



# **The Costs of Illegal Immigration to New Jerseyites**

by Jack Martin, Director of Special Projects

## ■ EXECUTIVE SUMMARY

The illegal alien population residing in New Jersey is costing the state's taxpayers nearly \$2.1 billion per year for education, medical care and incarceration. This estimate is derived from analysis of public expenditures on just three of several areas of expenditures for about 372,000 illegal alien residents. That annual tax burden amounts to about \$800 per New Jersey household headed by a native-born resident. Even if sales, income and property taxes that may be collected from illegal immigrants — estimated at \$488 million — are subtracted from the fiscal outlays, the net costs to New Jersey's taxpayers still amount to nearly \$1.6 billion per year.

The three cost areas discussed in this analysis (education, health care and incarceration resulting from illegal immigration) are the major cost areas. They are also the same three program areas analyzed in a 1994 study conducted by the Urban Institute, and that earlier study provides a useful baseline for comparison. Other studies of the costs of immigration — both at the state and national level — that have been conducted in the interim, support the conclusions of this report.

Even without accounting for all of the numerous other areas in which costs associated with illegal immigration are being incurred by New Jersey taxpayers, the program areas analyzed in this study indicate that the burden is substantial and that the costs are rapidly increasing.

The nearly \$2.1 billion in costs incurred by New Jersey taxpayers annually result from outlays in the following areas:

- **Education.** Based on estimates of the illegal immigrant population in New Jersey and documented costs of K-12 schooling, New Jerseyites spend more than \$1.85 billion annually on education for the children of illegal immigrants. This estimate does not include programs for limited English students, remedial educational programs or breakfast and lunch programs available to students from low-income families. An estimated 11.7 percent of the K-12 public school students in New Jersey 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 an estimated \$200 million a year.
- **Incarceration.** The uncompensated cost of incarcerating deportable illegal aliens in New Jersey's state and local prisons amounts to about \$50 million a year. This estimate includes only prison personnel 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.

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

If illegal immigrants obtained legal work status, and eventual permanent residence and possible citizenship, as currently advocated by the Bush administration and passed in the U.S. Senate in 2006, state income tax collections might increase, but this likely would be outweighed by increased eligibility for public services available to low-income families. In addition, the possibility for family members of the current illegal alien population to come to the United States to reunite families would increase the size of the poverty and near-poverty population likely to use public services.

Federal law has provided avenues for the state and local governments to act to lessen the fiscal burden of illegal immigration, but state and local governments in New Jersey are not using those resources.

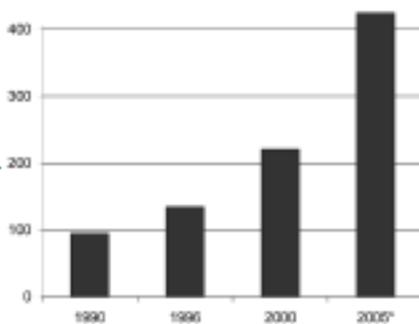
## ■ INTRODUCTION

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. New Jerseyites 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 and/or local jurisdictions can adopt measures to systematically collect information on illegal alien use of taxpayer-funded services and on where they are employed. This information could then be used to hold employers financially accountable for the burden their employment of these workers puts on the taxpayer.

The state could also adopt a cooperative agreement with the federal government for training local law enforcement personnel in immigration law in order to be able to increase the numbers of illegal immigrants committing crimes who are turned over to the immigration authorities for removal from the country.

Cities, such as Trenton, that have adopted sanctuary policies that encourage the settlement of illegal aliens should be encouraged to change those policies.<sup>1</sup> Princeton attempted in 2005 to order its police to not cooperate with federal immigration authorities, but that effort ran afoul of an opinion by the state attorney general's office that said such a restriction was not legal.<sup>2</sup>

While it is reasonable for a state to request federal assistance to compensate for the fiscal burden of illegal immigration, it is also reasonable to limit that assistance if the state is pursuing policies that encourage illegal aliens to come and remain in the state.



**Estimated Illegal Aliens  
1990 – 2005**

(in thousands)

\*FAIR Estimate. Other estimates by INS.

## ■ BACKGROUND

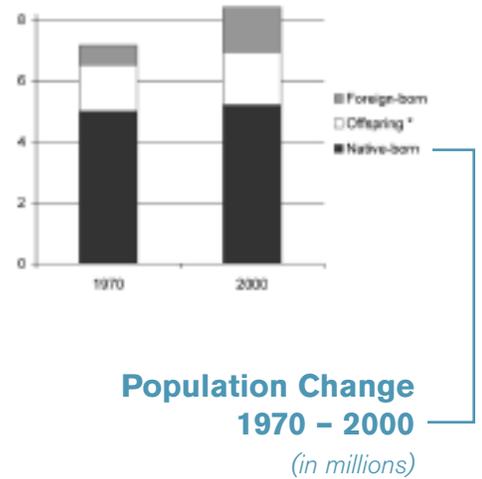
According to official estimates, New Jersey had the nation's eighth largest number of illegal immigrants in its population in 2000. The Immigration and Naturalization Service (INS), now part of the Department of Homeland Security (DHS), estimated that there were 221,000 aliens residing illegally in the state, which was about 3.2 percent of the country's total illegal alien population.<sup>3</sup> Previously, in 1990, the INS estimated that the resident illegal alien population in the state was 95,000 persons — so the estimated illegal alien population was increasing rapidly — more than doubling (233%) in ten years.

For comparison, an estimate by demographer Jeffrey Passel for the Pew Hispanic Center in 2005 estimated the illegal alien population of the state at 350,000 to 425,000 as of 2005.<sup>4</sup> This estimate ascribes to New Jersey the nation's seventh largest number of illegal alien residents. FAIR's current estimate of New Jersey's illegal alien population, as of 2005, i.e., about 372,000 persons is close to the low

end of the Pew estimate of between 350-425,000 persons. We rank this illegal alien population the ninth largest in the nation.<sup>5</sup>

In addition to this estimated illegal alien population, there are about 45,400 other possible New Jersey foreign residents (29,100 long-term illegal residents and 16,300 illegal agricultural workers) who were living in the state when they received legal residence as a result of the 1986 amnesty.<sup>6</sup> The estimate of the illegal alien population also does not take into account tens of thousands of other former illegal aliens who have gained legal status since the 1986 amnesty under INA Section 245(i) on the basis of a petition by a relative or employer, or others granted asylum, or some other form of protection against deportation.

Not only has New Jersey’s illegal alien population grown rapidly, the overall foreign-born population, which includes those illegal aliens who end up being counted in the Census, has shot up since the 1965 change in U.S. immigration law. The foreign-born population was 133 percent larger in 2000 than 3 decades earlier, while the native-born population increased by 6.1 percent over the same period. The segment of the population that was second generation (the offspring of immigrants) had increased by 13.5 percent. Without the offspring of immigrants being included with the change in the native-born population, the increase in the native-born from 1970-2000 was only 3.9 percent. In 1970, the immigrant stock population — immigrants and their children — made up about 30 percent of New Jersey’s population. In 2000, that share had risen to more than 38 percent of the larger population. (See chart).



**Population Change**  
**1970 - 2000**  
*(in millions)*

\*Children of immigrants born in the U.S.

## ■ CALCULATING THE COSTS OF ILLEGAL IMMIGRATION

This study estimates the fiscal impact to the state’s taxpayers resulting from the major cost areas associated with illegal immigration. It also estimates what offset there might be as a result of tax payments by that population. It does not look at the value of goods and services produced by illegal alien workers, i.e., their economic contribution, because it is assumed that if the work is essential, and illegal immigrants are unavailable, the work will be done by legal workers, although employers might have to raise their wage offer to attract them. Similarly, this study does not include the costs associated with job displacement of legal workers who are laid off or fail to get a job as a result of being replaced 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 New Jersey have been done previously. A study of the costs of immigration in New Jersey by Rice University economist Donald Huddle estimated the fiscal costs from immigrants in New Jersey in 1996 at about \$1,484 per immigrant-headed household in New Jersey in the 1989-1990 fiscal year.<sup>7</sup> This study did not differentiate between legal and illegal immigrants.

A 1994 Urban Institute study of the costs of illegal immigration in New Jersey

and six other states will be described in detail in the following section. That study was funded by the U.S. Department of Justice in order to allow the federal government to respond to lawsuits filed by New Jersey and several states seeking redress for their increasing fiscal burden.<sup>8</sup>

A 2002 study by local academic researchers that also did not differentiate between legal and illegal alien residents found that an average immigrant household in New Jersey consumes more public services than it pays for with taxes, incurring a 37 percent higher state fiscal deficit than natives and a 59 percent greater local burden.<sup>9</sup>

National recognition 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 New Jersey and other states for medical outlays that public hospitals are required by law to provide illegal aliens and for the incarceration of illegal immigrants. Another federal program that compensates states for the costs of illegal aliens is the State Criminal Alien Assistance Program, which compensates for a share of the costs of incarceration personnel. Payments in both of these programs do not begin to cover the costs incurred by the state, leaving the state taxpayer holding the bag.

To help bail out the states from the additional program outlays incurred as a result of the 1986 amnesty for illegal aliens, the federal government enacted a program of State Legalization Impact Assistance Grants (SLIAG), which provided \$3.5 billion to states to help cover additional outlays for newly legalized immigrants — \$28.7 million to New Jersey.<sup>10</sup> Those grants phased out in 1994, and the states since then have been bearing an unreimbursed burden associated with this amnestied illegal immigrant population.<sup>11</sup>

## ■ 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 are generally based on 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 in large part to the efforts of service providers, 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 a campaign against a requirement that emergency health care providers seeking compensation from a federal appropriation for their expenditures on illegal aliens collect and provide to immigration authorities information on those patients. The health care providers, civil libertarians and illegal immigrant advocacy groups vociferously opposed the data collection requirement, and in 2004 HHS dropped its proposed requirement.<sup>12</sup>

Some of the quantifiable costs areas — to the extent that data are available — are:

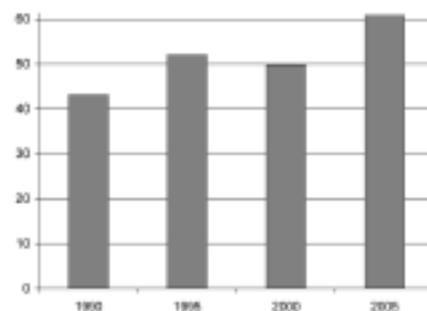
- Illegal alien use of emergency medical facilities.
- Well-baby maternity care, delivery expenses, and long-term care that are incurred for children born to illegal immigrants.
- Educating illegal alien children.
- Educating the U.S.-born children of illegal aliens.
- Supplemental educational outlays, e.g., Limited English Proficiency (LEP) program staff salaries and foreign language teaching materials. According to statistics collected by the National Clearinghouse for English Language Acquisition (NCELA), LEP enrollment in New Jersey in 2005 was about 60,800 students. This was an increase of about 41 percent over the LEP enrollment in 1990.
- 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. FAIR estimated in 2005 the potential cost to the state's taxpayers from allowing in-state university tuition to illegal alien students at \$10.3 to \$13.3 million per year.<sup>13</sup>

- Housing subsidies for low-income families.
- Supplemental Security Income (SSI) payments for disabled children of illegal workers whose income cannot be verified (which governs the amount of SSI payments) because they are working in the underground economy.
- 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.<sup>14</sup>

Some other cost areas where data are unavailable or unquantifiable include:

- Incarcerated illegal aliens, if tried on state charges, cost the state's taxpayers for the investigation, prosecution, translation and interpreter services, judicial management, incarceration, medical services and possible parole costs. The federal government provides partial compensation of those costs only if it accepts that the prisoners are aliens deportable upon release.
- 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.<sup>15</sup>
- Tax losses to the state resulting from lowered earnings by workers where wage levels have been depressed by the availability of illegal alien workers, plus taxes lost by the proliferation of illegal aliens working in the underground economy. This leads to the need for the state to levy a higher tax burden.
- Law enforcement costs associated with less than felony crimes committed by illegal aliens, including general crime 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.
- Degraded quality of education resulting from increased numbers of students who lag in educational preparation, English fluency, and support structure at home.
- Parental liaison, translation at PTA meetings and other school meetings, and newsletters prepared in foreign languages for the school-age 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 are a cost to the local economy, because the earnings do not remain in the state and contribute to the local economy. If U.S. citizens or legal residents were filling those jobs, the earnings would usually be spent locally with beneficial multiplier effects. The Inter-American Development Bank estimated that remittances to Latin America from New Jersey in 2006 were about \$1.9 billion. If this money were earned by legal residents, it likely would be spent in the state and boost the local economy.



**Limited English Students  
Public Schools K-12  
1990 - 2005**  
(in thousands)

*NCELA data, 1990-2005.*

- Congestion, inconvenience and loss in property value – which often coincide with the presence of illegal aliens seeking day-labor jobs or living with multiple families in single-family housing.

Other examples include the inconvenience of long waits to receive medical attention when there is congestion in the emergency admissions offices of public hospitals, and the permanent closure of emergency rooms in many hospitals due to the overwhelming uncompensated costs.

Similarly unquantifiable is the 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 1994, in preparation for defending the federal government against lawsuits by the states with the largest illegal alien populations, the Department of Justice contracted with the Urban Institute to study the issue of the fiscal burden borne by the states from illegal immigration. The Urban Institute released its estimate of the fiscal outlays in the seven states with the largest illegal alien populations in 1994.

### 1994 Urban Institute Study

(millions)

Fiscal Category	Outlays	Receipts	Net Cost
Education	\$146		\$146
Uncompensated Medical Care	.5–3.9		1–7.7
Incarceration	6.6		6.6
Tax Payments		\$130	-130
<b>Total</b>	<b>\$153–\$157</b>	<b>\$130</b>	<b>\$23–\$27</b>

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 total annual fiscal costs to be from \$153 million to \$157 million. It then estimated the amount of state and

local taxes received by the state and local governments from the illegal immigrants as an offset to the costs. The net uncompensated fiscal cost to the state’s taxpayers was estimated at between \$23 and \$27 million annually.

## ■ SIZE OF THE ILLEGAL IMMIGRANT POPULATION

The Urban Institute based its cost calculation on an estimate of 122,000 illegal immigrant residents in New Jersey in 1994. This was slightly lower than the state’s estimate of 125,000 persons. The Immigration and Naturalization Service (INS — now part of the Department of Homeland Security) estimated illegal alien residents in the state at 116,000 persons in 1992.

The most recent official estimate of the resident illegal immigrant population in New Jersey by the INS — before it merged into the DHS — was 221,000 persons, reflecting the findings of the 2000 Census. This official estimate 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.

In 2002, the Urban Institute estimated New Jersey’s illegal alien population at 400,000 individuals. The Pew Hispanic Center released an estimate in April 2006 that New Jersey’s illegal alien population in 2005 was between 350,000 and 425,000 persons.<sup>19</sup>

**FAIR’s estimate of the illegal alien population in New Jersey in 2005 is 372,000 persons.**

**This represents 3.4 percent of the estimated national total illegal alien population, and it is the nation's 9th largest concentration of illegal aliens. It is also about 4.3 percent of New Jersey's overall population, which is also the 9th highest concentration of illegal immigrants per capita in the country.**

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

For the Urban Institute study of the costs of illegal immigration, it estimated the number of illegal aliens in the state's public schools at about 16,343 during the 1993-94 school year. The state estimated that population at 19,000 illegal alien students.

The U.S. General Accounting Office (GAO) released a report in 2004 on difficulties in estimating state costs of illegal alien schoolchildren. It noted that data 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>20</sup> The study's conclusion did not mean, however, that ballpark estimates of the costs were inappropriate or invalid. It should be kept in mind the cost estimates in this study are necessarily simply ballpark estimates done for the purpose of increasing awareness of the general magnitude of the burden borne by New Jersey's taxpayers as a result of illegal immigration.

FAIR, in its June 2005 research report "Breaking the Piggy Bank: How Illegal Immigration Is Sending Schools Into the Red"<sup>21</sup> used an Urban Institute estimate of the student share of the resident illegal population and the federal governments estimate of the size of the illegal alien population in New Jersey. For that study, FAIR estimated that the total illegal immigrant public school (K-12) population in New Jersey in 2004 was about 49,600 students.

**Because of the continuing rise in the illegal alien population in New Jersey as well as nationwide, we estimate that in 2006 the number of illegal alien students in the state's public schools is at least 50,000 persons. That is more than triple (208%) the 1993 estimate by the Urban Institute.**

This estimate of the illegal immigrant student population does not include those students who are the children of illegal immigrants but were born in this country. The Urban Institute chose to ignore these costs even though these children would not be in the New Jersey public school system were it not for the illegal presence of their parents. The cost of educating these additional students is an added fiscal burden that results from illegal immigrant settlement in the state.<sup>22</sup>

Jeffrey Passel, one of the Urban Institute researchers who participated in the 1994 and subsequent studies of the school-age population, has estimated that there are nearly twice as many U.S.-born children of illegal immigrant parents as children illegally in the United States (3 million compared to 1.6 million).<sup>23</sup> 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 this same proportion of the U.S.-born children of illegal aliens to their illegal alien siblings yields an estimated additional 94,000 children of illegal immigrants in New Jersey's schools in 2006 whose educational costs are included in this study. The combined 144,000 children of illegal aliens in public schools represent about 10.3 percent of the state's total K-12 public school enrollment.<sup>24</sup>**

## ■ COST OF EDUCATING THE ILLEGAL IMMIGRANT K-12 POPULATION

The Urban Institute's 1994 calculation of the cost of K-12 education in New Jersey was based on a per-student annual cost to state taxpayers of about \$9,439. If costs remained constant, outlays on the education of the larger 2005 population of illegal alien students would have risen from less than \$150 million to a present cost of about \$472 million and the costs of educating the children of illegal aliens born in the United States would be about \$887 million. Combined, that would be a cost of more than \$1.36 billion. However, educational outlays have not been constant, they have risen considerably.

The FAIR research report on educational outlays for illegal immigrant education used a \$12,500 average per pupil cost in New Jersey reported by the National Center for Education Statistics (NCES) for the 2003-04 school year (along with Washington DC the highest per pupil expenditure in the country). Using this per pupil average cost, the expense of educating illegal immigrant students in New Jersey was about \$620 million per year. The cost of educating their siblings was estimated at \$868 million per year, for a combined total of slightly less than \$1.5 billion.

Further adjusting the estimated cost per student for an average inflation adjustment of about 2.1% per year, the average annual cost of educating a New Jersey public school student in 2006 would be about \$13,000. The use of an average cost factor may underestimate 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."<sup>25</sup>

**Using the estimate of the current illegal K-12 immigrant population — updated to 2006 — and an updated estimated per pupil annual cost of \$13,000, results in an estimated current cost to New Jersey's taxpayers of at least \$650 million per year. Using the same per pupil cost estimate for the U.S.-born children of illegal aliens suggests the additional expense of educating these children through the 12th grade is at least an additional \$1.2 billion per year — or a total annual public educational cost from illegal immigration of more than \$1.85 billion per year.**

The state's admission of illegal aliens into the state's public universities and community colleges at taxpayer subsidized in-state tuition rates is an additional expense not included in the above calculation. Our estimate of that outlay in New Jersey is that it could be costing the taxpayers \$10–13 million per year in tuition subsidies.

## ■ 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."<sup>26</sup>

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 \$250 million in annual compensation to heavily impacted states. Congress renewed and upped the level of assistance ten-fold 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.

The Urban Institute's 1994 calculation of the annual unreimbursed expense to the state for emergency medical services in New Jersey was a range of \$.5 to \$3.9 million. A similar calculation today yields a much higher estimate.

The Urban Institute based its estimate of uncompensated medical outlays by New Jersey taxpayers on data collected by the federal government in the State Legalization Impact Assistance Grants (SLIAG) program. That 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 residents. 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 today in New Jersey is more than three times larger than it was at the time of the Urban Institute estimate. This implies, conservatively, that the Urban Institute's estimated emergency medical outlays would be between \$1.5 and \$12 million today if costs were constant — which, of course, they have not been. If those medical expenses were adjusted for inflation, they would be about \$2 to \$15 million today. However, other estimates using other methodology indicate that the methodology used by the Urban Institute significantly understated the fiscal burden.

A Government Accountability Office report furnished an estimate of the costs for inpatient care in hospitals provided to patients without a Social Security number — a surrogate for illegal residence status. That survey found estimated expenditures in New Jersey of \$27 million in fiscal year 2002.<sup>27</sup> Not included in this estimate is the outpatient costs associated with treating the illegal alien population in emergency rooms.

The New Jersey Hospital Association estimates that the burden of illegal immigrants on the state's hospitals amounted to \$200 million in 2005. The NJHA reports that the cost of treating illegal immigrants has forced them to delay the purchase of life-saving technology or the addition of valuable staff. According to the CFO at Princeton HealthCare, the organization spends somewhat less than \$400,000 annually on illegal aliens.<sup>28</sup> Both of these estimates apply to a full range of medical services rather than just emergency medical care that is required by federal law.

The wide discrepancy in estimates of the costs of medical services provided to the illegal alien population demonstrates the difficulty in making such estimates because of the absence of identification of that population. Given the estimated outlays for emergency medical treatment in other states, we think the NJHA estimate provides a useful benchmark estimate.

**The annual out-of-pocket expenditures for medical care for illegal immigrants in New Jersey in 2006 are likely around \$200 million. The state was allocated federal compensation of \$5.3 million for 2004 by the Centers for Medicare & Medicaid Services. This fraction of the outlay would not have reduced the amount of the annual uncompensated outlays borne by the state's taxpayers significantly below \$200 million.**

## ■ SIZE OF THE ILLEGAL IMMIGRANT PRISONER POPULATION

In 1994, the Urban Institute estimated the illegal alien prisoner population to be 285 persons. This estimate was arrived at by comparing state records on foreign-born prisoners with the records of the INS to confirm that the aliens were subject to deportation upon removal. Missed in this process would be any alien prisoner who was not in the INS records.

In FY 1999, the state documented 1,227 illegal alien detention years in its filing under the State Criminal Alien Assistance Program (SCAAP). More recently, in FY 2004, the state documented about 1,600 deportable alien prisoner-years in state and local detention facilities. More than half (51.4%) of the about \$7.9 million compensation went to the state, Passaic County received 15.2 percent and the balance was distributed to other counties.

The SCAAP payments cover only a small share of corrections staff salaries related to the incarceration of criminal aliens. In FY'05, for example, SCAAP compensated only about one-third of the documented salary expenses. Additional expenses such as the feeding, clothing, transportation, and medical attention provided to those prisoners are not compensated by the SCAAP funding. Also not included in the SCAAP payments is detention of illegal aliens who are arrested for minor offenses and released in less than four days.

According to House Concurrent Resolution 95, which passed the U.S. Senate on March 26, 2003, “the incarceration of undocumented criminal aliens” cost state and local governments more than \$13 billion in FY'02. SCAAP payments to the states in that year amounted to \$543 million, i.e., less than 4.2 percent of the total estimated costs.

**Based on the average rate of increase in deportable alien prisoners, it is safe to assume that the number of deportable alien prisoner-years in New Jersey facilities in 2005 was about 1,700. That is about six times the size of the illegal alien prisoner population used in the 1994 Urban Institute study.**

## ■ UNCOMPENSATED INCARCERATION COST UPDATED ESTIMATE

The Urban Institute calculated in 1994 the annual cost of incarcerating an illegal alien was \$23,095. That put the estimated costs of unreimbursed incarceration costs at about \$6.6 million.

SCAAP data indicate that New Jersey has received partial compensation for the incarceration costs since 1995. For 1999, the state received about \$12.94 million in compensation, which was 38.6 percent of the expenditures. This meant New Jersey’s taxpayers absorbed nearly \$21 million in expenses.

Congress has 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, New Jersey received SCAAP compensation of \$11.75 million, i.e., only 19.3 percent of the itemized illegal alien expenditures. New Jersey received a SCAAP award of about \$5.5 million in 2003, and about \$7.9 million in 2004. The most recent published cost per prisoner filing by the state in the SCAAP program listed incarcerations personnel costs associated with illegal alien detentions at \$13,279 (in FY'2003). Adjusting for inflation, the estimated salary costs associated with detention of criminal aliens would currently be about \$13,950 per year. This cost, however, significantly understates actual costs.

The New Jersey Institute for Social Justice estimates the annual cost for maintaining a prisoner in the state penitentiary at \$32,810 in fiscal year 2003.<sup>29</sup> That cost in 2006 would be still higher, probably at least \$34,500.

**On the basis of an estimated illegal alien inmate population in New Jersey of 1,700 prisoner years, and average personnel cost per prisoner year of \$34,500, the current total salary-related incarceration costs of the deportable alien population are about \$58.7 million per**

**year. Offsetting reimbursements under SCAAP would reduce that to a net amount of out-of-pocket expenditures by New Jersey taxpayers of at least \$50 million.**

As noted above, this estimate includes only a fraction of all criminal costs generated by illegal aliens. Additional expenses could be attributed to overhead costs of running incarceration facilities and the locally jailed population of illegal aliens who are not covered by the SCAAP reporting and reimbursement. In addition, there are numerous other administration of justice expenses, e.g., law enforcement, and prosecution, crime and insurance costs, etc. that have not been included in this calculation. As noted above, these additional costs could amount to several times the amount identified in this study.<sup>30</sup>

## ■ 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 \$130 million. Included in that total were state sales taxes (50% of the total), income tax (about 5%), and state and local property taxes (about 45%). This estimate meant that illegal immigrants, who constituted 1.5 percent of the state's population in 1992, contributed less than .5 percent of tax collections that year. Both the size of the illegal immigrant population and sales taxes and property taxes collected have 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.<sup>31</sup> However, some taxes are being collected from illegal workers even if they work in the "informal sector," because they pay sales taxes and they pay property taxes, even if only indirectly by contributing to the tax included in the rent of 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 be about 208 percent higher, or \$270.4 million today. 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 \$280 million in sales taxes, \$13 million in income taxes, and \$195 million in property taxes — for a total of about \$488 million. That represents about a 375 percent increase from the Urban Institute's estimate.**

## ■ BALANCING THE OUTLAYS FOR AND RECEIPTS FROM ILLEGAL IMMIGRANTS IN NEW JERSEY

**This analysis of fiscal outlays and receipts associated with illegal immigration indicates a total net cost to New Jersey taxpayers of nearly \$1.6 billion per year.**

If expenditures besides education, medical care and incarceration of illegal immigrants were included in the estimate, it is clear that the total costs attributable to New Jersey 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 used in this study amounted to less than one-third of total expenditures without including an estimate for costs associated with displacement of American workers.<sup>32</sup>

In 2005 there were about 2.6 million households in New Jersey headed by native-born residents. So the average cost to those households to support these programs used by the estimated 372,000 illegal aliens and another 94,000 children of illegal immigration is at least \$801 per native household per year. This cost does not include their share of the federal tax burden that results from this same population of illegal aliens.

### 2005 Illegal Immigrant Outlays and Receipts

(millions)

Category	Outlays	Taxes	Net Cost
Education			
• Illegal Aliens	\$650		\$650
• Children of Illegal Aliens	1,200		1,200
Uncompensated Medical Care	200		200
Incarceration	50		50
Tax Payments		488	-488
<b>Total</b>	<b>\$2,100</b>	<b>\$488</b>	<b>\$1,1612</b>

This per household estimate is higher than the estimated costs per native household nationwide, although not as high as in California. In 1997 a panel of experts for the National Academies of Science (NAS) estimated the fiscal cost of services to immigrants at \$1,178 per native-headed household in California.<sup>33</sup> This NAS calculation 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,”<sup>34</sup> thereby implying that the higher the share of illegal immigrants in the immigrant population, the higher are

likely to be the costs because of their lower earnings and tax payments.

The cost per native household for just the same three program outlays included in this study in California in 2004 is estimated to be \$1,183 per native-headed household, and the estimated comparable costs for the three program areas in New York in 2005 is \$874 per year.<sup>35</sup>

## ■ FUTURE IMPLICATIONS

Over the past decade, New Jersey’s taxpayers have been required to assume a growing burden in governmental outlays because of the rising number of illegal aliens living in the state. Unless measures are taken to stem the flow of illegal immigration, these costs may be expected to continue to rise. The rise in the illegal alien population, if it should continue to increase at the same rate that it has grown over recent years — more than doubling between 1990 and 2000 and nearly doubling again between 2000 and 2005, could reach more than 800,000 persons in another ten years with a corresponding increased cost in emergency medical services, education and incarceration expenses.

Whether today’s illegal residents were to gain legal status — as provided for in legislation passed by the Senate in May 2006<sup>36</sup> — an amnesty provision would not significantly change the cost burden on the New Jersey taxpayer, because the illegal alien population, in general, does not have the educational preparation or work skills that would allow it to move to higher paying jobs and contribute more in tax payments. Rather, the adoption of any amnesty provision may well increase the ability of illegal immigrants to access to public services — and, therefore, increase the costs.

## ■ RECOMMENDATIONS

The significant fiscal costs to New Jerseyites 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 New Jersey should not be expected to bear an unfair burden resulting from the federal government's failure to enforce the country's immigration law, it would be similarly unfair that the state have its expenses underwritten by taxpayers across the country if the state has adopted laws or policies that encourage the settlement of illegal immigrants in the state.

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

- Failure to verify identity documents when issuing state driver's licenses and voter registration cards;
- Extending public assistance programs such as subsidized housing 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 in the state.

Of these examples, New Jersey appears to have a good record. Despite what the New Jersey branch of the American Civil Liberties Union (ACLU) described as "tireless efforts by local advocates" the state has resisted the efforts of advocates for illegal aliens to get the state to adopt an "in-state tuition" bill.<sup>37</sup> But as the illegal alien problem has grown, so has frustration at the local level over "muster zones" where day laborers congregate and overcrowded housing, among other issues. Local communities that have tried to deal with these problems using local ordinances have run into well-financed legal challenges, as in Riverside and the Borough of Freehold. And sometimes the local officials have capitulated rather than fighting as in Passaic.<sup>38</sup>

Trenton adopted an executive order in 2004 that provided access without regard to immigration status to "general medical, mental health and public health services at clinics and emergency medical assistance, nutrition programs, programs for women and infants and children and for the disabled [as well as] services dealing with non-conforming landlords, real estate tax payments or water/sewer bill, labor and employment enforcement..."<sup>39</sup>

Examples of state and local government practices that 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.
- Adopting policies to identify employers of the illegal aliens in order to put an

*"Illegal immigration must be dealt with. We must improve interior enforcement and border control. The laws on the books must be enforced and the brave men and women in uniform on our borders must be provided the necessary resources."*

—Rep. Scott Garrett (R-N.J.)

end to their ability to exploit low cost illegal alien labor by passing costs on to the public.

- Requiring the collection and verification of Social Security numbers for the issuance of unrestricted driver's licenses and identity cards;
- Issuing 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;
- Refusing 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 legal residence.
- Entering 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;
- Requiring government contractors to participate in the Basic Pilot document verification system for all of their new employees working on government contracts.

Of these programmatic areas, ones that offer the greatest opportunity to the New Jersey state government and to local governments to deal with the growing illegal alien population are those that rely on the federal governments programs to train local law enforcement officials in immigration law enforcement — Section 287(g) agreements — and for verifying the legal work status of employees of the government and of contractors and subcontractors working on government contract — the SAVE/Basic Pilot verification system.

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

New Jerseyites have a right to expect their national and local elected representatives to work to alleviate the fiscal burden of illegal immigration. The proposal to simply convert illegal alien residents to legal resident status with an amnesty violates a fundamental principle of immigration reform, because that will 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 it will exacerbate the problem.

As 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

New Jersey'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 the country does not accept those who disrespect our immigration law.

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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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