reported no health care expenditures for illegal aliens.
- 34 Medical Emergency: Cost of Uncompensated Care in Southwest Border Counties. MGT of America. Prepared for The United States/Mexican Border Counties Coalition. (The Coalition, Washington, DC), September 2002. In its results, the study included data from the counties of El Paso, Culbertson, Brewster, Val Verde, Maverick, Webb, Starr, Hidalgo and Cameron.
- 35 Telephone conversation on March 18, 2004 with Mr. Jeff Baldwin, Senior Executive Assistant in the Texas Department of Criminal Justice.
- 36 *ibid*.
- 37 Tanis J. Salant, Christine Brenner, Nadia Rubaii-Barrett, and John R. Weeks, Illegal Immigrants in U.S./Mexico Border Counties: The Costs of Law Enforcement, Criminal Justice, and Emergency Medical Services (Executive Summary). U.S./Mexico Border Counties Coalition, Feb. 2001, p. 42.
- 38 According to the Center for Immigration Studies ("The High Cost of Cheap Labor," August 2004), "...we estimate that more than half of illegals work 'on the books'."
- 39 Donald Huddle, "The Net National Costs of Immigration: Fiscal Effects of Welfare Restorations to Legal Immigrants," Carrying Capacity Network, Washington, DC, 1997.
- 40 "The New Americans: Economic, Demographic, and Fiscal Effects of Immigration," National Academies of Science, May 1997, Washington, DC. California has a significantly higher proportion of its population comprised of illegal aliens, i.e., 6.5 percent in California compared to 5 percent in Texas.
- 41 "Economic impact hotly debated", The Arizona Republic, Aug. 26, 2001.
- 42 "Poll discerns anti-amnesty sentiment," Houston Chronicle, September 10, 2001

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