



# The Costs of Illegal Immigration to Tennesseans

by Jack Martin, Director of Special Projects

#### **■ EXECUTIVE SUMMARY**

Tennessee has a fast growing illegal alien population that now exceeds 100,000 persons, and the fiscal burden on Tennesseeans resulting from services provided to that population are similarly growing rapidly. That estimate means that nearly half of the estimated 210,000 foreign-born residents in the state are illegal residents. We estimate that the annual fiscal burden on the state's taxpayers is about \$285 million. That equates to a cost per native-born headed household of more than \$122.

The cost areas discussed in this analysis (education, health care and crime related to illegal immigration) all represent major fiscal burdens to Tennesseeans. This study takes into account the findings of a report prepared by the office of Tennessee's Comptroller of the Treasury in August 2007<sup>1</sup> and reaches significantly different conclusions.

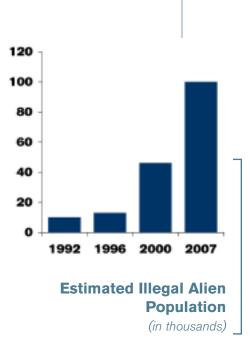
Even without accounting for all areas in which costs associated with illegal immigration are being incurred by Tennessee taxpayers, the program areas analyzed in this study indicate that the burden is substantial. The \$285 million in costs incurred by Tennessee taxpayers annually result from outlays in the following areas:

- **Education.** Based on an estimate of the 100,000 illegal immigrants in Tennessee in 2007 and estimated per pupil costs of \$7,850 per year for public K-12 schooling, Tennesseeans spend nearly \$228 million annually on education for the children of illegal immigrants. An additional more than \$27 million is being spent annually on programs for limited English students who likely are children of illegal aliens.
- **Health care.** Taxpayer-funded, unreimbursed medical outlays for health care provided to the states' illegal alien population amount to an estimated \$22.7 million a year. Only a small fraction of medical costs are offset by compensation from the federal government. This estimate does not include higher medical bills and insurance costs to offset uncompensated costs of the hospitals.
- **Incarceration.** The uncompensated cost of incarcerating deportable illegal aliens in Tennessee state and local prisons amounts to about \$5.7 million a year. This estimate includes only prison costs and not short-term or other detention costs, related law enforcement and judicial expenditures, or the monetary costs of the crimes that led to incarceration.<sup>2</sup>

#### ■ EDUCATIONAL COSTS

#### K-12 Enrollment

Just as the size of the illegal immigrant population must be estimated, so too the school-aged population in public schools must be estimated. The state comptroller's study chose to use the number of students enrolled in English Language Learners (ELL) programs as a surrogate for the illegal alien population.<sup>3</sup> The study identified that number as 26,707 students in 2006.



INS estimates, 1992–2000. FAIR estimate, 2007

That population had increased by 152 percent since 2000 while overall enrollment had increased by 4.4 percent.

The comptroller's study put the 2007 cost of ELL programs at \$32 million (59% state and 41% local). That implies a per student cost for the program of about \$1,200. It also identified the average 2006 cost per public school student as \$7,469. Using the study's ELL population and average student cost, this population accounts for expenditures of about \$200 million plus the \$32 million for English instruction; resulting in a fiscal cost of \$232 million.

In our 2005 study, "Breaking the Piggy Bank: How Illegal Immigration is Sending Schools into the Red," we estimated the costs of illegal alien students in Tennessee as about \$65 million, and an additional \$91 million in expenditures educating the U.S. born children of illegal immigrants. Our report was based on an estimated enrollment of 10,325 illegal aliens in 2004 and an additional estimate of 14,455 U.S.-born children of illegally resident aliens. The average cost of \$6,295 per student was based on data reported by the state and collected by the U.S. Department of Education. Both our total enrollment of children of illegal aliens and per student costs were lower than those reported in the comptroller's study. This would be partly explained by the fact the data were for an earlier period.

The illegal alien population residing in Tennessee has been growing rapidly. In 2000 the Immigration and Naturalization Service estimated that population at 46,000. We estimate that it is now at least 100,000. The Pew Hispanic Center estimated the illegal immigrant population in the state at 100,000 to 150,000 in 2005.<sup>4</sup> Nevertheless, for this study we use our estimate of 100,000 illegally resident aliens in 2007.

In 2000, researchers for the Pew Hispanic Center estimated there were 1.1 million K-12 age students nationally who were illegal aliens and a 40 percent larger number of siblings born in the United States. The illegal immigrant students represented about 15.7 percent of the then estimated 7 million illegal immigrant population.

Based on FAIR's estimate of the illegal immigrant population in 2007, and using the same percentage of that population that is of school age, we estimate that there currently are about 12,100 illegal immigrant children in Tennessee's public school system and an additional 16,900 siblings whose presence is due to their birth to an alien illegally residing in this country. That total of 29,000 students in 2007 is higher than the comptrollers surrogate estimate based on ELL enrollment of 26,707 students in 2006 (a year earlier). The difference between these two estimates is not explained by the one year difference. The rate of increase in enrollment averaged only about 1,500 per year between 2000 and 2006. A more likely explanation is that children born to illegal aliens and raised in the United States are less likely to need special English instruction when they enter public schools.

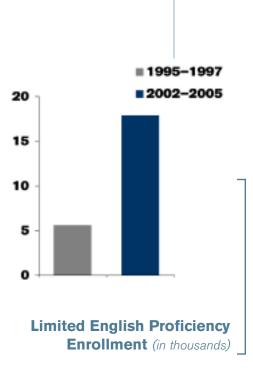
Using an estimated average tuition of \$7,850 (the state's tuition calculation for 2006 adjusted for inflation of 2.6 percent), the annual cost of providing public school education to the children of illegal immigrants is about \$228 million (\$95 million for illegal alien children, and \$133 million for their siblings). The comptroller's study does not make clear whether the average tuition calculation includes federal funding which amounts to about 7.7 percent of expenditures. On the assumption that it does, the estimated cost to the Tennessee taxpayer (excluding the federal funds) amounts to about \$210 million per year.

That outlay for the educational costs of illegal immigrants is only a partial expense. Another major outlay is the ELL (or Limited English Proficiency — LEP or English as a Second Language — ESL) instruction. The comptroller's study, based on enrollment of 26,707 students, identified expenses of \$32 million for that program in 2006 with \$5.5 million of that amount coming from the federal No Child Left Behind Act. The balance paid for by Tennessee taxpayers was, therefore, \$26.5 million, or slightly under \$1,000 per student.

#### **LEP Enrollment**

Data on state enrollment in LEP classes collected by NCELA (National Clearinghouse for English Learning Acquisition) of the U.S. Department of Education identified enrollment in Tennessee at 19,355 students in the 2004–05 school year.<sup>5</sup> The rapid rise in that population, using a three-year average, is shown in the chart.

The comptroller's report cites enrollment two years later that is significantly higher. However the NCELA data indicated an enrollment increase of 370 percent over a decade, which suggests that a continuing upward trend could account for the increase. We use that state's information and adjust it slightly to account for a slight increase in enrollment to 29,000 students. We adjust the cost per student upward slightly for inflation to \$1,015 per student. That results in an estimated annual cost of about \$27.4 million. Assuming that all illegal alien students are enrolled in LEP classes, the 29,000 English learners would be all 12,100 illegal alien children plus about 14,900 of their U.S.-born siblings.



U.S. Department of Education (NCELA)

EDUCATING CHILDREN OF ILLEGAL ALIENS							
	Illegal Aliens	Cost @	Total (millions)	Siblings	Cost @	Total (millions)	Total (millions)
K-12	12,100	\$7,850	\$95.0	16,900	\$7,850	\$132.7	\$227.7
ELL	12,100	\$1,015	\$12.3	14,900	\$1,015	\$15.1	\$27.4
Education Total		\$107.3			\$147.8	\$255.1	

Not included in the above calculation is any taxpayer expense for tuition subsidy for illegal aliens or their siblings in higher education because Tennessee is not one of the states that has chosen to spend tax revenues in that fashion. This is not to say that there is no such expense as a result of 'don't-ask-don't-tell' policies, especially at the community college level.

### ■ MEDICAL FISCAL OUTLAYS

The Tennessee comptroller's study is helpful in identifying areas of fiscal outlays for illegal aliens residing in the state. However, estimated expenditures

focused only illegal aliens themselves and not for the expenditures related to their children born in this country.

FAIR considers those children to be a necessary part of the calculation of fiscal outlays for two reasons. If the parents were not in the country in violation of our law, the child would not be born and raised here. The only difference in the costs to the taxpayer from illegal immigration, depending upon where the child of an illegal immigrant is born, is that the taxpayer is currently required to assume greater public assistance costs for the child born in this country. Secondly, FAIR considers the issue of whether the children born in the United States are in fact U.S. citizens under the provisions of the 14th Amendment to be an open question that needs to be decided by the Supreme Court. There is good reason to believe the practice of considering those children as citizens is does not accord with the intent of the framers of that constitutional provision.

#### Medicaid/TennCare

The comptroller's report states that, "Most potential TennCare clients do not have passports and must search for other required documents." The fact is, however, that a foreigner who has legally entered the United States for residence has a passport and an immigration document that establishes their legal residence. Foreigners who do not have these documents may be presumed to be in the country illegally. The report attributes \$1.8 million in TennCare outlays in fiscal year 2005 to treatment of 1,300 "unauthorized aliens." A much larger medical outlay for the illegal immigrant population would result from the U.S. born children of illegal aliens, including the bulk of TennCare expenditures on labor and delivery, but those charges are covered by Medicaid, and, therefore, are only an indirect cost to the state's taxpayers.

Because hospitals with are required by federal law (Emergency Medical Treatment and Active Labor Act) to provide emergency medical care without regard to legal status or ability to pay, Congress has provided for reimbursements to be paid through the states to cover state outlays for these expenses. Under the FY2007 state allocations for Section 1011 of the Medicare Modernization Act reimbursement for emergency health services to "undocumented aliens," Tennessee received about \$1.1 million from the federal government.

A study by RAND Corp. researchers estimated that the publicly funded healthcare expenditure for "undocumented" adult immigrants (age 18 to 64) in 2000 was \$1.1 billion nationally. This estimate would be significantly higher if it included medical expenditures for all illegal immigrants and their U.S.-born children. If the RAND estimate is increased for the additional population of U.S.-born children of illegal residents and for the increase in illegal immigration since 2000, the annual outlays would increase to at least \$3 billion, without accounting for the likely inflationary increase over the ensuing seven years.

# PUBLIC COSTS OF MEDICAL CARE (in millions) 2007 Outlays \$22.7 Federal Compensation \$1.1 Net Outlay \$21.6

Estimating the share of those costs in Tennesseeans by the size of the illegal immigrant population suggests an annual burden of about \$22.7 million.

#### **Charity Care**

Hospitals bear uncompensated expenses from providing emergency care to illegal immigrants that is not covered by either Medicaid or TennCare. Just one medical center (at Vanderbilt University)

estimated the annual cost of unreimbursed care to illegal immigrants at about \$3.8 million.<sup>7</sup> These

costs are not fiscal costs, but charity care outlays for emergency treatment of illegal aliens are paid for by the public in higher medical costs and medical insurance costs to cover the outlays.

Additional public medical outlays for illegal aliens residing in Tennessee identified in the comptroller's report included mental health services, public health services and children's services that all are provided on the basis of a 'don't-ask-don't-tell' policy that makes any quantification of the outlays difficult, but they are not considered to be a major outlay, and may be considered subsumed in the above estimate.

#### ■ INCARCERATION AND CRIMINAL JUSTICE COSTS

#### Incarceration

The comptroller's study of the cost of illegal immigration to Tennessee's taxpayers states, "This study acknowledges the costs for local governments through the criminal justice system but does not attempt to estimate the costs because of the lack of available information." Nevertheless, the report details costs of incarceration reported in the State Criminal Alien Assistance Program (SCAAP) and the amount of federal compensation received as a result.

The report notes that there were 152 inmates with a federal detainer — meaning that the alien should be released only to the immigration authorities for deportation at the end of the incarceration — in 2006. It used an average detention cost per day of \$57.33 to calculate a cost of \$3.18 million per year for the costs associated with incarceration of illegal aliens. This estimate likely underestimates the costs because the detainer program identifies only those illegal alien inmates who have come to the attention of the immigration authorities. The program that issues detainers, the Institutionalized Hearing Program (IHP) has been found to fail to identify a significant number of deportable aliens imprisoned by the states. While this criticism of the effectiveness of the IHP is dated, anecdotal information suggests that the failure by the federal authorities to have detainers for all deportable aliens persists.

SCAAP data received from Tennessee for state and county detention facilities for 2004 indicated that the number of deportable alien detention years (detention days x 365) was 294. This included both "eligible inmates" and "unknown inmates" but excluded "ineligible inmates" — the latter category meaning that the federal government had found those prisoners to not be deportable aliens. Because of the weakness in the IHP identification system, we treat prisoners considered by Tennessee authorities as probable illegal aliens, but "unknown" by the federal government, as likely deportable aliens.

Nearly all of the illegal alien detention reported from Tennessee was by the state prison system or by Davidson County (Nashville). In the 2003 SCAAP compensation data, only 6 of the other 94 counties reported on alien detention. The comptroller's report includes data on just 4 counties besides Davidson/Nashville. However, the county claims reported in SCAAP include smaller counties such as Maury, Bedford and Coffee, but not larger counties such as Montgomery, Rutherford or Sullivan. Some states and many counties do not file compensation claims for SCAAP reimbursement apparently because they are discouraged by the paperwork involved and the small fraction of expenditures that can be recovered in the program.

Although the incarceration of criminal aliens is likely to have increased as the illegal alien population

has increased, we will use the 2004 SCAAP data as indicative of the size of the deportable alien population. Using the state correction system's 2006 average per inmate cost of housing inmates and a slightly rounded-upward estimate of 300 prisoner years, we estimate an annual cost to the state's taxpayers of about \$6.3 million. The offset through the SCAAP program for 2006 was \$575,291.9

#### **Other Criminal Justice Expenses**

Not included in the comptroller's study is any discussion or estimate of other expenses resulting from criminal activities of illegal aliens. Such activities would include policing, especially gang-related policing for gangs that include significant numbers of illegal aliens, e.g., the Mara Salvatrucha (MS-13). "Within the last eight weeks, authorities announced 13 indictments against MS-13 gang members for murders across Nashville and other violent crimes in the area," reported News Channel 5 in Nashville on March 7, 2007.

PUBLIC COST	S FOR JUSTICE	PROGRAMS		
	Prison Years	Per Year	Cost	
Expenditures	300	\$20,925	\$6.28	
SCAAP Reimbursement				
Total			\$5.70	

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

#### OTHER OUTLAYS

The state's Families First program that provides support to needy families if a U.S. citizen child is

in the household was identified in the comptroller's report as providing services to 740 "unauthorized alien" families in fiscal year 2005-06. According to recent Families First data, the average financial support paid in this program is \$167 per month, or \$2,004 per year. These data imply annual outlays of as much as \$1.5 million.

Interpreter services are provided by the state in addition to those provided in the justice system, and undoubtedly a major share of such costs may be attributable to the presence of the illegal alien

OTHER FISCAL COSTS
(in millions)

Families Annual Cost Total
Families First 740 \$2,004 \$1.5

population, but estimated costs of these services were unavailable to the state comptroller.

Other fiscal costs of illegal immigration which are not included in the comptroller's study, or in this one, include the following:

- Assisted housing (mentioned in the comptroller's report but not quantified).
- Tax losses from workers in the underground economy.
- Tax losses from remittances abroad and not spent locally.
- Autopsies and burials of indigent illegal aliens.
- Public assistance to persons in poverty as a result of job loss or lowered earnings resulting from employment of illegal aliens.
- Costs to schools of interpretation/translation services to communicate with illegal alien parents of students.

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

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

#### ■ TOTAL FISCAL COST ESTIMATE

ANNUAL FISCAL COSTS OF ILLEGAL IN (in millions)	IMIGRATION
Educational Expenses	\$255.1
Public Costs of Medical Care	\$22.7
Public Costs for Justice Programs	\$5.7
Other Fiscal Costs	\$1.5
Total	\$285.0

#### OFFSETTING TAX PAYMENTS

Illegal foreign residents contribute to the state's tax collections. It can be argued that those tax receipts would not change, or would not drop significantly, if those illegal residents were deported or returned to their home countries on their own, because those same jobs that generated the income to pay those taxes would be taken by legal workers and, in the process, wages might rise, resulting in increased tax collections. However, as this study looks at the fiscal present effects of illegal immigrants, and tax collections are an aspect of the fiscal effects, it is appropriate to include an estimate of how much of the estimated \$285 million in outlays might be offset by tax collections from the same population of illegal residents.

The comptroller's study did not estimate tax collection from the illegal immigrant population. In this regard, the study differs from an earlier study by the Texas comptroller's office, which it cites. As Tennessee taxes only income from investments, it is reasonable to assume that the structure of tax collections in the state is similar to that of Texas, which has no state income tax. The Texas comptroller's study estimated tax collections from illegal immigrants of slightly over \$1,000 per capita for "Major Consumption Taxes and Fees" plus "School Property Tax." FAIR, in its analysis of the fiscal impact of illegal immigration in Texas found estimated tax collections for the same categories of about \$645 per capita.

The Texas study noted that estimates of tax collections from illegal immigrants must be based on assumptions rather than objectively collected data. There is no indication that the Texas study took

into consideration the reduced consumption level among a population that was already very low wage earning, or by their pattern of sending foreign remittances to support families living in their home country. Both the level of earnings and the remittances make spending patterns of illegal immigrants

significantly different from those of legal immigrants.

## TAX RECEIPTS FROM ILLEGAL ALIENS

Population Receipts per capita Total (in millions)

100,000 \$690 \$1.5

For an estimate of the tax collections from illegal Tennessee residents, we will use the estimate we arrived at for Texas adjusted upward for inflation, i.e., \$690 per capita. This level of tax collections represents 5 percent of annual earnings of a person earning \$13,800 or about \$6.65 per hour for a person working a 40-hour week. In this regard,

it is worth noting that much of the foreign-born population residing in Tennessee is classified in the poverty income level. According to data collected by the Migration Policy Institute, in 2005, 17.7 percent of immigrants in Tennessee had incomes below the poverty level, an increase of 27.6 percent since 2000. Among non-citizens, the poverty rate climbs to 21.1 percent. If the poverty rate for non-citizens were broken down further between legal and illegal residents, the share of illegal residents with below poverty-level incomes would be still significantly higher.

#### ■ NET FISCAL COSTS OF ILLEGAL IMMIGRANTS

NET FISCAL EFFECTS OF ILLEGAL IMMIGRATION (in millions)		
Outlays	\$285	
Receipts	\$69	
Net	\$216	

The estimated partial fiscal costs of illegal immigration to the Tennessee taxpayer of more than \$350 million is much greater than the estimated \$69 million tax revenue collected from that same population.

The estimated fiscal outlays of \$285 million in 2007 represents a cost of about \$122 per year to each native-born household. The net cost amounts to more than \$93 per household in 2007.

#### **■ CONCLUSION**

The reason for estimating the considerable fiscal costs of the rapidly growing illegal immigrant population is not to facilitate state efforts to seek additional compensation from the federal government to offset those outlays. In the end, government at all levels receives its funding from the same source: the taxpayers. States have a range of resources available to them to decrease the attractiveness of the state to illegal job seekers. Federal law has provided the means for states to take action against illegal residence and has encouraged such action.

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

With information on the burden that these vested interests are causing for the state's taxpayers, the public is empowered to register its view on the policies that should be pursued by their elected representatives.

#### ENDNOTES

- 1 Mattson, Susan, "Immigration Issues In Tennessee," August 2007 (www.comptroller.state.tn.us/orea/reports).
- 2 Some fiscal cost studies argue that incarceration is not a "benefit" and, therefore, should not be included with educational and medical services. We do not focus on benefits provided, but, rather on the burden borne by the other than illegal alien taxpayers. A state fiscal cost study that does include incarceration costs is "Undocumented Immigrants in Iowa: Estimated Tax Contributions and Fiscal Impact," (Beth Pearson and Michael Sheehan, October, 2007.
- 3 These programs are also known as Limited English Proficiency (LEP) and English as a Second Language (ESL).
- 4 Passel, Jeffrey, "The Size and Characteristics of the Unauthorized Migrant Population in the U.S.," Pew Hispanic Center, March, 2006.
- 5 Website consulted October 30, 2007, http://www.ncela.gwu.edu/expert/fag/01leps.html.
- Dana P. Goldman, James P. Smith and Neeraj Sood, "Immigrants And The Cost Of Medical Care," Health Affairs, No. 25, 2006.
- 7 "Immigration Issues In Tennessee," op. cit., "A spokesman for Vanderbilt University Medical Center testified at a U.S. House of Representatives hearing in Brentwood, Tennessee in August 2006..."
- 8 "Criminal Aliens: INS' Efforts to Remove Imprisoned Aliens Continue to Need Improvement," U.S. General Accounting Office, Report to the Chairman, Subcommittee on Immigration and Claims, Committee on the Judiciary, House of Representatives, October 1988. "In 1995, INS' database of deportable aliens did not have records on about 34 percent of the released inmates included in our analysis who had been identified by the states and BOP as foreign born. About 32 percent of these were subsequently determined by INS' Law Enforcement Support Center (LESC) to be potentially deportable criminal aliens."
- 9 "FY2006 SCAAP Payments," U.S. Department of Justice website, (http://www.ojp.usdoj.gov/BJA/grant/06SCAAPPayments.pdf), website consulted October 31, 2007.
- 10 "Families First in Numbers: Updated Information from June 2007", Website consulted October 31, 2007. (http://www.tennessee.gov/humanserv/adfam/ff\_stats/ff0607.pdf).
- 11 "Undocumented Immigrants in Texas: A Financial Analysis of the Impact to the State Budget and Economy," Office of the Comptroller, December 2006.
- 12 Martin, Jack and Ira Mehlman, "The Costs of Illegal Immigration to Texans," FAIR, April 2005.
- 13 "Tennessee State Factsheet," Migration Information Source, Migration Policy Institute (website consulted July, 2007).

This report was prepared by Jack Martin.

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.

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