



The Costs of Illegal Immigration to New Yorkers

*A Report by the
Federation for American Immigration Reform*

Executive Summary

Analysis based on current estimates of the illegal alien population residing in New York indicates that population is costing the state's taxpayers more than \$5.1 billion per year for education, medical care and incarceration. That annual tax burden amounts to about \$874 per New York household headed by a native-born resident. Even if the estimated \$730 million in sales, income and property taxes collected from illegal immigrants are subtracted from the fiscal outlays, net costs still amount to more than \$4.5 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 the same three program areas analyzed in a 1994 study conducted by the Urban Institute, which provides a useful baseline for comparison. Other studies have been conducted in the interim, showing trends that 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 York taxpayers, the program areas analyzed in this study indicate that the burden is substantial and that the costs are rapidly increasing.

The more than \$5.1 billion in costs incurred by New York taxpayers annually result from outlays in the following areas:

- **Education.** Based on estimates of the illegal immigrant population in New York and documented costs of K-12 schooling, New Yorkers spend more than \$4.3 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 York 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 \$690 million a year.
- **Incarceration.** The uncompensated cost of incarcerating deportable illegal aliens in New York's state and local prisons amounts to about \$165 million a year. This estimate includes only prison costs and not short-term or other detention costs, related law enforcement and judicial expenditures, or the monetary costs of the crimes that led to incarceration.

The fiscal costs of illegal immigration borne by state taxpayers do not end with these three major cost areas. The total local costs of illegal immigration is considerably higher if other cost areas 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 are also calculated.

If illegal immigrants obtained legal work status, and eventual permanent residence and possible citizenship, as currently advocated by the Bush administration and approved by the U.S. Senate, 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 using public services.

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 Yorkers, whether they live in Albany or the Big Apple, 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. Policies could then be pursued to hold employers financially accountable.

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 number of illegal immigrants who commit crimes who are turned over to the immigration authorities for removal from the country.

New York allows illegal immigrants who grew up in the state to attend public colleges at in-state tuition rates. According to the Chronicle of Higher Education, the State University of New York system does not keep track whether the foreign student is legally in the country; but the City University of New York hosts about 2,000 such students. New York City has a sanctuary policy that accommodates illegal aliens by prohibiting its police from asking about immigration status.¹

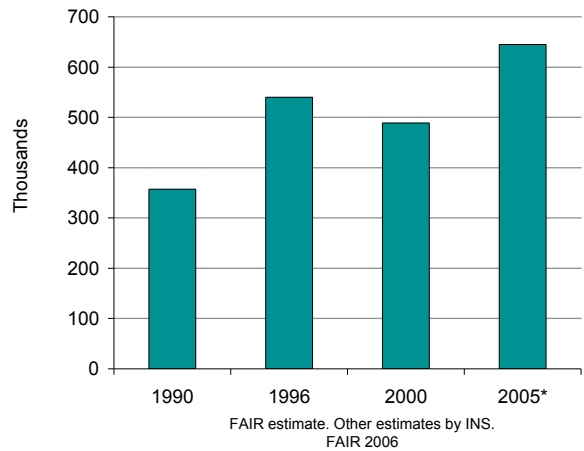
While it is reasonable for a state to request federal assistance to compensate for the fiscal burden of illegal immigration, it is also reasonable to limit that assistance if the state

is pursuing policies that encourage illegal aliens to come to and remain in the state.

Background Information

According to official estimates, New York had the nation's third 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 489,000 aliens residing illegally in

Estimated Illegal Aliens
1990 – 2005



the state, which was about seven percent of the country's total illegal alien population.² Previously, in 1990, the INS estimated that the resident illegal alien population in the state was 357,000 persons — so the estimated illegal alien population was increasing rapidly — by more than one-third (37%) in ten years.

For comparison, an estimate by demographer Jeffrey Passel for the Pew Hispanic Center in 2005 put the illegal alien population of the state between 550,000 and 650,000. This estimate ascribes to New York the nation's fourth largest number of illegal alien residents (behind Florida as well as California and Texas). FAIR's current estimate of New York's illegal alien population is close to the

high end of the Pew estimate, i.e., about 645,000 persons, and we rank the state third in the nation (ahead of Florida).³

In addition to this estimated illegal alien population, about 171,000 other New York foreign residents (118,200 long-term illegal residents and 52,900 illegal agricultural workers) received legal residence as a result of the 1986 amnesty.⁴ 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 then 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 York’s illegal alien population grown rapidly, the overall foreign-born population, which includes illegal aliens, has shot up since the 1965 change in U.S. immigration law. The foreign-born population was 83.3 percent larger in 2000 than 3 decades earlier, while the native-born population was 13.9 percent smaller. The segment of the population that was second generation (the offspring of immigrants) had increased by 17.4 percent. In 1970, the immigrant stock population — immigrants and their children — made up less than one-third (32.9%) of New York’s population. In 2000, that share had risen to more than two-fifths (44.4%) of the larger population. (See chart).

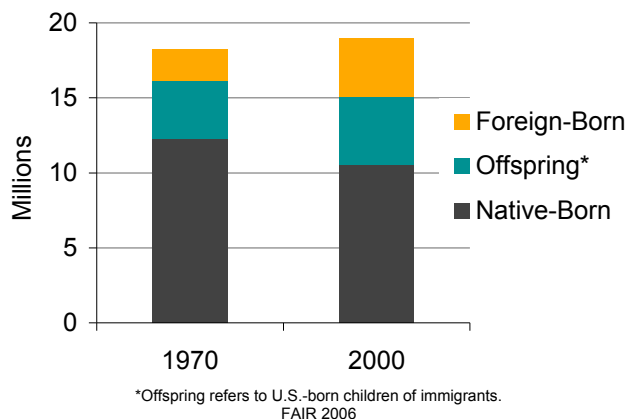
Calculating the Costs of Illegal Immigration

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 Yorkers have been done previously. In January 1994, the New York Senate Committee on Cities released a report that estimated the net costs of illegal immigration at \$5.6 billion annually — \$2 billion in social

**Population Change
1970 – 2000**



services, \$.28 billion in criminal justice costs, and \$3.2 billion for education.⁵ This 1994 study estimated the costs of programs used by both legal and illegal immigrants and included cost areas that are not included in this current study, e.g. \$1 billion a year for new school construction.

A 1994 Urban Institute study of the costs of illegal immigration in New York 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 several states seeking redress for their increasing fiscal burden.

Another study of the costs of immigration in New York by Rice University economist Donald Huddle estimated the fiscal costs from immigrants in New York in 1996 at about \$29.5 billion (\$10.5 billion net after subtracting for tax payments), but this calculation included both legal and illegal immigrants, and the entire foreign-born population of the state was estimated to be nearly 3 million in 1995. The Huddle study also identified displacement costs — associated with American workers unemployed because of the illegal foreign workers — amounting to an additional cost to the state’s taxpayers of \$3.6 billion annually.⁶

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 York and other states for medical

“Studies have shown that at the state and local level, immigrants use more in services than they pay in local taxes. The National Academy of Sciences found that the average immigrant imposes a net lifetime fiscal cost on state and local governments of \$25,000.”

—Senator Hillary Clinton
Press Release, May 22, 2006

outlays that public hospitals are required by law to provide illegal aliens and for the incarceration of illegal immigrants. Federal recognition of the fiscal costs to state governments from illegal immigrants also may be seen in the State Legalization Impact Assistance Grants (SLIAG) program, which provided \$3.5 billion to states in the aftermath of the 1986 amnesty for illegal aliens to ease the burden of the additional expenses the

states were required to assume. Those grants phased out in 1994, and the states since then have been bearing an unreimbursed burden associated with this amnestied illegal immigrant population.⁷

What Are the Costs Of Illegal Immigration?

The costs of illegal immigration are both quantifiable and non-quantifiable. Because data on use of services by illegal aliens 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 the campaign against a requirement that emergency health

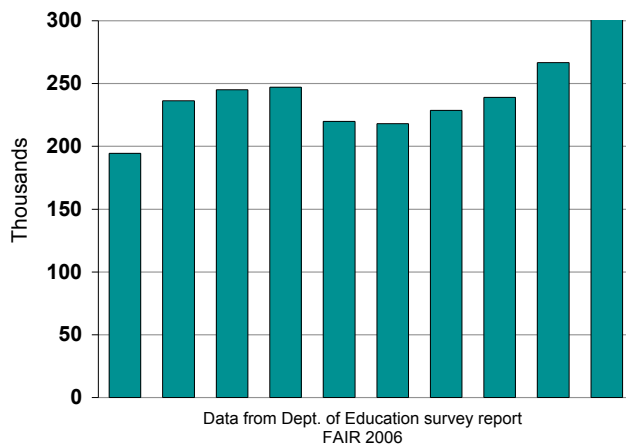
care providers collect and provide to immigration authorities information on illegal alien patients in order to receive compensation from a federal appropriation. The health care providers, civil libertarians and illegal immigrant advocacy groups vociferously opposed the data collection requirement, and in 2004 HHS dropped its proposed regulation.⁸

Some of the quantifiable costs areas — if 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 U.S. Department of Education, LEP enrollment in New York in 2003 was nearly 303,000 students.

**Limited English Students
1994 – 2003**



- 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 \$28.8 to \$37.5 million per year.⁹
- Housing subsidies for low-income families.
- 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.¹⁰

- 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.¹¹
- 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.

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

- Law enforcement costs associated with non-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.
- 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.
- Congestion, inconvenience and property value loss which often coincide with the presence of illegal aliens seeking day-labor jobs.

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.¹²

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 report, *Fiscal Impacts of Undocumented Aliens: Selected Estimates for Seven States*, in September 1994. That report notes that the state government estimated the annual cost to New York and local governments for public education, emergency health care, social services, and incarceration of undocumented immigrants at about \$826 million.

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 \$710 million to \$755 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 \$288 and \$333 million annually.

1994 Urban Institute Study			
(\$ millions)			
Fiscal Category	Outlays	Receipts	Net Cost
Education	\$634		\$634
Uncompensated Medical Care	31-76		31-76
Incarceration	45		45
Tax Payments		\$422	-422
Total	\$710-\$755	\$422	\$288-\$333

Size of the Illegal Immigrant Population

The Urban Institute based its cost calculation on an estimate of 470,000 illegal immigrant residents in New York in 1993. This was

fewer than the state's estimate of 530,000 persons. The Census Bureau estimated illegal alien residents at between 423,000 and 582,000 persons in 1992.

The most recent official estimate of the resident illegal immigrant population in New York by the INS — before it merged into the Department of Homeland Security (DHS) — was 489,000 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.

The Pew Hispanic Center released an estimate in April 2006 that New York's illegal alien population in 2005 was between 550,000 and 650,000 persons.¹³ New York City's Mayor Bloomberg, like his predecessor Mayor Giuliani, has publicly stated that the illegal alien population of the city (he may be referring to the consolidated metropolitan area that spills into New Jersey, Connecticut and Pennsylvania) is 500,000 persons.¹⁴

FAIR's estimate of the illegal alien population in New York in 2005 is 645,000 persons. This represents 5.4 percent of the estimated national total illegal alien population, and it is the nation's third largest concentration of illegal aliens after California and Texas. It is also about 3.3 percent of New York's overall population, and it is the 13th highest concentration of illegal immigrants per capita in the country.

Size of the Illegal Alien K-12 Student Population

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.¹⁵ The study's conclusion did not mean, however, that ballpark estimates of the costs were inappropriate or invalid. It should be kept in mind that the cost estimates in this study necessarily are simply ballpark estimates done for the purpose of increasing awareness of the general magnitude of the burden borne by New York's taxpayers as a result of illegal immigration.

The Urban Institute's study estimated K-12 illegal alien enrollment in New York's public schools twelve years ago at 88,000 students, virtually the same as the state's estimate at that time.

FAIR, in its June 2005 research report "Breaking the Piggy Bank: How Illegal Immigration Is Sending Schools Into the Red"¹⁶ 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 York. For that study, FAIR estimated that the total illegal immigrant public school population in New York in 2004 was about 110,000 students.

Because of the continuing rise in the illegal alien population in New York as well as nationwide, we estimate that in 2006 the number of illegal alien students in the state's public schools is about 120,000 persons. That is 36 percent higher than the 1993 estimate by the Urban Institute and the state.

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 York 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.¹⁷

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).¹⁸ 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 225,000 children of illegal immigrants in New York’s schools in 2006 whose educational costs are included in this study. The combined 345,000 children of illegal aliens in public schools represent about 11.7 percent of the state’s total K-12 public school enrollment.¹⁹

Cost of Educating the Illegal Immigrant K-12 population

The Urban Institute’s 1994 calculation of the cost of K-12 education in New York was based on a per-student annual cost to state taxpayers of about \$7,205. If costs remained constant, outlays on the education of the 2006 larger population of illegal alien students would have risen from about \$634 million to a present cost of about \$865 million and the costs of educating the children of illegal aliens born in the United States would be about \$1.62 billion. Combined, that would be a cost of more than \$2.25 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 \$11,900 average per pupil cost in New York reported by the National Center for Education Statistics (NCES) for the 2004 school year and calculated the cost of educating illegal immigrant students in New York in 2000 to be about \$1.31 billion per year. The cost of educating their siblings was estimated at \$1.83 billion per year, for a combined total of about \$3.14 billion.

The most recent National Education Association estimate of average public school cost in New York²⁰ indicates that educational costs per pupil have risen to a current level of about \$12,408 in 2004. 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.”²¹

Using the estimate of the current illegal K-12 immigrant population — updated to 2006 — and an updated estimated per pupil annual cost of \$12,500, results in an estimated current cost to New York’s taxpayers of at least \$1.5 billion 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 \$2.8 billion per year — or a total annual public educational cost from illegal immigration of more than \$4.3 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 York is that it could be costing the taxpayers \$29-38 million per year.

Emergency Medical Outlays

Updated Estimate

Estimates of the costs of uncompensated medical outlays are necessarily imprecise. As the GAO noted in a May 2004 report, “Hospitals generally do not collect information on their patients’ immigration status, and as a result, an accurate assessment of undocumented aliens’ impact on hospitals’ uncompensated care costs — those not paid by patients or by insurance — remains elusive.”²²

However, there is no doubt that illegal immigrant usage of emergency medical care is a burden on local taxpayers, and this was recognized by the U.S. Congress in the Balanced Budget Act (BBA) of 1997, which provided \$25 million in annual compensation to heavily impacted states. Congress renewed and upped the level of assistance 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 York was a range of \$31 to \$76 million. A similar calculation today yields a much higher estimate.

The Urban Institute based its estimate of uncompensated medical outlays by New York 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 York is nearly half-again the size it was estimated to be by the Urban Institute estimate. This implies, conservatively, that the Urban Institute’s estimated emergency medical outlays would be between \$46 to \$112 million today if costs were constant — which, of course, they are not. If those medical expenses were adjusted for inflation, they would be about \$60 to \$147 million today.

Reporting in 2004 on the issue of illegal aliens and uncompensated medical outlays burdening hospitals, the *Business First* journal reported that the uncompensated costs incurred by western New York hospitals in 2003 reached \$90 million. “The Healthcare Association of New York State believes...[i]t costs the state’s hospitals between \$300 million to \$380 million to care for this population in their emergency rooms.”²³

A Government Accountability Office report furnished an estimate of the costs for in-patient care in hospitals provided to patients without a Social Security number — a surrogate for illegal residence status. That survey found estimated expenditures in New York of \$474 million in fiscal year 2002.²⁴ Not included in this estimate is the out-patient costs associated with treating the illegal alien population in emergency rooms.

The GAO survey, in our view, provides a realistic surrogate for estimating medical costs attributable to illegal aliens as inpatients. Those expenses will be higher when out-patient emergency room care is added, and they have increased still further since 2002 as the illegal alien population has

grown and as the cost of medical services has also risen. The resulting annual costs of all medical services provided to the illegal immigrant population could easily be as high as nearly half-again the inpatient expenditures captured in the GAO survey.

The annual out-of-pocket expenditures for medical care for illegal immigrants in New York in 2006 are likely as much as \$700 million. The state was allocated federal compensation of \$12.5 million for 2004 by the Centers for Medicare & Medicaid Services. This fraction of the outlay would still leave the amount of the annual uncompensated outlays borne by the state's taxpayers at about \$690 million.

Size of the Illegal Alien Prisoner Population

In 1994, the Urban Institute estimated the illegal alien prisoner population to be 2,158 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. The state included a corresponding share of persons whose alienage and legal status were unknown and estimated the deportable alien population at 2,703 persons.

In FY 1999, the state documented 6,249 illegal alien detention years in its filing under the State Criminal Alien Assistance Program (SCAAP). More recently, in FY 2004, the state documented about 6,470 deportable alien prisoner-years in state and local detention facilities. More than half (56.1%) of the about \$57 million SCAAP compensation went to the state, while New York City received 37.1 percent of the distribution.

Similarly, the state accounted for most of the prisoner-year detentions (4,362 - 67.4%) and New York City had the second largest share (1,656 prisoner-years — 25.6%).

The SCAAP payments cover only a 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. Other expenses such as the feeding, clothing, transportation, and medical attention provided to those prisoners are not included in the compensation calculation. 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 costs.

It is safe to assume that the number of deportable alien prisoner-years in New York facilities in 2005 was about 6,500. That is about three 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 about \$20,806. The state estimated the annual per prisoner cost at \$24,602 in 1993. Total unreimbursed costs claimed by the state (\$66.5 million) were 48 percent higher than the Urban Institute estimate.

SCAAP data indicate that New York has received partial compensation for the incarceration costs since 1995. For 1999, the state received about \$93.2 million in compensation, which was 38.6 percent of the expenditures. This meant New York's taxpayers absorbed nearly \$148 million in expenses. The average per prisoner cost was calculated by the state at about \$38,640, an amount more than half again (57%) higher than in 1994.

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 York received SCAAP compensation of \$94.8 million, i.e., only 19.3 percent of the itemized illegal alien expenditures. New York received a SCAAP award of about \$44 million in 2003, about \$43 million in 2004, and less than \$43 million in 2005 (56% by the state, 37% by New York City, and the balance by other local jurisdictions). The most recent published cost per prisoner filing by the state in SCAAP was \$22,073 (in FY'2003). The compensation criteria limited the reimbursement claim to personnel costs of incarcerations staff assigned to illegal alien detention. The restricted criteria for compensation explains the drop from earlier similarly estimated costs and other cost estimates. We judge from the SCAAP data and other studies that a conservative per prisoner cost estimate is about \$32,000 per year.²⁵

On the basis of an estimated illegal alien inmate population in New York of 6,500 prisoner years, the total salary-related incarceration costs are about \$208 million per year. Offsetting reimbursements under SCAAP would reduce that to a net amount of out-of-pocket expenditures by New York taxpayers of about \$165 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.²⁶

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 \$422 million. Included in that total were state sales taxes (36.7%), income tax (8.1%), and state and local property taxes (55.2 percent). This estimate meant that illegal immigrants, who constituted 2.4 percent of the state's population in 1992, contributed 1.2 percent of tax collections that year. Both the size of the illegal immigrant population and sales taxes and property taxes collected will have risen with inflation 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.²⁷ 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 37 percent higher, or \$580 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 \$233 million in sales taxes, \$51 million in income taxes, and \$350 million in property taxes — for a total of about \$.73 billion. That represents about a 73 percent increase from the Urban Institute’s estimate.

Balancing the Outlays for and Receipts from Illegal Immigrants in New York

Illegal Immigrants 2005 Outlays and Receipts			
(\$ millions)			
Category	Outlays	Taxes	Net Cost
Education			
Illegal Aliens	\$1,500		\$1,500
Children of Illegal Aliens	2,800		2,800
Uncompensated Medical Care	690		690
Incarceration	165		165
Tax Payments		730	-730
Total	\$5,155	\$730	\$4,525

This analysis of fiscal outlays and receipts associated with illegal immigration indicates a total net cost to New York taxpayers of more than \$4.5 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 York

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.²⁸

In 2005 there were about 5.9 million households in New York headed by native-born residents. So the average cost to those households to support these programs used by the estimated 645,000 illegal aliens and another 225,000 children of illegal immigration is at least \$874 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.

This per household estimate is higher than the estimated costs per native household nationwide, although not as high as in California (\$1,178), reported by a panel of experts for the National Academies of Science (NAS) in 1997.²⁹ 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,"³⁰ 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.

Future Implications

Over the past decade, New York’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 the past decade, 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 or not today's illegal residents were to gain legal status — as provided for in legislation passed by the Senate in May this year³¹ — an amnesty provision would not significantly change the cost burden on the New York 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 Yorkers 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 jurisdiction. For example, state and local policies can either facilitate or hinder federal immigration law enforcement efforts.

While New York 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

“They [undocumented workers] are a part of our fabric in a practical sense. They’re not going to get deported...They’re already here.”³²

—New York City Mayor Michael Bloomberg

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:

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

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

New York City maintains a policy that prevents its police from informing immigration authorities when it arrests an illegal alien. This makes it a sanctuary city. As a result, in 2002, for example, four Mexican illegal residents, accompanied by one legal immigrant, abducted and brutally raped a 42-year-old mother of two near some railroad tracks in Queens, New York. Three of the illegal aliens had been previously arrested numerous times by the New York Police Department for crimes such as assault, attempted robbery, criminal trespass, illegal gun possession, and drug offenses. But pursuant to New York's sanctuary policy, the department had never notified the immigration authorities to take custody of them and deport them.³³

New York has taxpayer-supported day labor centers in Nassau County at Glen Cove and

Freeport, and at the present time, New York City has empanelled a Temporary Commission on Day Laborer Job Centers, comprised of representatives of nonprofit and advocacy groups, city officials — including the police — and leaders of two privately run day labor centers to consider establishing similar day labor centers in the city.³⁴ Already there is a day labor center, the Bay Parkway center run by the Rockland Immigration Coalition, which is operating on New York City property.

The state had a loophole in its driver's license procedures that allowed illegal aliens to obtain licenses because it failed to verify the authenticity of Social Security numbers (SSN) provided by applicants. However, that problem has been identified, and the state took remedial measures in 2004 when it found about 300,000 of its driver's licenses had been issued with false Social Security numbers. Notices were sent advising that the license would be revoked unless the holder provided a valid SSN. New York does not accept foreign consular identity documents for purposes of issuing driver's licenses.

Local Reform Activists Should Also Focus on National Policies

New Yorkers have a right to expect their national and local elected representatives to work to alleviate the fiscal burden of illegal immigration. 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 perpetuates 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

Most New Yorkers agree with Dr. Jordan's view. The February, 2006 Empire State Poll found that about 72 percent of all state residents responded that entering the United States without valid immigration documents should be made a criminal offense, two-thirds of the state's residents strongly support border controls, and less than ten percent supported increases in immigration — as President Bush has proposed and the U.S. Senate has passed in S.2611 (the poll found that 45 percent of respondents support a decrease in immigration and an equal share think the number of immigrants in New York should remain the same).³⁵

New York'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.

Endnotes

¹ Congress adopted measures in 1996 that barred local ordinances that prohibited employees from providing information on illegal aliens to federal officials. The law says, “Notwithstanding any other provision of Federal, State or local law, a Federal, State, or local government entity or official may not prohibit or in any way restrict any government entity or official from sending to or receiving ... information regarding the citizenship or immigration status, lawful or unlawful, of any individual.” New York City, which in 1989 had adopted a non-cooperation policy, sued to overturn the new federal law. The case eventually went to the U.S. Supreme Court, which refused in 2000 to overturn an Appeals Court ruling against the city’s non-cooperation policy.^[2] The Appeals Court had found that the city had no right to “passive resistance,” because such claims violate the Supremacy Clause of the Constitution. As a result, Mayor Bloomberg reluctantly rescinded the policy in 2003, but, in the face of political protests from supporters of illegal aliens, he reinstated a similar “don’t ask, don’t tell” policy for the police.

² 2002 Yearbook of Immigration Statistics, DHS Office of Immigration Statistics, Oct. 2003.

³ The estimate of illegal immigrants in New York may be significantly understated if estimates of the Chinese illegal alien population developed by Rutgers University professor Ko-lin Chin on the basis of his research in New York City are correct. However, current U.S. asylum policy, which allows illegal Chinese entrants to gain permanent residence on the basis of claims of fear of persecution under China’s one-child family planning policy, and is new since Professor Ko-lin did his research, may have converted much of the flow of smuggled Chinese from illegal to legal residents.

⁴ 1991 Statistical Yearbook of the Immigration and Naturalization Service, INS, M-367, September 1992.

⁵ “Our Teeming Shore ... a legislative report on the impact of U.S. immigration policy in New York State,” (also known as the Padavan Report) issued January 24, 1994 by the New York Senate Committee on Cities.

⁶ Huddle, Donald, “The Net Costs of Immigration: The Facts, the Trends, and the Critics,” Carrying Capacity Network, Washington, DC, 1996. See also, Huddle, Donald, “Immigration and Jobs: The Process of Displacement,” May 1995.

⁷ David Simcox, “Measuring the Fallout: The Cost of the IRCA Amnesty after 10 Years,” Center for Immigration Studies, May 1997.

⁸ Department of Health & Human Services letter of October 1, 2004 from Dr. Mark B. McClellan, Administrator to National Alliance for Hispanic Health stating, “Our intention is to accept the public comments that suggested the use of indirect, non-burdensome eligibility methods to target the funds using methods that do not require providers to obtain direct evidence of a patient’s immigration status.”

⁹ Martin, Jack, “Breaking the Piggy Bank; How Illegal Immigration is Sending Schools into the Red,” FAIR, June 2005. The report is available in its entirety at www.fairus.org.

¹⁰ Camarota, Steven, “Back Where We Started: An Examination of Trends in Immigrant Welfare Use Since Welfare Reform,” Center for Immigration Studies, March 2003.

¹¹ Huddle, *op.cit.* The study calculated probable costs based on one American out of work for every four illegal residents. Factoring in unemployment compensation, uncompensated medical outlays, food stamps and other assistance, Huddle calculated that the costs would be about \$2,500 per year per displaced worker. In New York, Huddle estimated the resulting cost at \$3.6 billion in 1996 rising to \$4 billion in 2006.

¹² “Hospital-Based Emergency Care: At the Breaking Point,” National Academies Press (2006). “...many patients come in the front door, but not enough can be admitted to the hospital in a timely manner to make room for more

incoming patients. As admitted patients back up in the ED, crowding becomes severe. ED overcrowding blocks access to emergency care, induces stress in providers and patients alike, and can lead to errors and impaired quality of care. ...Substantial financial losses and ED and trauma center closures have been attributed to uncompensated emergency and trauma care.” (p.16)

¹³ The Pew Hispanic Center report “Estimates of the Unauthorized Migrant Population for States based on the March 2005 CPS,” issued April 26, 2006.

¹⁴ “Mayor: Undocumented workers ‘part of our fabric,’ *Newsday*, March 28, 2006

¹⁵ GAO-04-733, June 2004 *op.cit.*

¹⁶ “Breaking the Piggy Bank,” *op.cit.*

¹⁷ FAIR believes that the practice of conferring U.S. citizenship on children born in the United States to illegal aliens is a misapplication of the U.S. Constitution’s 14th Amendment. It disregards the “subject to the jurisdiction thereof” clause of the Amendment.

¹⁸ “By including children, proposal may increase strain on schools, health care,” Jerry Kammer, Copley News Service, *San Diego Union Tribune*, February 9, 2004.

¹⁹ U.S. National Center for Education Statistics, Public Elementary and Secondary Staff, Schools and School Districts: School Year 2002-03. The enrollment for 2003 was 2,888,000, and the rate of increase suggests a 2006 enrollment of about 2,942,000 students.

²⁰ Table 243. Public Elementary and Secondary Estimated Finances, and by State, Statistical Abstract of the United States, <http://www.census.gov/compendia/statab/education/>.

²¹ “Fiscal Impacts of Undocumented Aliens: Selected Estimates for Seven States,” The Urban Institute, September 1994.

²² GAO-04-472, May 2004, *op.cit.*

²³ “Hospitals reject alien-care funding program,” *Business First of Buffalo*, September 24, 2004.

²⁴ GAO-04-472, “Undocumented Aliens: Questions Persist about Their Impact on Hospitals,” May 28, 2004.

²⁵ According to a Bureau of Justice publication (NCJ-151651, April 1995), “Jails and Jail Inmates 1993-94: Census of Jails and Survey of Jails” average annual operating costs per inmate were highest in New York \$29,297 in 1993. According to the New York State Catholic Conference, “The NYS Department of Corrections currently spends \$32,000 per inmate per year to incarcerate offenders.” Website consulted August 1, 2006: See: (http://www.nyscatholicconference.org/pages/our_agenda/show_issueDetails.asp?id=131). Whitley, Sheri M. and Jeannie Yip “Alternatives to Prison Could Save State Millions,” *Columbia News*, July 13, 2006; “Incarceration costs roughly \$30,500 per inmate per year in New York State.”

²⁶ “Rikers Houses Low-Level Inmates at High Expense,” *New York Times*, January 16, 2004. “New York City's Correction Department spent an average of nearly \$59,000 per inmate in the 2003 fiscal year. But when all city expenses are factored in - insurance and pension benefits for correction staff, for instance, as well as more than \$150 million for jail medical care - the yearly per-inmate cost is closer to \$100,000, according to the city's Independent Budget Office.”

²⁷ According to the Center for Immigration Studies (“The High Cost of Cheap Labor,” August 2004), “...we estimate that more than half of illegals work ‘on the books’.”

The Costs of Illegal Immigration to New Yorkers
A Report by the Federation for American Immigration Reform

²⁸ Donald Huddle, “The Net National Costs of Immigration: Fiscal Effects of Welfare Restorations to Legal Immigrants,” Carrying Capacity Network, Washington, DC, 1997.

²⁹ “The New Americans: Economic, Demographic, and Fiscal Effects of Immigration,” National Academies of Science, May 1997, Washington, DC. The estimated net cost in California was \$1,178 per year, but it has a significantly higher proportion of its population comprised of illegal aliens according to the government’s estimate, i.e., 6.5 percent in California compared to 2.1 percent in Florida in 2000.

³⁰ “Economic impact hotly debated”, *The Arizona Republic*, Aug. 26, 2001.

³¹ S.2611, Hegel-Martinez bill passed 5/25/2006.

³² ‘Mayor: Undocumented workers ‘part of our fabric,’ *op .cit.*.

³³ Testimony by Heather Mac Donald, *Senior Fellow*, Manhattan Institute for Policy Research, before the House Judiciary Subcommittee on Immigration, Border Security, and Claims, April 13, 2005.

³⁴ “City to Consider Job Centers for Day Labor,” *The New York Times*, June 16, 2006.

³⁵ 2006 Empire State Poll, Cornell University, released July 4, 2006, 800 adult respondents, <http://www.newswise.com/articles/view/521696/>.

This report was prepared by Jack Martin.



© September 2006

Federation for American Immigration Reform

1666 Connecticut Avenue, NW • Suite 400 • Washington, DC 20009
(202) 328-7004 • (202) 387-3447 • info@fairus.org • www.fairus.org