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The Costs to Local Taxpayers for Illegal or "Guest" Workers

Executive Summary

Numerous studies have documented the fact that illegal immigrants are a significant fiscal burden on local communities. Because the burden is related to the low wages earned by this population and that is unlikely to change as long as the earnings do not rise more than inflation, any Congressional amnesty-type action that incorporates these foreign workers and allows or admits additional ones will not only perpetuate the fiscal burden, it will increase it.

FAIR estimates the current local annual costs of illegal immigration from just three program areas — educating the children in public primary and secondary schools, providing medical services in emergency rooms, and incarceration — amount to about \$36 billion. If the population of foreign low wage workers is allowed to increase as a result of not effectively denying new illegal immigrants access American jobs, current illegal immigrants are allowed to stay and bring their relatives to join them, and additional low wage workers are allowed into the country in a new guest worker program the costs to local communities will increase. Our estimate is that the annual fiscal costs in 2010 would increase by nearly 70 percent to \$61.5 billion for just these same three program areas. The amount

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would swell by an additional nearly 73 percent to \$106.3 billion by 2020.

Background

All major studies of the impact of illegal immigration on local communities have come to the conclusion that there is a major fiscal cost to the local taxpayers. Recognition of these costs led several states in the 1990s to sue the federal government for compensation to defray the costs for local taxpayers. The suits failed because the federal courts declared this to be an issue that the Legislative Branch would have to settle.

Congress subsequently recognized the heavy local costs of illegal immigration by adopting programs to compensate some of the costs of emergency medical care and for incarceration of illegal immigrants. In addition, there are federal programs that help local communities bear the heavy costs of public education, especially for limited English speakers. However, none of these programs begin to approach the level of expenditure that is borne by local taxpayers.

Studies of these costs were done in the 1990s by the Urban Institute¹ and by Dr. Donald Huddle,² a Rice University economics professor. Both studies found major net costs — after subtracting for taxes collected — associated with illegal immigration. In 1996 the National Academies of Science issued a report titled “The New Americans,” that studied the economic and fiscal impact of immigration — they did not differentiate between legal and illegal immigrants. That study found that, “In the short term, today’s immigrants impose costs on some state and local governments by using more in government services than they pay in taxes... In some states, this burden can be substantial: In California, for example, the panel calculates an additional annual tax burden of \$1,178 per household headed by a U.S. native.”

In the past two years, FAIR has issued fiscal cost studies for California, Arizona, Texas and Florida looking at the same cost factors studied by the Urban Institute 10 years earlier, i.e., education³, emergency medical care and incarceration. Our findings of the annual net fiscal costs were:

California	\$8.8 billion	(\$1,183 per native household)
Arizona	\$1.03 billion	(\$717 per native household)
Texas	\$3.73 billion	(\$725 per native household)
Florida ⁴	\$.91 billion	(\$315 per native household)

These studies were done in 2004 and 2005, and the rapid

continuing increase in the illegal immigrant population in each of these states would result in higher estimates of the fiscal cost today.

How Much More Would an Amnesty or Guest Worker Program add to the Fiscal Burden?

The studies noted above all agree that illegal immigration is a fiscal burden. That burden is not because the workers do not have legal documents as much as it is that they are working in low wage jobs so that any taxes they pay are significantly exceeded by the cost of the public services that they use. The low wages that these workers earn may in part be due to the fact that they are not legally entitled to work in the United States and are being exploited by their employers, but the majority of these workers are using false documents to pass themselves off as legal workers rather than working in the underground economy.

For those illegal immigrants working with counterfeit documents, there is no reason to expect that giving them legal work papers would change their circumstance and allow them to earn higher wages.

Another factor in the low earnings of the illegal alien population is their lack of educational preparation and their difficulty of communicating in English. This too is a factor that is unlikely to change if they are given legal work papers.

It, therefore, seems unlikely that the heavy fiscal drain on local communities associated with today's illegal immigrant population would be alleviated by adoption of an amnesty or new guestworker program. However, the amnesty and guest worker proposals currently being considered in the Congress also include provisions for further opening the door to additional guest workers and immigrants. Further, if we adopt any form of amnesty again it is likely to exacerbate our illegal immigrant problem — as it did in 1986 — rather than abate it.

We have made reasonable assumptions regarding the size of the increased immigrant population in each state if permissive legislation is adopted towards today's illegal population,⁵ and we have extrapolated the estimated costs for the services used by the estimated illegal alien population in each state.

Below is an estimate of the fiscal cost per state of local expenditures for education of the children of illegal aliens, emergency medical care and incarceration. It should be kept in mind that these three program areas represent only a fraction of the total program costs associated with illegal residents, and they represent only local costs, not national costs.⁶ The total costs to the local communities could be as much as double the

amount shown depending upon the extent to which this population is allowed to access other social services. In addition these estimates do not attempt to include the costs associated with services provided to Americans who are unemployed, underemployed, or working for depressed wages associated with illegal workers.

It should also be kept in mind that these cost estimates are based upon a scenario in which the current illegal immigrant population is allowed to stay in the country, additional low skilled workers are allowed to enter the country to take jobs, and true enforcement policies are not put in place to deter future illegal immigration. Alternatively, if comprehensive reform measures are adopted to deter illegal immigration and to encourage those currently in the country illegally to return to their home countries, these significantly increased cost burdens could be avoided, and over time the burden could be significantly reduced.

	Current \$millions	2010 \$millions	2020 \$millions
Alabama	\$112	\$195	\$346
Alaska	\$31	\$54	\$94
Arizona	\$1,300	\$2,254	\$3,990
Arkansas	\$117	\$202	\$356
California	\$10,529	\$17,813	\$30,727
Colorado	\$711	\$1,217	\$2,124
Connecticut	\$259	\$441	\$766
Delaware	\$65	\$112	\$198
District of Columbia	\$53	\$88	\$150
Florida	\$1,820	\$3,094	\$5,352
Georgia	\$1,199	\$2,058	\$3,595
Hawaii	\$9	\$15	\$25
Idaho	\$84	\$148	\$264
Illinois	\$2,341	\$3,917	\$6,699
Indiana	\$259	\$434	\$743
Iowa	\$121	\$203	\$349
Kansas	\$235	\$396	\$685
Kentucky	\$67	\$117	\$207
Louisiana	\$26	\$43	\$72
Maine	\$5	\$8	\$14
Maryland	\$331	\$551	\$934
Massachusetts	\$580	\$992	\$1,737
Michigan	\$394	\$656	\$1,111
Minnesota	\$345	\$589	\$1,023
Mississippi	\$32	\$54	\$94
Missouri	\$116	\$194	\$330

Montana	\$5	\$8	\$14
Nebraska	\$126	\$213	\$367
Nevada	\$518	\$950	\$1,784
New Hampshire	\$11	\$19	\$34
New Jersey	\$1,688	\$2,816	\$4,781
New Mexico	\$194	\$328	\$566
New York	\$3,495	\$5,669	\$9,410
North Carolina	\$997	\$1,721	\$3,027
North Dakota	\$10	\$16	\$27
Ohio	\$224	\$372	\$627
Oklahoma	\$207	\$356	\$624
Oregon	\$479	\$830	\$1,466
Pennsylvania	\$285	\$477	\$812
Rhode Island	\$99	\$173	\$308
South Carolina	\$186	\$333	\$615
South Dakota	\$5	\$8	\$14
Tennessee	\$202	\$351	\$624
Texas	\$4,670	\$8,014	\$14,041
Utah	\$244	\$417	\$727
Vermont	\$5	\$8	\$14
Virginia	\$560	\$951	\$1,636
Washington	\$665	\$1,149	\$2,020
West Virginia	\$13	\$21	\$35
Wisconsin	\$249	\$425	\$738
Wyoming	\$5	\$8	\$14
Total	\$36,283	\$61,480	\$106,313

1 "Fiscal Impacts of Undocumented Aliens: Selected estimates for Seven States," The Urban Institute, September 1994.

2 Huddle, Donald, "The Net Costs of Immigration," Carrying Capacity Network, Washington, DC November 1993.

3 See FAIR's estimate by state of educating the children of illegal immigrants in "[Breaking the Piggy Bank: How Illegal Immigration is Sending Schools into the Red](#)," updated in 2005.

4 The estimate for Florida does not include the large population of Cubans who arrive illegally in the United States because they are paroled into the country and given legal residence a year later. If the fiscal costs associated with these illegal entrants were included, the costs to Florida taxpayers would be significantly higher.

5 Jack Martin and Stanley Fogel, "[Projecting the U.S. Population to 2050: Four Immigration Scenarios](#)," FAIR, March 2006.

6 Examples of additional costs not included in these estimates include the following: (1) average per student costs of public K-12 education omit additional costs for English language learners; (2) estimated medical outlays only include emergency care and not follow-on in-patient care; (3) incarceration costs derived from reports filed for SCAAP reimbursements cover only corrections staff personnel costs and not expenses for feeding, medical attention, etc. and (4) welfare outlays for the U.S.-born children of illegal aliens. The sheriff of Arapahoe County, Ariz. estimated in Feb. 2007 that federal reimbursement under SCAAP at "10 cents on the dollar." (*Rocky Mountain News*, Feb. 21, 2007) According to a *Daily News* article (Galveston, TX), Feb. 20, 2007, ESL program costs last year in Texas City public schools amounted to \$3,437 per student and statewide added up to more than \$1 billion. Children born in the United States to illegal aliens are eligible for both federal and local welfare assistance programs. In San Diego County, a supervisor estimated that the county is paying \$2 million in benefits to such children. (NBC News San Diego, Feb. 20, 2007.)

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