



The Costs of Illegal Immigration to Coloradans

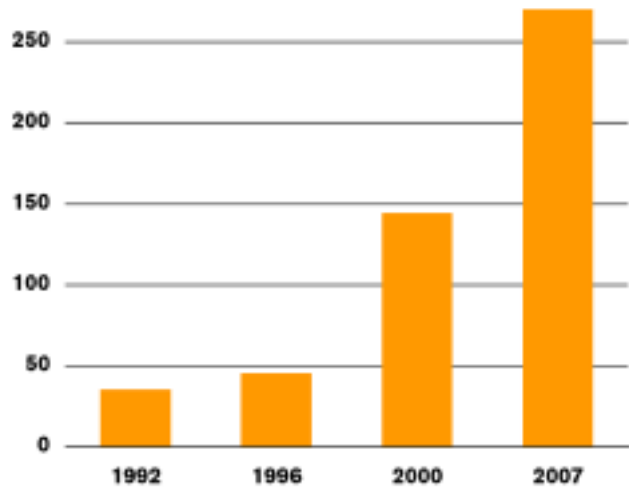
by Jack Martin, Director of Special Projects

Colorado has a fast growing illegal alien population of about 270,000 persons, and the fiscal burden on Coloradans resulting from public services used by that population is similarly growing rapidly. The federal government estimated Colorado's illegal alien population at 144,000 persons as of 2000.¹ The growth of the illegal alien population since 2000 accounts for about 90 percent of the total foreign-born population increase over the same period. It also accounts for more than one-fourth of the state's total population increase. If the children born in the United States to illegal alien mothers were included with the parents, the share of Colorado's population growth directly associated with illegal immigration's share would be even higher — about 35 percent of the state's total population increase. These estimates indicate that slightly more than half of the state's foreign-born population in 2007 was comprised of illegal aliens.

The fast growing illegal alien population prompted the state legislature to take action in 2006 to discourage illegal immigrant settlement in the state.² Additionally, in March 2007, the Colorado Department of Public Safety entered into a Section 287(g) agreement with the U.S. Department of Homeland Security that trains and deputizes state law enforcement personnel to work cooperatively in immigration law enforcement. These measures are a positive response to public opinion in the state. A 2007 state poll found that more than seven out of ten likely voters agreed that

when police officers pull someone over for a traffic violation, they should routinely check to see if that per-

Estimated Illegal Alien Population
(in thousands)



son is in the country legally.³ A year earlier, a Denver Post poll found that, “Immigration is the single most important issue facing the state...”⁴ These enforcement measures may help to alleviate some of the fiscal impact of illegal immigration during a time when the state has found it necessary to impose a hiring freeze and spending cuts.⁵

EXECUTIVE SUMMARY

FAIR estimates that the annual fiscal burden on Colorado taxpayers from illegal immigration is nearly \$1.1 billion. That equates to an annual cost of about

\$612 per native-born headed household. In addition, there is a cost to the state's economy of roughly \$730 million to \$1 billion resulting from remittances sent abroad. Estimated tax collections from the illegal alien population of about \$160 million would reduce the average per non-illegal immigrant headed household burden to about \$520 per year. But it should be kept in mind that the departure of those illegal workers would not mean any drop in state revenue if they were replaced by U.S. or legal foreign workers. In that case, tax receipts should rise.

This study examines only the most visible portion of state fiscal costs of illegal immigration, i.e., expenditures related to education, medical care and incarceration. A number of other costs borne by Colorado taxpayers are not included in this study. In addition, a portion of Coloradan's federal taxes are also going to cover costs associated with illegal immigration, such as the federal contributions to English instruction programs and partial reimbursements for medical costs and incarceration of illegal aliens. Therefore, the burden on Colorado taxpayers from illegal immigration described in this report is understated.

The nearly \$1.1 billion fiscal burden borne by Colorado taxpayers annually result from outlays in the following areas:

- **Education**

Based on an estimate of 35,000 school-age illegal aliens

and 49,000 U.S.-born school-aged children of illegal alien parents and estimated per pupil costs of \$11,000 per year for public K-12 schooling, Coloradans spend about \$925 million annually on educating the children of illegal immigrants. An additional \$68 million is being spent annually on programs for limited English students, most of whom are likely children of illegal aliens. Those estimates exclude federal contributions to those programs. More than one in ten (10.8%) K-12 public school students in Colorado is the child of an illegal alien, and this share has grown as the illegal resident population has grown.

- **Health Care**

State-funded uncompensated outlays for health care provided to Colorado's illegal alien population amount to more than an estimated \$82 million a year. That is a net cost after crediting compensation from the federal government. Additionally, Coloradans who have medical insurance also pay higher medical insurance bills to help cover the costs of those without insurance.

- **Incarceration**

The cost of incarcerating deportable aliens in Colorado's state and local prisons amounts to more than \$38 million a year. This estimate also is a net amount after deducting compensation received from the federal government. It does not include short-term detention costs, related law enforcement and judicial expenditures, or the monetary impact of the crimes that result in incarceration.⁶

EDUCATIONAL COSTS

• K-12 Enrollment of Illegal Aliens

Just as the size of the illegal immigrant population must be estimated, so too must the school-aged population in public schools be estimated. In 2000, a research report by the Pew Hispanic Center estimated there were 1.1 million K-12 age students nationally who were illegal aliens and an additional about 1.54 million K-12 students who were U.S.-born siblings of those illegal alien students.⁷ This represented a school-age population of illegal aliens that was about 15.9 percent of the overall estimated illegal alien population at that time. Using the assumptions in the Pew study, and the estimate of the Immigration and Naturalization Service of the number of illegal aliens residing in the state, our estimated cost in 2004 of K-12 education for the children of illegal aliens in Colorado was \$564 million.⁸

As noted above, the illegal alien population has soared over the past several years. Based on our estimate of the illegal immigrant population in 2007, and using the same methodology as in the 2004 report, we estimate that there currently are about 35,000 illegal immigrant children in Colorado's public school system and an additional about 49,000 siblings, whose presence is due to their birth to an alien illegally residing in this country.

We consider that the children born to illegal immigrants in this country are a logical part of the calculation of fiscal outlays. If the parents were not in the country in violation of our law, the child would not be born and raised here. Similarly, the parents — if de-

ported or leaving on their own — may be expected to take children born here back with them to their home country.⁹

The average annual educational expenditure per student for public school education in Colorado was about \$8,558 in 2005.¹⁰ Expenditures vary by school district. For example, Denver per-pupil expenditures in 2005 were much higher at \$9,725 than expenditures in Douglas at \$7,793 per pupil. Therefore, depending on the location of the illegal alien students and their siblings, the fiscal impact will vary from the state average.

Data from the Colorado Department of Education indicates that 66 percent of all English Language Learners (ELL) in the state are in the Denver area.¹¹ Using the ELL student distribution as an indicator of where in Colorado school-age children of illegal aliens reside, we estimate that the average per student expenditure on those students in 2005 was \$9,328. Between 2000 and 2005 expenditures per pupil increased by an average of 5.5 percent per year. If that rate of increase has continued, current per student expenditure would be about \$11,000. That level of expenditure and student population indicates an expenditure of about \$925 million on educating the children of illegal immigrants.¹²

About four percent of public school expenditures come from the federal budget. This suggests that the direct costs to the Colorado taxpayer for educating the school-aged children of illegal aliens is about \$888 million. The Colorado taxpayer is of course also paying for a share of the federal expenditure on the same students.

“We are a state that has a very high level of immigrant children in our public schools, and almost by definition, many of these children are in fact more difficult to educate because of the poverty from where they came from.”

—Gov. Bill Owens

“Owens: Illegal Immigration Challenging For Schools,”
CBS 4 News, December 9, 2005

In addition to the fiscal effects of the children of illegal immigrants in the schools, there are also other, non-fiscal consequences. These include unanticipated enrollment of newly arriving students that may result in overcrowded classrooms and pedagogical issues arising from students lacking the necessary preparation to study with students of their age group.¹³ Other disruptions to the learning environment may develop when groups divide into cliques based on their native language.

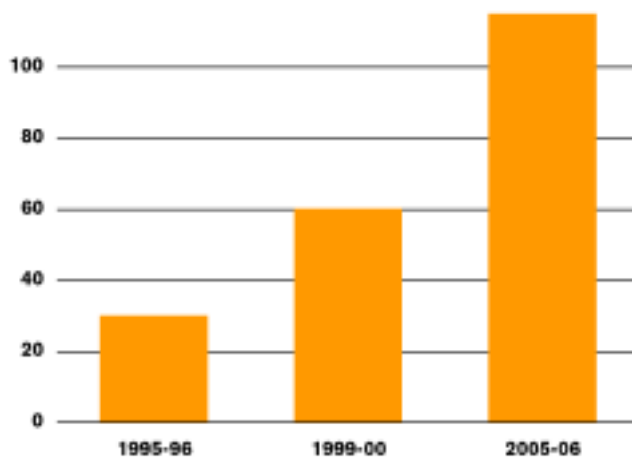
● LEP Enrollment

Enrollment in Limited English Proficiency (LEP) classes in Colorado was 114,857 students in the 2005-06 school year.¹⁴ That was about a 285 percent increase over a decade earlier (29,870 students in the 1995-96 school year).¹⁵ Over the same period, other than LEP K-12 enrollment in the state’s public schools decreased by 1.3 percent.

In the 1997-98 school year, 65.2 percent of the LEP students were native Spanish speakers. That share had increased to 70.1 percent by the 2000-01 school year. By 2005 the share of the LEP adolescent (grades 6-12) student population that spoke Spanish as their native

Limited English Proficiency Enrollment

(in thousands)



language had reached 78 percent according to survey data collected by the U.S. Census Bureau.¹⁶ The second largest foreign-language speaking group (3.1%) spoke Vietnamese.

Not all LEP students will be children of illegal aliens, but most of them will be. With the exception of children of refugees, the children of immigrants legally admitted for permanent residence may already have knowledge of English — because the parents have been living in the United States as nonimmigrants — or have been preparing for years to immigrate to the United States or come from countries where English is taught in the schools.

Our estimate of the number of children of illegal aliens in LEP classes is smaller than our estimate of the children of illegal aliens attending school statewide. This is to be expected for two reasons. First, some students graduate out of special English classes every year. Second, children of illegal aliens born and raised in the United States are less likely to need such assistance. A 2004 report by the Government Accountability Of-

Educating the Children of Illegal Aliens

(in millions)

	Illegal Aliens	Cost	Outlay	Siblings	Cost	Outlay	Total
K - 12	35,000	\$11,000	\$385	49,000	\$11,000	\$539	\$925
Federal							-\$37
LEP	30,000	\$980	\$29	40,000	\$980	\$39	\$68
Total			\$414			\$578	\$956

GAO) estimated that the costs associated with English language instruction for limited English speakers is significantly higher than the cost of normal instruction.

“Bringing ELL-enrolled children up to the grade level of same age non-ELL-enrolled children has been estimated to potentially increase costs by an additional 10 to 100 percent over usual per pupil costs; for students living in poverty (independent of ELL programs), the corresponding range of estimates is 20 to 100 percent. Bringing students characterized by both poverty and limited English proficiency up to average levels of achievement could potentially increase average costs by a larger amount—perhaps 30 to 200 percent over average per pupil costs.”¹⁷

That implies in the case of Colorado an annual cost of from \$1,100 to \$22,000. That estimate suggests a higher level of expenditure than reported by the Colorado Department of Education (CDE). In data it provided to the Legislative Council Staff, CDE reported total outlays of \$105,541,501 for English Language Education.¹⁸ That amounts to \$919 per pupil in the 2004-05 school year. Of that amount, about ten

percent was identified as federal funding. That leaves the amount paid directly by Colorado tax payers at about \$835 per pupil. Using the DOE data and the same inflation factor associated with the normal classroom expenditure, current ELL expenditures are estimated at an average of \$980 per enrollee.¹⁹ No correction is made for the likelihood that expenditures are higher in the Denver area.

Other expenditures that are not included in these calculations are the costs of pre-kindergarten classes as well as adult education classes in which English is taught to illegal immigrants among others. The above calculations also do not include the costs of school meal programs for low income students.

MEDICAL COSTS

The medical expenses borne by Colorado taxpayers associated with illegal immigration fall into two categories:

- Medicaid and related taxpayer-funded programs designed to provide services to low income persons.
- Emergency medical care.

- **Medicaid**

Legally, Medicaid is not available to illegal aliens, but in practice may be used by them fraudulently with false documents. In addition, Medicaid pays for the costs of births to low income illegal alien mothers on the basis that the expenditure is for the child who is a U.S. citizen at birth. Because the child's presence and citizenship is a result of the illegal presence of the parent, it is reasonable to associate the attendant medical and other assistance received by that child as a cost of illegal immigration.

A 2006 analysis of the fiscal costs of illegal immigration in Colorado by the Bell Policy Center cited a Joint Budget Committee estimate that Colorado spent \$62.5 million to provide emergency medical care to non-citizens in 2005-06. Of that amount, the federal government paid half, so the share borne by Colorado taxpayers was \$31.3 million.²⁰ The "Compendium of Illegal Alien data" circulated by the Defend Colorado Now organization relied on national level data to estimate a cost in 2006 of \$43.4 million annually for births in Colorado to illegal aliens.²¹

The estimated Medicaid expenditure of \$62.5 million in 2006 would cover about 6,880 births at an average cost of \$6,200 per uncomplicated birth and about \$12,000 per caesarian or complicated birth.²² The share of caesarian or complicated deliveries is estimated at 29 percent of all births nationally.²³ Thus an average cost of delivery would be about \$9,080.²⁴ Our estimate of the current number of births to the illegal alien population is higher, i.e., about 7,785 births. A few illegal aliens working with false documents are covered by medical insurance. To allow for that, we reduce the number of Medicaid births to 7,000. That

number of births to the illegal alien population would cost about \$63.6 million. As the federal government pays for half of those birth expenses, the share born by Colorado taxpayers is about \$31.8 million. The Colorado taxpayer also shares in that federal cost, but this study focuses only on the fiscal costs paid from state taxes.²⁵

- **Emergency Care**

Under the Emergency Medical Treatment and Active Labor Act, emergency medical care cannot be denied to anyone in need of such treatment. This makes emergency rooms a recourse available to persons including illegal aliens who have no medical insurance or the financial ability to pay for private health care. Such assistance is required until the patient's condition is stabilized.

An estimate of the medical costs of non-elderly adult illegal immigrants by the RAND Corp. put those costs nationally at \$1.1 billion annually in 2000.²⁶ At the time the RAND study was released, FAIR publicly commented that we considered that to be an unrealistically low estimate, and James Smith, one of the authors acknowledged in press accounts that the costs might be as high as double that amount.²⁷ If we assume national costs of \$2 billion in 2000 and that the share of adult, non-elderly illegal aliens in Colorado is proportional to the national share, and we use the federal government's estimate that Colorado had 2.07 percent share of the nation's then illegal alien population, the medical outlays were about \$41.4 million. Those costs would also now be higher as a result of inflation and because of the costs associated with some elderly illegal aliens, although this latter category is presumed to be negligible in large part because long-

term illegal aliens have gained legal residence as a result of the 1986 amnesty and other subsequent more limited amnesty provisions. Using a standard adjustment for inflation, those costs today, with our estimate of Colorado’s share of 2.08 percent of the nation’s illegal alien population, would be about \$49.6 million.

The costs of emergency medical care is partially reimbursed to the states by the federal government based on a formula that takes into account the federal government’s estimate of the illegal alien population in 2000. For a state, like Colorado, with a rapidly rising illegal alien population, that formula would not adequately compensate the state even if the funds available for that purpose covered expenditures — which they do not.

Public Costs of Medical Care
(in millions)

State Medicaid cost (births)	7,000 @ \$9,082	\$63.6
Federal Medicaid Share		-\$31.8
Emergency Care		\$49.6
Federal Compensation		-\$3.4
Net Outlay		\$78.0

Under the FY2008 state allocations for Section 1011 of the Medicare Modernization Act reimbursement for emergency health services to “undocumented” aliens, Colorado received an allocation of \$3,433,957.²⁸

There are additional medical expenditures associated with the illegal alien population not included in the above estimate. Those include mental health services, public health services, such as immunizations, and

children’s services that are provided on the basis of a ‘don’t-ask-don’t-tell’ policy that makes any quantification of the outlays difficult. Furthermore, hospitals increasingly must provide interpretation/translation services to a growing non-English-speaking population. In addition, no calculation has been included for the emergency medical care outlays for the U.S.-born children of illegal aliens. A comprehensive fiscal cost estimate should include such costs.

INCARCERATION AND
CRIMINAL JUSTICE

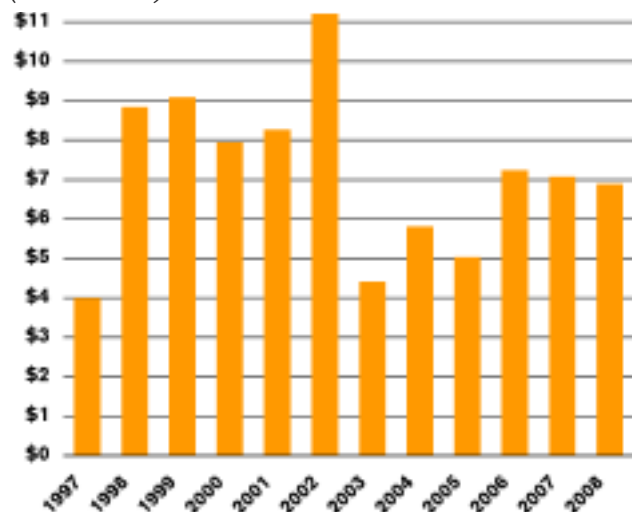
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● **Incarceration**

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

The current guidelines for the compensation are: “SCAAP provides federal payments to states and localities that incurred correctional officer salary costs for incarcerating undocumented criminal aliens with at least one felony or two misdemeanor convictions for violations of state or local law, and incarcerated for at least 4 consecutive days during the reporting period.” The appropriations provided by Congress fund only a portion of the costs, so local jurisdictions have been required to absorb a major portion of these expenses.

SCAAP Awards

(in thousands)



The Bell Policy Center estimated those costs as \$18 million based on a population of about 331,000 inmate days (about 907 inmate years) of incarceration. The Defend Colorado Now document, using national level data, based its estimate of annual costs of \$61.7 million in 2006 on 2,178 illegal alien inmate years.

As shown in the chart above, SCAAP compensation paid to Colorado since 1997 has varied widely between more than \$11 million and less than \$5 million. But this does not necessarily reflect a proportional change in the size of the incarcerated illegal alien population in the state because the compensation also varies based on the changing amount of appropriated funds. Taken as a percentage of the national SCAAP outlays, the share received by Colorado jurisdictions has varied between a low of 0.8 percent in 2000 to a high of 2.1 percent in 2006, with the average distribution being 1.6 percent, which was slightly lower than the 2008 share of 1.8 percent.

In FY 1999 when the state documented 953 illegal alien inmate years, it received federal reimbursement for 38.6% of its costs. Three years later, SCAAP data indicate that Colorado's illegal alien inmate population had increased by 87 percent to 1,780 inmate years, while compensation increased by 21 percent. The last year for which detention data is available is 2006, and in that year Colorado sought compensation for about 1,673 prisoner years (including both suspected illegal immigrants and those with detainees) and received \$6,877,013. This was slightly below the level of reimbursement in the previous two fiscal years.

Using the 2006 prisoner years from the SCAAP report and an estimated annual cost per prisoner of \$27,000, we estimate an annual cost to the state's taxpayers of more than \$45 million.²⁹ The compensation received from the SCAAP program for 2008 was \$7,220,622.³⁰ Thus, the burden borne by Colorado taxpayers was about \$38.3 million.³¹

Nearly half (46%) of the SCAAP 2008 compensation went to the state correctional system. Denver County and city received 14 percent of the federal assistance, and Weld County was the next largest recipient with 7.6 percent of the total.

Public Costs of Illegal Alien Incarceration

(in millions)

	Prisoner Years	Per Year	Cost
Expenditures	1,673	\$27,000	\$45.2
SCAAP Reimbursement			-\$7.2
Total			\$38.3

● **Other Criminal Justice Expenses**

Not included in our estimate of the costs of incarceration of deportable aliens is any estimate of other expenses resulting from crimes committed by illegal aliens. Such activities would include policing, especially policing for gangs that include significant numbers of illegal aliens. In addition, the SCAAP report includes reimbursement to only 28 of Colorado’s 64 counties — omitting some medium sized counties such as Broomfield, Fremont and Logan. There are undoubtedly additional illegal alien prisoners beyond those identified in the SCAAP data.

Progress is being made in combating illegal alien crime, especially gang-related crime through a program of federal training of local law enforcement personnel in immigration law enforcement. These programs are known as 287(g) programs — named for the section of Immigration and Nationality Act that authorizes them. Before the advent of the 287(g) programs, and in those communities which do not yet have them, identifying illegal alien gang members required federal involvement. Both the Colorado Department of Public Safety and the El Paso County Sheriff’s Office have entered into these cooperative programs and have personnel now trained in immigration law enforcement.

In addition to prison and policing costs, criminal aliens cause the courts significant added expenses for interpreters/translators and the cost of trials including public defenders for indigents. These clearly represent additional fiscal outlays that are attributable to illegal and deportable aliens that are not included in \$38.3 million uncompensated cost estimate.

OTHER IMPACTS FROM ILLEGAL IMMIGRATION

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

- Social assistance programs, including subsidized housing, available to persons in poverty or near poverty and are accessed on behalf of U.S.-born children of illegal aliens;
- Tax losses from workers in the underground economy paid in cash;
- Tax losses from remittances sent abroad and, therefore, also a drain on the local economy;
- Public assistance to Americans in poverty or near poverty as a result of job loss or lowered earnings resulting from displacement by illegal aliens.³²

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:

- Challenges to the learning environment in schools from an influx of linguistically and academically unprepared illegal alien students;
- Congestion, inconvenience, and property value loss from the presence of illegal aliens living in over-crowded conditions and in areas in which day-laborers seek jobs;

- 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 committed by illegal aliens and a greater threat from uninsured and hit-and-run drivers.³³

Total Fiscal Cost Estimate

(in millions)

Net Education Costs	\$956.0
Net Medical Care	\$78.0
Net Incarcerations	\$37.9
Total	\$1,071.9

OFFSETTING TAX PAYMENTS

Illegal aliens add to the state's tax collections. It can be argued that those tax receipts would not decline if those illegal workers were deported or returned to their home countries on their own. While there are some jobs that exist solely because of the presence of illegal alien workers, i.e., sweatshop jobs, most of the jobs currently held by illegal aliens would be done by legal workers. Therefore, it is reasonable to assume that the same or higher wages would be earned by legal workers (and, in the process, tax collections might increase).

Similarly, apologists for illegal aliens argue that as an offset to their fiscal costs, allowance should be made for the value of the goods and services they produce. This is an economic focus rather than a fiscal focus. Our view is that argument would make sense only if it

were assumed improbably that those jobs would disappear if the illegal workers were unavailable. Recent experience in hiring to replace apprehended illegal alien workers offers proof that this argument is false. The apologists also ignore the fact that many illegal alien workers are being exploited in jobs that have negative social consequences. Neither indentured servitude nor sweat shops nor prostitution nor other types of unlawful labor should be accepted on the basis that they contribute to the economy by producing goods or services.

Because this study looks at the fiscal effects of illegal immigrants, and tax collections are a fiscal effect, we include below an estimate of how much of the nearly \$1.1 billion in outlays might be offset by tax collections from Colorado's illegal alien residents.

The Bell Policy Center study in 2006 used data derived from calculations by the Institute on Taxation and Economic Policy (ITEP) and used a generally accepted rule of thumb that about half of illegal alien workers are in the underground cash economy to conclude that an illegal alien population in Colorado of between 225,000 and 275,000 persons would pay state and local taxes ranging from \$159 million to \$194 million.

The Bell study calculations adjusted estimated sales tax collections downward to account for the reduction to disposable income from sending remittances abroad. The study concluded that the amount of those remittances was \$336.2 million (\$2,800 per household x 120,087 households). This estimate conflicts with data reported by the Inter-American Development Bank that remittances to just Mexico and Central America

from senders in Colorado amounted to \$705 million in 2007. Remittances to other Latin American and Caribbean countries as well as other areas of the world would raise that total. While remittances are sent abroad also by legal residents and naturalized citizens as well as guest workers, our assumption is that the lion's share of remittances are sent by illegal aliens because they are more likely to have nuclear family members still living in their home country.

A 2006 study on remittances sent from the United States to Mexico and Central America found an average annual amount sent of \$3,600.³⁴ The amount sent by illegal aliens would be lower than that sent by legal workers because their average earnings are lower. Nevertheless, this level of remittances is significantly higher than the estimate of \$2,800 used in the Bell study. A higher level of remittances equates to a lower level of disposable income, and a lower level of disposable income equates to a lower level of sales tax collections from illegal aliens.

Illegal alien workers also are likely to have reduced tax withholdings because they have larger than average families and because they are more easily able to overstate their number of dependents since Social Security numbers for dependents are not required of children born and residing abroad. This opens a loophole that can be exploited to claim dependent deductions that are not readily verifiable. The Bell study estimate of tax collections assumed that national average family size data applied to the illegal alien population in Colorado. Rather than an average family size of 2.29 persons used in the Bell study, our estimate of the school-age children of illegal aliens plus under age 5 children suggest an average illegal alien headed family

size of about 3.34 — about one more child per household. The significance of that additional child is that it reduces the income tax liability and it increases the likelihood that at least some family members will qualify for welfare benefits.

Data collected in the Census Bureau's 2006 American Community Survey indicate that in Colorado between 2000 and 2006, the foreign-born population in poverty increased from 66,044 to 100,975. Those in "near poverty," i.e. less than 50 percent above the poverty level also increased from 2000 to 2006 (from 46,267 persons to 73,173 in 2006).³⁵ Also in 2006, 62.9 percent of full-time, year-round, foreign-born workers in the state earned less than \$35,000 a year.³⁶ Those data apply to both legal and illegal foreign-born residents. As noted above, the economic profile of the illegal residents will differ significantly from that of legal residents and naturalized U.S. citizens and are more likely to be living in poverty.

The lower income profile of the illegal alien population and the different shared housing occupancy practice will reduce property tax collections (including those paid indirectly as part of rent payments). Similarly, the lower earnings profile means that a larger share of the illegal immigrant's disposable income will be spent on food, which is exempt from state sales tax. In addition, an on-going investigation has established a widespread practice among illegal alien workers in Weld County of filing to get tax refunds using the stolen Social Security numbers they used to get their jobs. Although this fraudulent practice involves the illegal alien workers getting millions of dollars in checks from the federal government in the Earned Income Tax Credit program, and, presumably, the tax rebate

incentive program earlier this year, it also suggests that these same workers are unlikely to be paying state income taxes because state tax liability tends to mirror federal tax liability.³⁷

In our calculation of likely tax revenue collected from the illegal alien population, we also estimate that approximately half of the workers are in the underground economy and not paying income taxes, and we maintain a ratio between income, sales and property taxes similar to that in the ITEP model. The results are shown below. While our estimated tax receipts are not significantly different from those of the Bell Policy Center, they are lower given our higher estimate of the illegal alien population.

Tax Receipts from Illegal Aliens
(in millions)

	Receipts	
	Bell Estimate	FAIR Estimate
Property	\$10–13	\$9
Sales	\$125–151	\$120
Income	\$24-30	\$31
Total	\$160–194	\$160

NET FISCAL COSTS OF ILLEGAL IMMIGRANTS

The estimated fiscal costs of illegal immigration to the Colorado taxpayer in the three programmatic areas of education, medical care and incarceration of about \$1,072 million dwarfs the estimated \$160 million tax receipts from that same population.

The estimated net fiscal outlay of \$912 million in

2008 represents an average cost of about \$612 per year to each of Colorado’s 1.75 million non-illegal alien households. The net cost after accounting for tax receipts from the illegal immigrant taxpayers amounts to an average burden of about \$520 per non-illegal alien household.

Net Fiscal Effects of Illegal Immigration
(in millions)

Outlays	\$1,072
Receipts	\$160
Net	\$912

COMBATING ILLEGAL IMMIGRATION

States have a range of resources available to them to deter settlement of illegal aliens. Federal law has provided the means for states to take action against illegal residence and has encouraged such action.³⁸ The 287(g) program already in force in Colorado with two law enforcement units in the state, as noted above, is one example. Another is the program to verify workers legal work status (E-Verify) operated by DHS and the Social Security Administration. Arizona made that system a requirement for all new hires in January 2008, and several other states as well as the federal government are requiring use of that system for all contractors doing business with the government.

“Illegal immigrants living in states and cities that have adopted strict immigration policies are packing up and moving back to their home countries or to

neighboring states. The exodus has been fueled by a wave of laws targeting illegal immigrants in Oklahoma, Arizona, Colorado, Georgia and elsewhere.”

—USA Today, “Illegal immigrants moving out,”
September 27, 2007

The working group appointed by Gov. Ritter is currently concluding its study of measures to limit opportunities for aliens to reside illegally in Colorado. Preliminary findings of the group are reported to be:

- Train more state and local officers to enforce immigration laws;
- Increase bed space to house suspected illegal immigrants;
- Change state laws on bond or probation to make it tougher for illegal immigrants to be eligible.³⁹

Adoption of each of those provisions would be worthwhile, but they do not exhaust the options available to the state and local policymakers to defend the interests of their constituents from the fiscal and other harmful effects of illegal immigration.

CONCLUSION

The purpose of providing an estimate of the fiscal impact is to better inform the public as well as policy makers about the impact of illegal immigration as an aid to reasoned policy making. There have been efforts to influence policymakers by employers who benefit from lower wage costs from hiring illegal workers and

by ethnic advocacy groups that have tried to mask the fiscal impact of illegal aliens by ignoring the difference between the contributions of legal immigrants and those in the country illegally. Another ploy is to cite the contributions of illegal aliens to economic output as if that value of goods and services would disappear if legal workers were hired instead.

“Days after discounting an economic forecast that predicted a \$100 million shortfall in the current year’s state budget, Gov. Bill Ritter...announced a partial hiring freeze for state employees and other steps to cut spending”

—The Denver Post,
“Budget deficit looming, Ritter slashes spending,”
September 26, 2008

Estimating the fiscal cost of the rapidly growing illegal immigrant population may also enable the state to seek additional compensation from the federal government to offset those outlays. But that is not the purpose of this study. Regardless of which level of government is funding the costs, the bill is being borne by current taxpayers or is being added to the debt that will be faced by future generations.

With information on the burden that illegal immigration is placing on the state’s taxpayers, the public becomes more empowered to register their concerns with their elected representatives both locally, at the state level, and in Washington, D.C. This process is well underway in Colorado, and the policies already enacted in the state should be helping Gov. Ritter cope with his looming budget problem.

ENDNOTES

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- 1 Based on 2005 data, the Pew Hispanic Center estimated the illegal alien population in Colorado at between 225,000 to 275,000 persons. These estimates are comparable to our estimate of 270,000 illegal aliens given differing assumptions and time frames. Compared to the 115,300 increase in the foreign-born population from 2000 to 2007, newly arriving legal immigrants who indicated they would live in Colorado numbered about 36,100. The about 80,000 person difference points to the rapid rise in the illegal alien population. Our estimate of the illegal alien population does not take into consideration recent indications that this population may be declining now because of enforcement actions and a loss of job opportunities.
- 2 House Bill 06S-1023 enacted restrictions on public services to persons aged 18 or older who were not legal residents.
- 3 A Rasmussen Report poll conducted on December 12, 2007 with the participation of 500 Coloradan likely voters. A smaller, but still strong majority, agreed that any illegal aliens discovered by the police should be deported.
- 4 "Immigration at forefront," The Denver Post, July 16, 2006. The newspaper reported also that, "...a broad majority of those polled – including a majority of Hispanic voters – believe that illegal immigrants 'cost the Colorado state government a lot of tax money'...".
- 5 "Budget deficit looming, Ritter slashes spending," The Denver Post, September 26, 2008. Following a legislative staff estimate of a potential current year \$100 million budget deficit, Gov. Ritter announced a hiring and spending freeze.
- 6 Some fiscal cost studies argue that incarceration is not a "benefit" and, therefore, should not be included with educational and medical services. The focus of this study is on the burden placed on Coloradan by illegal immigrants, and the cost of incarceration of illegal aliens in the state prison system is such a cost.
- 7 Fix, Michael and Jeffrey Passel, "U.S. Immigration—Trends and Implications for Schools," The Urban Institute, 2003.
- 8 Martin, Jack, "Breaking the Piggy Bank: How Illegal Immigration Is Sending Schools in the Red," FAIR, 2005.
- 9 FAIR also considers the issue debatable of whether the 14th Amendment is correctly interpreted to mean that a child born in the United States to an illegal immigrant is in fact a U.S. citizen. There is good reason to believe the practice of considering those children as citizens does not accord with the intent of the framers of that constitutional provision.
- 10 Derived from the National Center for Education Statistics: Revenues and Expenditures for Public Elementary and Secondary Education, Fiscal Year 2006, Table 6.
- 11 Colorado Department of Education, The Office of Language, Culture and Equity, Bárbara Medina, "iBienvenidos a CABA 2008: If Not You, Then Who?" http://www.cde.state.co.us/cde_english/download/Resources-Links/CABA%20Keynote.pdf, website consulted November 5, 2008.
- 12 This estimate is in the same ballpark as the estimate in the 2006 "A Compendium of Illegal Immigration Data" issued March 28, 2006 by the Defend Colorado Now organization, but our per pupil expenditure is lower than in that document and the estimate of the public school children of illegal aliens is slightly higher. The Bell Policy Center Issue Brief No. 4 of June 30, 2006 by Rich Jones and Robin Baker "Costs of federally mandated services to undocumented immigrants in Colorado," estimated K-12 educational costs at \$175.7 million. That report did not include costs of educating the U.S.-born children of illegal immigrants or ELL supplemental instruction, and did not adjust educational outlays for inflation or take into consideration the higher outlays in the Denver area.
- 13 "Seven percent of English-proficient adolescent students' parents in Colorado have less than a high school education, while 43 percent of LEP students' parents do....only 11 percent of [Colorado's] LEP students met [No Child Left Behind] reading standards and 8 percent met math standards." Migration Policy Institute, "Adolescent Students with Limited English Lag Behind Peers," Press Release, March 20, 2007.
- 14 Colorado Legislative Council Staff memorandum of April 20, 2006 to Representative David Schultheis. The memo stated that the data were from the Colorado Department of Education.
- 15 Website consulted September 30, 2008, <http://www.ncela.gwu.edu/expert/faq/01leps.html>. Partial data for the 2006-07 school year are available on the Colorado Dept. of Education website www.doe.k12.ga.us. Colorado refers to this program as English as a Second Language (ESOL). These partial data reflect the largest enrollment of ESOL students in the counties of Cobb, Gwinnett, and DeKalb. Another term for these programs is English Language Learners (ELL).

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- 16 Jeanne Batalova, Michael Fix, and Julie Murray, "Measures of Change: the Demography and Literacy of Adolescent English Learners," Migration Policy Institute, 2007.
- 17 "Illegal Alien Schoolchildren: Issues in Estimating State-by-State Costs," United States General Accounting Office, (GAO-04-733) June 2004.
- 18 Jennifer Thomsen, Research Associate, Colorado Legislative Council Staff, Memorandum to Rep. David Schultheis, April 20, 2006.
- 19 This rate of expenditure is not only lower than that suggested by the GAO study, it is also lower than the amount reported expended in similar programs in other states.
- 20 Rich Jones and Robin Baker "Costs of federally mandated services to undocumented immigrants in Colorado," The Bell Policy Center Issue Brief No. 4 of June 30, 2006. The issue brief states that the federal government reimburses the state for half of the Colorado Medicaid costs. However, as Medicaid has never paid for medical treatment of illegal aliens, this statement presumably refers only to Medicaid for births to indigent illegal alien mothers.
- 21 Donald Rice, "A Compendium of Illegal Immigration Data, Defend Colorado Now, March 28, 2006.
- 22 Consumer Health Ratings.com. (website-consulted December 11, 2007). Data from the Current Population Survey indicate that since 2000 there have been nearly 500,000 live births in Colorado, with an annual average of about 68,500 births. With an immigrant population at about 10.5 percent of the population and a national average birth rate of about double their population share, that implies foreign born births in the state of about 14,660. The number attributable to illegal immigrant mothers is slightly more than half of those births.
- 23 Cross, Margaret Ann, "Pregnancy + Birth = \$\$\$," Managed Care Magazine, February 2006.
- 24 In a July 2006 statement addressed to the legislature's special session on immigration, Gov. Owens stated that the costs in Colorado for 8,500 Medicaid births to non-citizens was an average cost of \$3,552. That presumably referred to the half of the cost paid by the state. That estimate would not appear to include the higher costs for complicated births.
- 25 Until 2004, Colorado also was paying for prenatal care in the Medicaid program for illegal aliens under a program called "presumptive eligibility." That was terminated, according to the Department of Health Care Policy and Financing, because its use by illegal aliens, "had gotten out of control." The Wall Street Journal, October 18, 2004.
- 26 Goldman, Dana P., James P. Smith, Neeraj Saad, "Immigrants and the Cost of Medical Care," Health Affairs, Vol. 25, No. 6, 2006.
- 27 "Health Care for Undocumented Immigrants Cost \$1.1B In 2000, Study Finds," Medical Care Today, November 17, 2006. (<http://www.medicalnewstoday.com/articles/56809.php>) website consulted October 8, 2008.
- 28 "FY2008 State Allocations...Reimbursement of Emergency Health Services to Undocumented Aliens," U.S. Dept. of Health and Human Services, Centers for Medicare and Medicaid Services, www.cms.hhs.gov/UndocAliens/Downloads/fy08_state_alloc.pdf (website consulted September, 30, 2008). The federal compensation formula uses the outdated federal estimate of the illegal alien population in 2000, which was 144,000 persons.
- 29 A USDOJ, Federal Bureau of Prisons, National Institute of Corrections report that cited a 2001 average cost for Colorado of \$25,408 per inmate (<http://www.nicic.org/Features/StateStats/?State=CO>), website consulted 11/11/08. A Gazette news article analyzing the difference between private and public prisons in Colorado put the cost in the state system at \$24,722 per year. (<http://www.gazette.com/display.php?id=1319756>) website consulted 11/11/08. The Defend Colorado Now document used a per prisoner cost factor of \$26,428 and attributed that to a Dept. Corrections 2004 report. The Bell Policy Center issue brief used a daily rate of \$72 (\$26,280 per year). Each of these estimates is dated, and adjusted for inflation is likely to be at least \$27,000 in 2008.
- 30 "FY2008 State Criminal Alien Assistance Awards," U.S. Department of Justice, http://www.ojp.usdoj.gov/BJA/grant/FY2008_SCAAP_Awards.pdf, (website consulted September 30, 2008).
- 31 This amount is similar to the \$39.8 million estimated cost in 2007 mentioned by Colorado Attorney General John Suthers in an August 18, 2008 letter to the state's congressional delegation seeking a larger federal contribution. See The Rocky Mountain News, "Feds owe Colorado \$39 million for housing illegals, Suthers says," August 21, 2008.
- 32 The "Compendium of Illegal Immigration Data" document cited a cost of \$89.4 billion in losses to U.S. natives in 1998 from illegal immigration.

- 33 Martin, Jack, *Illegal Aliens and Crime Incidence*, FAIR, 2007. See also FAIR Issue Brief "Unlicensed to Kill" (both available at www.fairus.org.)
- 34 Results reported by Bendixen and Associates based on a survey commissioned by the Inter-American Development Bank's Multilateral Investment Fund. Pollster's Presentation "Public Opinion Research Study of Latin American Remittance Senders in the United States," October 18, 2006, (<http://idbdocs.iadb.org/wsdocs/>) The survey found the average remittance sender sent \$300 monthly, i.e. \$3,600 per year.
- 35 Migration Information Source, *Colorado Fact Sheet on the Foreign Born: Income and Poverty Characteristics*, Migration Policy Institute, (<http://www.migrationinformation.org/datahub/acscensus.cfm#>) website consulted November 12, 2008. The federal government's poverty guideline for 2006 placed the poverty level for a family of four at annual income of \$20,000 (with an upward adjustment of \$3,400 for each additional family member).
- 36 "Colorado State Factsheet," Migration Information Source, Migration Policy Institute, (<http://www.migrationinformation.org/datahub/acscensus.cfm#>) website consulted November 12, 2008.
- 37 "Huge immigration raid in Weld County is still going," KUSA News, November 13, 2008 (<http://www.9news.com/news/article.aspx?storyid=103852&catid=188>) website consulted November 17, 2008.
- 38 Detailed discussion of the resources available to state and local lawmakers in their efforts to combat illegal immigration is available in FAIR's publication, *Guide to State and Local Action to Detering Illegal Immigration*, May 2008 (available online at http://www.fairus.org/site/DocServer/StateLocalGuide_2008.pdf?docID=1961).
- 39 "Panel: Toughen immigration laws," *The Rocky Mountain News*, November 18, 2008

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