

FAIR

The Fiscal Burden of Illegal Immigration

On United States Taxpayers (2017)

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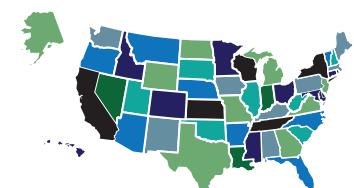
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The Fiscal Burden of Illegal Aliens on U.S. Taxpayers

Total Governmental Expenditures on Illegal Aliens



Total Federal Expenditures
\$45,870,474,332



Total State & Local Expenditures
\$88,992,981,032



Total National Expenditures
\$134,863,455,364

Total Tax Contributions by Illegal Aliens



Total Federal Taxes Paid
\$15,447,897,700



Total State & Local Taxes Paid
\$3,520,960,000



Total Tax Contributions
\$18,968,857,700

Total Fiscal Burden of Illegal Aliens



Total National Expenditures
\$134,863,455,364

Total Tax Contributions
\$18,968,857,700

Total Fiscal Burden of Illegal Aliens on U.S. Taxpayers:

\$115,894,597,664

Introduction

A continually growing population of illegal aliens, along with the federal government's ineffective efforts to secure our borders, present significant national security and public safety threats to the United States. They also have a severely negative impact on the nation's taxpayers at the local, state, and national levels. Illegal immigration costs Americans billions of dollars each year. Illegal aliens are net consumers of taxpayer-funded services and the limited taxes paid by some segments of the illegal alien population are, in no way, significant enough to offset the growing financial burdens imposed on U.S. taxpayers by massive numbers of uninvited guests.

Political and judicial efforts to accord illegal aliens the same government benefits available to U.S. citizens (e.g., the Supreme Court's holding in *Plyler v. Doe* guaranteeing illegal alien children a free public education, at taxpayer expense) have increasingly stressed federal, state and local budgets — to the detriment of Americans, particularly the poor, elderly, and disabled. The impact on public school systems¹ and criminal justice institutions² has been particularly harsh. And the situation has been greatly exacerbated by government refusal to implement measures aimed at deterring, detecting and prosecuting illegal aliens who commit fraud to obtain benefits and/or to avoid deportation following a criminal conviction.

This study examines the fiscal impact of illegal aliens as reflected in both federal and state budgets. It does not address the question of whether unchecked mass migration is a net boon to the United States. Most studies that extol the many benefits that allegedly accrue from illegal immigration suffer from a number of key problems:

- Unreasonable assumptions about who is an illegal alien. Most relevant datasets don't clearly distinguish who is an illegal alien and who isn't. Studies that wish to portray illegal immigration in a favorable light frequently rely on narrow definitions of "illegal alien" to skew data in their favor.
- Failure to examine whether the same, or even more significant, benefits would be achieved by filling vacant jobs, at market wages, with American employees.
- Refusal to acknowledge that there are many activities which create profit but remain illegal because of their negative effects on society as a whole. The exploitation of illegal alien labor to increase the profits of unscrupulous employers falls squarely into this category.
- A deceptive and inappropriate focus on the amount of taxes remitted by illegal aliens, rather than the taxes actually paid by illegal aliens. The American system of taxation returns a significant portion of monies paid by people earning low incomes. As a result, most illegal aliens receive a refund of all tax payments along with additional net income from the federal government, in the form of tax credits.
- Erroneous claims that illegal aliens subsidize federal benefit programs through un-refunded tax payments remitted by illegal aliens who are unable collect a return. Most illegal aliens are able to file a tax return using an Individual Tax Identification Number (ITIN). In addition, neither the states or the federal government have any data indicating how much of the pool of unclaimed tax refunds is attributable to illegal aliens versus deceased taxpayers, foreign investors, etc.

Even in the absence of any complex studies, basic mathematics make it self-evident that illegal aliens are a drain on the U.S. economy. For example, in its report *The Sinking Lifeboat: Uncontrolled Immigration and the U.S. Health Care System in 2009*, FAIR found that, in some hospitals, as many as two-thirds of total operating costs are attributable to uncompensated care for illegal aliens.³ If those costs are being borne by American taxpayers, rather than the illegal aliens who received medical treatment, then those illegal aliens are consuming more services than they pay for, and the costs of providing those services are never recouped. That makes them a net drain on the economy.

A careful examination of the federal budget shows an annual outlay of approximately \$46 billion for expenses related to illegal immigration. A review of state budgets indicates even greater local costs, estimated at \$89 billion annually. This means that the overall costs attributable to illegal aliens totals an annual bill of \$135 billion. That equates to over \$8,000 per illegal alien and dependent, per year.

Some illegal aliens do pay certain taxes. However, employers usually hire illegal aliens to obtain cheap labor at wages well below the market rate for a given area. Many of those employers pay illegal aliens “under-the-table” and do not deduct payroll taxes. Due to their lack of immigration status, illegal aliens are unlikely to report their income to the Internal Revenue Service (IRS). Therefore, state and local governments, as well as the federal government, are not collecting enough taxes from illegal aliens to cover the costs of the services they consume. We estimate that illegal aliens actually pay just under \$19 billion in combined state, local, and federal taxes. That means that the United States recoups only about 14 percent of the amount expended annually on illegal aliens. If the same jobs held by illegal aliens were filled by legal workers, at the prevailing market wage, it may safely be presumed that federal, state and local governments would receive higher tax payments.

FAIR firmly believes that the costs of illegal immigration (and massive legal immigration) significantly outweigh any perceived benefit. Accordingly, this study focuses only on calculating the overall costs of illegal immigration.

How Many Illegal Aliens Currently Reside in the United States?

Estimating the fiscal burden of illegal immigration on the U.S. taxpayer depends on the size and characteristics of the illegal alien population. FAIR defines “illegal alien” as anyone who entered the United States without authorization and anyone who unlawfully remains once his/her authorization has expired.

It is challenging to determine how many illegal aliens are present in the United States at any given time. The Department of Homeland Security only counts those foreigners who enter and leave the country through lawful channels. Those who deliberately evade immigration authorities and sneak across the border remain uncounted.

Once in the United States, most illegal aliens live in the shadows and interact with the government only on a very limited basis. Others commit ongoing immigration and identity fraud, claiming to be either green card holders or U.S. citizens. As a result, the U.S. government typically becomes aware of illegal aliens when they are encountered by state and local, or federal, law enforcement agencies. Unfortunately, the U.S. government has no central database containing information on the citizenship status of everyone lawfully present in the United States. Therefore it is often difficult for police, prison officials, and other enforcement entities to determine whether an individual they encounter is actually lawfully present in the United States, or whether that individual is falsely claiming to be here legally.

The overall problem of estimating the illegal alien population is further complicated by the fact that the majority of available sources on immigration status rely on self-reported data. Given that illegal aliens have a motive to lie about their immigration status, in order to avoid discovery, the accuracy of these statistics is dubious, at best. Census Bureau data, for example, differentiates between citizens, lawfully present aliens, and illegal aliens. But that information is reported by census survey respondents and is not verified against any accurate independent source.

An additional complication arises because many people who enter the United States lawfully will subsequently become illegal aliens by remaining in the U.S. beyond their authorized period of admission. In theory, the government should be able to keep a running tally of those who came here but overstay their visas. Practically speaking, however, this type of count is not maintained. The lack of reliable data regarding those who have become illegal by failing to comply with the terms of their stay often leads researchers unfamiliar with immigration law to omit persons who have fallen out of status from their approximations of the illegal alien populace.

All of the foregoing issues make it very difficult to assess the current illegal alien population of the United States. However, FAIR now estimates that there are approximately 12.5 million illegal alien residents. This number uses FAIR's previous estimates but adjusts for suspected changes in levels of unlawful migration, based on information available from the Department of Homeland Security, data available from other federal and state government agencies, and other research studies completed by reliable think tanks, universities, and other research organizations.

FAIR's estimates have been relatively close to — but slightly larger than — those produced by groups like Pew Research, etc. However, for ideological reasons, Pew, and similar groups, classify the large influx of unaccompanied alien minors (UAMs), Temporary Protected Status (TPS) recipients and Deferred Action for Childhood Arrivals (DACA) beneficiaries as being in the United States "legally." FAIR disagrees with this characterization. Recipients of TPS, DACA, etc. have not received "lawful immigration status" as that term is commonly understood. Rather, as a matter of administrative convenience, the U.S. government recognizes that these individuals are unlawfully present and declines to take immediate action against them. Accordingly, when calculating the illegal alien population, FAIR includes adults and children without any immigration status, as well as individuals who have received temporary reprieves through TPS, DACA, etc.

FAIR believes that this broader definition of who should be included in the illegal alien population is essential to an accurate calculation of the costs of illegal migration. Those classified under such special programs have most often entered, or remained in, the United States unlawfully (only a *very* small number of applicants move from a valid non-immigrant visa status to TPS). In addition, they are, almost uniformly, low-skilled, low-wage earners who are dependent upon taxpayer-funded programs for basic subsistence. The mere fact that their unlawful presence has been acknowledged by the government does not diminish the fact that they entered the U.S. without authorization nor does it reduce their fiscal impact on the American taxpayer.

The total national illegal alien estimate includes about 11 million adult illegal aliens (the commonly accepted base number for 2017), approximately 350,000 TPS beneficiaries (mostly Central Americans) and roughly 730,000⁴ DACA recipients.⁵ The ten states with the largest estimated illegal alien populations (Ariz., Calif., Fla., Ga., Ill., N.J., N.Y., N.C., Tex., and Wash.) account for nearly three-fourths (73.7%) of the national total.

The overall population that we analyze, for the purposes of determining the costs of illegal immigration, also includes about 4.2 million American-born minor children of illegal aliens. Although, the U.S.-born children of illegal aliens are, under the current interpretation of the 14th Amendment to the Constitution, *de jure* U.S. citizens, they are also typically “targeted low-income children,” who are eligible for a variety of federal benefits. While not counted as illegal aliens, these children are a significant part of illegal immigration’s fiscal impact on the U.S. taxpayer. Because they would not be present in the United States but for their parents violation of American immigration law, we consider them to be appropriately considered part of the cost of illegal immigration.

We have confirmed the above estimates using Census Bureau data on total occupied households and the subset of households occupied by the foreign-born who are not naturalized citizens. This approach is similar to that used by other research organizations. However, as noted already, Census Bureau estimates are likely to be low due the various incentives illegal aliens have to avoid disclosing their lack of status. It also bears repeating that all of the illegal alien population numbers referenced herein (both FAIR’s estimate and any others) are approximations based on the available data. There is no official illegal alien count — even estimates made by different federal government agencies vary widely. And, the fact remains that the U.S. government does not possess the firm data that it should have on the size and scope of the illegal alien problem.

National vs. State and Local Fiscal Impact

Both national and state budgets are heavily impacted by illegal immigration. In many cases, the same program, such as Medicaid, affects both federal and state coffers. For the purposes of this study, we split the fiscal impact into two sections, separating federal costs from state costs. Accordingly, certain programs will be referenced in both the federal and state sections of this study.

Summary of Methodology

A more detailed methodology is included in both parts of this report, however there are a few important details to keep in mind while examining the findings that follow.

First: when FAIR completed its 2010 Fiscal Cost Study⁶, the pool of sources from which fiscal estimations could be calculated was much more limited. Additional government data relating to immigration is constantly being made available in more easily accessible digital formats. Additionally, recent elections, including the 2016 presidential election, have renewed public interest in policy issues connected to immigration. Therefore, academic institutions, think tanks, policy researchers and government agencies, both state and local, have produced new in-depth studies on immigration topics. As a result, it is now possible to corroborate old data against new sources. It is also possible to make updated estimations based on fresh data. We hope that this has led to a more accurate fiscal cost study.

Second: FAIR makes every effort to examine raw data from government agencies and testimony from government officials. We attempt to use that data as the foundation of our estimates. When government data is unclear or unavailable, FAIR attempts to obtain necessary information from studies generated by credible, non-partisan organizations that are widely respected in their fields by proponents of all political ideologies. On the rare occasions that a calculation must be estimated and/or assumed, detailed reasoning for the estimation is offered so that readers can examine the relevant information and judge our conclusions for themselves. In order to stay as accurate as possible, we have noted various areas where it is impossible to calculate, or estimate, a cost. Because it is impossible to accurately calculate all

costs associated with illegal immigration, this study can be assumed to underestimate the fiscal burden imposed on the U.S. taxpayer.

All calculations are based on the most recent data available. The majority of the data is drawn from sources covering the 2014, 2015, and 2016 fiscal years. Most of these statistics reflect the fiscal impact of immigration policies pursued by the Obama administration during its final years in office. Future studies should allow for a comparative examination of the economic effects of President Trump's aggressive approach to immigration enforcement versus President Obama's "alien rights first" approach.

Federal Expenses: The Cost of Illegal Immigration on Taxpayers



Education

\$1.69 Billion

Medical

\$17.14 Billion

Law Enforcement

\$13.15 Billion

Welfare

\$5.85 Billion

Other

\$8.04 Billion

TOTAL Expenses: \$45.87 Billion

Part I:

Federal

Expenditures

and Receipts



Federal Expenditures

EDUCATION

1. Primary and Secondary Education	\$943,200,000
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The Elementary and Secondary Education Act of 1965, Title I provides supplemental federal funding to increase educational opportunities and improve the academic performance of children from poor families. In 2015, an estimated \$13.1 billion was budgeted for this program. The vast majority of the children of illegal aliens will fall within the economic eligibility criteria applicable to this program. FAIR estimates that approximately 3.62 million K-12 students are the children of illegal aliens.⁷ Considering there were 50.4 million students in U.S. public schools in 2016⁸, that means roughly 7.2 percent of K-12 enrollment nationally is composed of the children of illegal aliens. Based on a proportional calculation, we estimate that approximately \$943 million of this funding goes to children of illegal aliens.

2. Limited English Proficiency (LEP) – Title III	\$541,694,040
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The federal government provides funding to the states based on Census data on school-aged LEP youth. According to U.S. Department of Education data, in fiscal year 2016 it distributed approximately \$737.4 million in support of supplemental English language instruction.⁹ Of that amount, \$677.4 million was distributed to the states based on the number of English learners in their schools. In FAIR's recent report on education, we estimate that approximately 73.46 percent of all LEP students are either illegal aliens or the children of illegal aliens.¹⁰ The rest of the LEP population consists of legally present immigrants, Native American students who may have learned a tribal language before English, and American citizens who are not yet proficient in English.

Based on the latest estimate of the LEP population in public schools, federal funding amounted to about \$135 per student. The largest share of the funding, by far (over 20 percent), was allocated to California. The top nine states with the highest illegal alien population, according to FAIR estimates, accounted for more than seven-tenths (or \$517 million) of the total federal funding for K-12 English teaching.

3. Migrant schooling (Title I C) \$206,140,000

The Migrant Education Program (MEP) was established in 1966 as part of the Elementary and Secondary Education Act. Its goal is to “provide state grants to support high quality education programs for migratory children and help ensure that migratory children who move among the states are not penalized in any manner by disparities among states in curriculum, graduation requirements or state academic content and student academic achievement standards.”¹¹ The federally appropriated funds for this program were \$374.8 million in fiscal year 2016.¹²

The U.S. Department of Education indicates that the primary beneficiaries of the MEP program are “the children of migrant agricultural workers and fishers.”¹³ The majority of migrant agriculture and fisheries workers are illegal aliens — approximately 55 percent — according to a recent study conducted by the Pew Research Center.¹⁴ Therefore, FAIR estimates that approximately \$206,140,000 of the MEP budget goes to educating the children of illegal aliens.

4. Head Start

The federal Head Start and Early Head Start programs combine federal funding (\$10.1 billion budgeted for fiscal year 2016) with local matching funds. There is insufficient data to estimate how many children of illegal aliens may be enrolled in these programs, but participation by Latinos — who constitute the majority of illegal aliens — was approximately 38 percent in fiscal year 2015¹⁵. However, participation by illegal alien families appears to be low.¹⁶ Local policies in some states preclude the participation of children who are illegal residents. Due to a lack of relevant data, we do not ascribe an estimate of the fiscal impact of this program, although there is undoubtedly some.

Total Federal Educational Expenditures:

Primary and Secondary Education	\$943,200,000
Limited English Proficiency (LEP) – Title III	\$541,694,040
Migrant schooling (Title I C)	\$206,140,000
<hr/>	
Total	\$1,691,034,040



MEDICAL COSTS

Pursuant to Title IV of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 (P.L. 104-193) illegal aliens are ineligible for most federal, state, and local healthcare benefits. However, the fact that federal medical insurance coverage excludes illegal aliens does not mean they receive no taxpayer-supported medical services. Under federal law, hospitals and emergency clinics are required to provide urgent medical care without regard to a patient's immigration status or ability to pay.

In addition, many states provide "low-cost" healthcare services to illegal aliens. These health services programs probably violate the terms of the PRWORA because, while the illegal aliens do pay for treatment, that medical care is heavily subsidized using taxpayer dollars. The diversion of state taxes into these types of programs inevitably results in larger state requests for federal budget assistance. Much of this assistance is provided in the form of supplemental health care funding distributed to state providers.

Medicaid is a joint federal and state program that provides healthcare coverage to children, pregnant women, senior citizens, and individuals with disabilities, among others. While illegal aliens are technically excluded from Medicaid programs, they still receive Medicaid coverage for prenatal and obstetric care. These services are provided based on the legal fiction that the unborn fetus, rather than the illegal alien mother, receives medical treatment. In addition, under the current interpretation of the 14th Amendment to the Constitution, the children of illegal aliens, who are born on U.S. soil, are natural-born U.S. citizens. Typically, they are also considered to be "targeted low-income children," who are eligible for Medicaid and other federal medical assistance programs.

1. Uncompensated Hospital Expenditure	\$8,200,000,000
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In 2013, the federal outlay to help cover uncompensated care provided to uninsured individuals was \$32.8 billion.¹⁷ The national uninsured population was 28.5 million as of 2015¹⁸. According to U.S. Congressional Budget Office estimates at least one quarter of those without insurance are illegal aliens.¹⁹ This means roughly 7.125 million of the illegal aliens currently in the United States are uninsured. That is approximately 60 percent of the total illegal population. If uninsured illegal aliens are assumed to require healthcare at a rate similar to other uninsured persons, they would make up approximately \$8.2 billion of the uncompensated hospital expenditures in the United States.

2. Medicaid Births **\$1,242,990,372**

After rising rapidly since the 1980s, births to illegal alien mothers dropped during the great recession (2008-2010). Since then, the numbers appear to have held relatively steady. Pew Research estimated that by the end of 2013, illegal alien mothers gave birth to approximately 275,000 children in the United States. In 2015 (the most recent year for which statistics are available), foreign-born mothers accounted for a disproportionate share of a nationwide total of about 3.98 million births: 872,256 or 22 percent of the total.²⁰

Medicaid paid for 45 percent of all births in 2010.²¹ Presuming that Medicaid also paid for 45 percent of all births in 2015, it covered the costs for about 392,000 births to foreign-born mothers. The cost of those births is shared between the federal taxpayer and the state taxpayer. The total cost depends on the type of delivery and whether complications occur.

We assume that the birthing costs incurred by illegal alien mothers will be roughly similar to legal immigrant and native mothers. According to past medical research conducted in Colorado, illegal alien mothers “have lower rates of pre-term delivery and low birth weight infants, but higher rates of pregnancy related risk factors.” These risk factors are offset by other factors, such as illegal alien mothers consuming less tobacco and alcohol than the national average, lower hypertension rates and other factors.²² Based on the birth rates observed in the Colorado study, this indicates that roughly 187,000 (68 percent) of current illegal alien births were natural, and 88,000 (32 percent) were surgical.

The federal share of the expenditure varies among states, averaging out to approximately 63 percent overall. So to determine the cost of illegal aliens using Medicaid to fund births, we remove the percentage of aliens believed to have some form of health insurance, which most organizations agree is between 33.3 percent and 40 percent. That comes out to 184,250 births — 125,290 naturally, and 58,960 by surgical intervention. With natural births totaling approximately \$9,131, and surgically-assisted births costing approximately \$14,060, the total, combined, state and federal expenditure for obstetric medical costs is approximately \$1,973,000,590. And with 63 percent of these costs being covered by the federal government, the total federal cost comes out to \$1.24 billion.

That estimate is almost certainly too conservative. In 2007, a report in the Journal of the American Medical Association found, “... a little-known part of the state-federal health insurance program for the poor pays about \$2 billion a year for emergency treatment for a group of patients who, according to hospitals, mostly comprise illegal immigrants. Most of it goes to reimburse hospitals for delivering babies for women who show up in their emergency rooms, according to interviews with hospital officials and studies.”²³ A portion of this expenditure should be added to the \$1.24 billion Medicaid spends on illegal alien births. However, there is a lack of hard data regarding what percentage of that \$2 billion expense covers obstetrical services for illegal aliens. So it is difficult to determine exactly how much to add. Without further data, FAIR is unable to estimate a reliable value for this additional expenditure. As a result, we can only note that our estimate is supported by hard data, but is probably low.

3. Improper Medicaid Payments

\$3,458,475,000

The total amount of improper Medicaid payouts in the United States during fiscal year 2016 was approximately \$36 billion. About 10 percent of beneficiaries fraudulently or improperly used the system.²⁴ Of that amount, only about \$744 million of improper payouts is recouped annually.²⁵

Assuming that uninsured illegal aliens receive improper Medicaid payouts and/or commit Medicaid fraud at the same rate as U.S. Citizens — a conservative estimate, considering illegal aliens are both more likely to commit document-related fraud and have greater incentive to commit Medicaid fraud — there would be approximately 712,500 illegal aliens receiving improper Medicaid payouts each year. The average improper Medicaid payout per-person comes out to approximately \$4,854, meaning the overall annual total loss attributable to illegal aliens is approximately \$3.5 billion.

4. Medicaid for U.S.-born Children of Illegal Aliens

\$4,234,129,200

U.S. citizens and Lawful Permanent Residents (aka: “green card-holders”) are eligible for Medicaid benefits. Accordingly, the U.S.-born children of illegal aliens are eligible for Medicaid. By operation of law, these children are born United States citizens. Nevertheless, they would not be present in the United States but for their parents unlawful migration. These children are typically classified as low-income. And they represent a significant burden on U.S. taxpayers as net consumers of government services — in particular, Medicaid.

There is a strong correlation between uninsured status and low income.²⁶ The vast majority of uninsured people in the United States are low-income earners.²⁷ These individuals typically do not receive healthcare coverage as an employment benefit and they lack sufficient resources to pay directly for medical care on a cash-for-services basis. As such, they depend upon government healthcare programs to pay for any medical treatment that they require.

Per federal guidelines, in order to be eligible for Medicaid on the basis of low-income, children must be members of a family earning an income less than 138 percent of the federal poverty level (FPL). States have the option to extend Medicaid coverage to those whose income is too high to qualify under federal guidelines. Most states have set their guidelines between 138 percent and 150 percent of the FPL. The average family headed by an illegal alien falls in the low-income bracket, earning between 138 percent and 150 percent of the FPL. Most of these families will access taxpayer-funded programs to pay for their healthcare.

Just over 60 percent of illegal alien households are uninsured, meaning that upwards of 2.52 million U.S.-born children of illegal aliens are without insurance. Based on the foregoing evidence, FAIR presumes that the 2.52 million U.S.-born children of illegal aliens are eligible for, and receiving, Medicaid as members of low-income households.

According to the federal government, in 2015 there were a total of 36.8 million children enrolled in Medicaid.

These children receive Medicaid benefits based on a variety of qualifying factors including parental income, disability or, in a minority of cases, placement

in foster care. Per the Casey Foundation, there were 24.35 million children in families with incomes below 150 percent of the federal poverty level, who, presumably receive Medicaid on the basis of low income. As such, the U.S.-born children of illegal aliens appear to constitute roughly 10 percent of the total population of children currently receiving Medicaid because their parents earn incomes below 138 percent of the FPL.

Per the Kaiser Family Foundation, average Medicaid spending per enrolled child in 2011 was \$2,463.²⁸ Assuming that the average spending rate has remained roughly the same, but adjusting it for inflation, the total today would be \$2,667. This would make the annual Medicaid spending on the U.S.-born children of illegal aliens about \$6.72 billion. The federal share of that expenditure (63%) is about \$4.2 billion annually, with the remainder being a cost borne by the states.

This estimate is likely to be low because there are no statistics available estimating the number of U.S. citizen children of illegal aliens who receive Medicaid solely on the basis of qualifying disabilities or as the result of having been placed in foster care.

Total Federal Medical Expenditures

Uncompensated Hospital Expenditure	\$8,200,000,000
Medicaid Births	\$1,242,990,372
Medicaid Fraud	\$3,458,475,000
Medicaid for U.S.-born Kids of Illegal Aliens	\$4,234,129,200
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Total	\$17,135,594,572



JUSTICE ENFORCEMENT

Immigration enforcement constitutes a significant portion of the overall federal law enforcement budget. However, because every crime committed by an illegal alien is, inherently, a preventable crime, immigration has a broad effect on justice and law enforcement expenditures beyond those costs directly involved in securing the borders and managing ports-of-entry. Therefore, federal immigration enforcement expenditures is separated into two categories: 1) money spent securing the border, managing ports of entry, and removing immigration violators from the interior; and 2) money spent subsidizing state and local law enforcement expenses connected with illegal alien crime (e.g. housing illegal aliens in local jails, information sharing costs, etc.)

The majority of these expenditures cannot be eliminated as long as the United States remains a popular destination for immigrant populations. However, many of them could be considerably reduced by the construction of a functional border barrier, the implementation of effective deterrents to unlawful re-entry after deportation and the criminalization of unlawful presence (as opposed to unlawful entry) in the United States. In addition, the refusal of many countries to accept their own citizens when they are deported from the United States also increases costs to the American taxpayer. Consistent with the relevant statutes, the Department of State should refuse to issue visas to nationals of recalcitrant countries until those countries begin accepting deportees.

1. Federal Incarceration

\$1,240,000,000

The illegal alien population consists of both those aliens who entered the United States without authorization and those who entered the United States lawfully but overstayed their authorized period of stay. Illegal aliens are subject to removal from the United States simply because they are present in the United States without authorization. However, many illegal aliens come to the attention of DHS when they are arrested for the commission of a crime.

Legal aliens are also subject to deportation if convicted of certain crimes. Generally speaking, legal aliens tend to offend at a lower rate than illegal aliens. This is unsurprising since a significant percentage of illegal aliens cross the border without authorization specifically for the purpose of engaging in criminal

activity within the U.S. Meanwhile, legal aliens have a greater incentive to avoid criminal behavior due to the likelihood of deportation, if convicted.

The majority of legal aliens convicted of crimes are prosecuted in state courts and confined to state correctional facilities to serve out their sentences. These expenses are addressed in the section of this report covering the state-borne costs of illegal immigration. By contrast, the population of foreign-born individuals incarcerated in Federal Bureau of Prisons (BOP) facilities tends to include more illegal aliens than foreign-born populations incarcerated in state prisons. This is because the federal government has exclusive jurisdiction over both immigration-specific crimes and civil violations of the Immigration and Nationality Act. Therefore, both legal and illegal migrants convicted of criminal violations of the INA are confined to federal prisons. Similarly, illegal aliens who have been taken into custody by the federal government and placed in deportation proceedings will also be held in federal detention facilities. Both BOP and ICE maintain such facilities. This section addresses BOP costs. The following sections on ICE expenditures include the costs of detaining aliens in facilities owned and operated by that agency.

BOP statistics indicate that, in 2016, there were 43,856 deportable aliens in federal penitentiaries and private prison facilities leased by the BOP. That alien cohort is estimated to be approximately 90 percent illegal aliens and 10 percent legal aliens. According to the BOP, the average annual cost of incarceration of a federal inmate in fiscal year 2014 was \$30,619.85. The average annual incarceration cost has been steadily rising (e.g., \$26,359 in 2012); therefore, we assume an adjusted annual average cost of \$31,000 per inmate. If we assume that housing approximately 40,000 illegal alien inmates costs the federal prison system \$31,000, per alien, per year, the total cost would come out to \$1.24 billion annually.

2. Enforcement and Removal

\$3,218,000,000

The branch of DHS responsible for interior enforcement of the Immigration and Nationality Act is U.S. Immigration and Customs Enforcement (ICE). Within ICE, the office most directly involved in the arrest and deportation of illegal aliens is the Office of Enforcement and Removal Operations (ERO). ERO is responsible for apprehending illegal aliens, placing them in removal proceedings, detaining aliens who are a flight risk, and effectuating the removal of aliens who have been ordered deported by the U.S. Immigration Court or Federal District Courts. To accomplish its mission, ERO works with state, local, and other federal law enforcement agencies to identify and process illegal aliens. This includes lodging “detainer” requests with state and local agencies to ensure that criminal illegal aliens are transferred into DHS custody. ERO also liaises with the Federal BOP to ensure that illegal aliens being held for ICE pending immigration hearings are processed appropriately. In addition, ERO also works with BOP to make sure that illegal aliens incarcerated for federal crimes are promptly deported when their sentences are completed. ERO activities incur a broad range of annual expenses, including holding aliens in DHS-operated detention facilities, or leased facilities. The 2016 budget for ERO was about \$3.2 billion.²⁹

3. Customs and Border Protection

\$5,968,729,360

U.S. Customs and Border Protection (CBP), another DHS agency, is responsible for securing the borders of the United States and managing ports-of-entry. CBP acts as the first line of defense against unlawful entry, alien smuggling, and human trafficking. A large portion of CBP's responsibilities relate directly to detecting, deterring, and prosecuting illegal immigration.

CBP is also responsible for the trade management, impost collection, licensing and enforcement duties that were handled by the U.S. Customs Service prior to the formation of DHS. Therefore, we

must determine which costs relate to trade management and impost functions, and which costs arise directly from border security functions. According to a 2014 CBP “Performance and Accountability” report, approximately 44 percent of CBP funding goes to securing the border and preventing illegal immigration, while around 52 percent goes to customs enforcement and related operations. The rest, roughly 4 percent, is dedicated to intelligence and reporting activities.³⁰

Applying these percentages to CBP's 2016 budget, the total cost of operations aimed at securing the border comes out to just under \$6 billion.³¹

4. Other ICE Operations

\$1,126,840,000

ICE is responsible for enforcing both civil and criminal immigration laws within the interior of the United States. Non-ERO ICE operations primarily involve detecting, arresting, and prosecuting lawfully present aliens who engage in criminal acts that violate the terms of their admission to the United States, as well as detecting, detaining, and criminally prosecuting illegal aliens involved in people smuggling, human trafficking, drug trafficking, and gun running. ICE is also responsible for enforcement of U.S. customs laws within the interior of the United States. As such, it handles some of the impost collection, licensing and enforcement duties that were handled by the U.S. Customs Service prior to the formation of DHS.

Accordingly, it is necessary to distinguish non-ERO ICE expenses associated with the criminal prosecution of lawfully admitted alien criminals, and customs enforcement duties, from those expenses related to the criminal prosecution of illegal aliens. Non-ERO ICE operations amount to roughly \$2.6 billion. Using CBP as a general guide, we can assume that roughly 44 percent of non-ERO ICE operations are aimed at combating illegal immigration, which would indicate an expenditure of just over \$1.1 billion.

5. State Criminal Alien Assistance Program

\$210,000,000

The State Criminal Alien Assistance Program (SCAAP) provides federal payments to states and localities that incurred correctional officer salary costs for incarcerating criminal illegal aliens who have at least one felony or two misdemeanor convictions for violations of state or local law, and who are incarcerated for at least 4 consecutive days during the reporting period. In fiscal year 2016, Congress appropriated \$210 million to fund the SCAAP program.³²

6. Executive Office for Immigration Review

\$168,120,000

The Executive Office for Immigration Review (EOIR) is a U.S. Department of Justice (DOJ) Agency that consists of the U.S. Immigration Court, the Board of Immigration Appeals (BIA) and the Office of the Chief Administrative Hearing Officer (OCAHO). The U.S. Immigration Court hears deportation cases lodged against both lawfully admitted and illegal aliens. The BIA hears appeals of U.S. Immigration Court Decisions. The OCAHO hears cases involving allegations of knowingly hiring illegal aliens and failure to comply with employment verification requirements. The vast majority of the work performed by EOIR, by significant orders of magnitude, is handled by the U.S. Immigration Court which received 328,112 cases in FY2016 — as compared to 30,200 cases received by the BIA, and 37 cases received by OCAHO.³³

Based on data available through Syracuse University's Transactional Records Access Clearinghouse (TRAC), which analyzes deportation cases by the type of charge levied against the respondent, FAIR estimates that roughly 60 percent of EOIR's workload consists of cases involving lawfully admitted aliens who have violated the terms of their admission and roughly 40 percent consists of cases involving illegal

aliens.³⁴ This disparity is largely attributable to the fact that many illegal aliens are subject to removal via summary, non-court deportation procedures handled entirely by ICE.

In fiscal year 2016, the budget for EOIR was \$420.3 million. Therefore, FAIR estimates that 40 percent of EOIR costs are directly attributable to illegal immigration, indicating an expenditure of roughly \$168.1 million.

7. Alien Minors

\$1,200,000,000

Largely due to the Obama administration's irresponsible and illegal DACA and DAPA programs, the number of unaccompanied minors (UAMs) apprehended by the Border Patrol while illegally entering the country surged beginning in FY2013 (38,759), rising to an all-time peak in FY2014 (68,541), then declined in FY2015 (39,970).³⁵ In FY2016, the number rose again to 59,962.³⁶

The Department of Health and Human Services (HHS), Administration for Children and Families (ACF) is tasked with providing for these minors until they are connected with family residing in the United States, placed in foster care, or repatriated. In FY 2016, HHS requested \$967 million (\$948 million in base funding plus \$19 million in contingency funds) for the care UAMs.³⁷ For FY2017 HHS requested \$1.321 billion (\$1.226 billion in base funding plus \$95 million in contingency funds).³⁸ (Contingency funds are appropriated but held in reserve to fund programs when caseloads exceed levels that can be paid for with base funding and any prior-year carryover.)³⁹

During hearings before the House Committee on Appropriations, Subcommittee on Homeland Security, U.S. Customs and Border Protection estimated that it would apprehend up to 75,000 UAMs in FY2017.⁴⁰

Based on HHS budget requests, this means that ACF estimated its per UAM cost for FY2017 at approximately \$17,613.

Over the duration of the UAM crisis, both CBP and ICE expended significant funds that are not included in other cost calculations relating to those agencies.

In a July 15, 2015 report, the General Accountability Office estimated that combined CBP and ICE costs for UAM apprehension, custody, and care amounted to \$97 million from February 2014 to March 2014.⁴¹ This is a monthly cost of approximately \$14 million, which would indicate an annual cost of approximately \$168 million. For FY2016 DHS requested up to \$162 million in contingency obligation authority to respond to UAM and other border surges.⁴² The FY2017 DHS budget included \$319 million to cover the costs associated with the temporary care and



transport of up to 75,000 UAMs and contingency budget authority to support agency operations in the event of a surge in UAM apprehensions.⁴³

Accordingly, FAIR estimates that, over the life of the UAM crisis, the average annual total cost to the American taxpayer was approximately \$1.2 billion dollars.

For FY2018 HHS has requested a return to FY2016 ACF funding levels.⁴⁴ By contrast, DHS failed to include any specific funding for UAMs in its FY2018 budget request but appears to have included anticipated UAM costs under its \$2.7 billion detention budget.⁴⁵

It remains to be seen whether the Trump administration's firm stance on border enforcement will reduce the number of UAMs encountered in FY2018 or whether deteriorating economic and social conditions in places like Venezuela and Brazil will provoke a new surge.

The financial impact of UAMs on the nation's public school systems is included, as a separate cost, in the section of this report pertaining to education.

8. Byrne Grants

\$16,920,000

The Edward Byrne Memorial Justice Assistance Grant (JAG) Program is the primary provider of federal criminal justice funding to state and local jurisdictions. The JAG Program provides state and local governments with funding to support law enforcement, prosecution, court, and corrections programs. Funding for this program was \$376 million in fiscal year 2016.⁴⁶

The federal government provides SCAAP funding to states for roughly 4.5 percent of the national total of state and local prisoners. Presuming that the majority of illegal aliens held in state and local custody are prosecuted in state and local courts, this is a good measure for estimating the share of Byrne grants attributable to the arrest, prosecution, and incarceration of illegal aliens. 4.5 percent of \$376 million is approximately \$16.9 million.



9. Criminal Gangs

In its 2009 National Gang Threat Assessment, the FBI concluded that criminal street gangs, whose members are overwhelmingly illegal aliens, are responsible for the vast majority of violent crimes in the United States, as well as the distribution and trafficking of most illegal drugs.⁴⁷ In the intervening years, the presence of illegal alien gangs, especially from Central America, has only increased. Established gangs like MS-13, its rival the 18th Street Gang, the Latin Kings, and growing numbers of new Dominican, Middle Eastern, and Somali gangs are responsible for a broad range of both local and transnational crimes, including: theft, extortion, murder, drug trafficking, human/sex trafficking and gun running.

Because it is impossible to truly quantify the cost of gangs to American taxpayers, FAIR does not include an estimate of those expenditures. Nevertheless, it is important to remember that crimes committed by transnational gangs represent a significant portion of the costs imposed on U.S. taxpayers by lax immigration enforcement and irresponsible immigration policies.

Total Federal Justice Enforcement Expenditures

Federal Incarceration	\$1,240,000,000
Enforcement and Removals	\$3,218,000,000
Customs and Border Protection	\$5,968,729,360
Other ICE Operations	\$1,126,840,000
State Criminal Alien Assistance Program (SCAAP)	\$210,000,000
Executive Office for Immigration Review (EOIR)	\$168,120,000
Alien Minors	\$1,200,000,000
Byrne grants	\$16,920,000
<hr/>	
Total	\$13,148,609,360



WELFARE PROGRAMS

This section details the profound impact that illegal immigration exerts on programs intended to provide funding or services exclusively for low-income Americans. Most — but not all — welfare programs are unavailable to illegal aliens. However, all welfare programs available to U.S. citizens are available to the children of illegal aliens born on U.S. soil — because they are, as a matter of law, U.S. citizens. We include this information because the costs of providing benefits to this cohort of children are directly attributable to their parents' illegal presence in the United States.

1. USDA Food and Nutrition Service

\$1,003,000,000

The U.S. Department of Agriculture's (USDA) Food and Nutrition Service (FNS) operates the National School Lunch Program (NSLP), the School Breakfast Program (SBP), Special Milk Program (SMP) and other food programs that provide subsidized meals to school children. These programs operate in over 100,000 public and non-profit private schools and residential child care institutions. They furnish low-cost, or free, breakfasts, lunches, and snacks to millions of children each school day. However, there is no effort to identify whether the students using these programs are lawfully present in the United States.

There are approximately 30 million children receiving meals pursuant to these programs. According to research conducted by the Center for Immigration (CIS) studies, approximately 48 percent of illegal alien households receive some form of benefit under the school lunch program.⁴⁸ FAIR estimates that there are roughly 3.6 million students (per our latest education report⁴⁹) who are the children of illegal aliens (whether those children are U.S. born, lawfully present, or illegally here themselves).

48 percent of 3.6 million is just over 1.7 million children. The funding for school food programs — including breakfasts, lunch, snacks and milk was valued at nearly \$17 billion in 2015.⁵⁰ To estimate the impact of illegal immigration on school nutrition programs, we take our estimate of the number of illegal alien children and compare it to the total number of participants in school nutrition programs — indicating that roughly 6 percent of the children receiving meals are part of an illegal alien household. Therefore, we conclude that, each year, approximately \$1 billion of the federal funds expended on USDA FNS programs goes to the children of illegal aliens.

2. Supplemental Nutrition Assistance Program \$1,963,416,000

Colloquially referred to as “Food Stamps,” the Supplemental Nutrition Assistance Program (SNAP) is also administered by USDA-FNS. Illegal aliens are ineligible for SNAP but their U.S.-born children are eligible. (In certain limited circumstances, elderly and disabled citizens residing with illegal alien relatives may qualify for SNAP benefits but they account for only a very small percentage of SNAP use by illegal alien households.)

The eligibility requirements for SNAP are based on household income. However, income earned by illegal alien parents is not used to calculate whether their U.S. citizen children qualify for the program. Accordingly, virtually all citizen children of illegal aliens qualify for SNAP.

Research conducted by the Center for Immigration Studies (CIS) found that approximately 31 percent of illegal alien households with children use SNAP.⁵¹ The estimated total number of American households headed by an illegal alien is approximately 4 million, which would indicate that around 1.24 million illegal alien households draw benefits under SNAP.

FAIR estimates that there are approximately 4.2 million U.S.-born children of illegal aliens currently residing in the United States. As such, the average U.S. citizen child-per-illegal alien household would appear to be 1.05.

Therefore, approximately 1.3 million children of illegal aliens are likely to draw SNAP benefits. Data from the U.S. Department of Agriculture indicates that the average monthly benefit per participant in 2016 was \$125.67, or \$1,508 per year. Accordingly, the total estimated cost of the program to the American taxpayer is just under \$2 billion.

3. Women Infants and Children \$1,097,820,360

The Special Supplemental Nutrition Program for Women, Infants, and Children, commonly known as “WIC,” provides Federal grants to States for supplemental foods, health care referrals, and nutrition education for low-income, pregnant, breastfeeding, and non-breastfeeding postpartum women, and to infants and children up to age five who are found to be at nutritional risk.

The WIC program is funded, primarily, through two separate federal grants; a food grant, and the Nutrition Services and Administration grant. In 2016, the food grant was approximately \$4.6 billion. The Nutrition Services grant was approximately \$2.0 billion. The total grant allocation was \$6,588,937,961.⁵²

Eligibility for WIC is established by income. Currently, those earning 185 percent of the federal poverty level, or lower, are eligible to apply for this benefit. According to the U.S. Department of Agriculture, WIC served 53 percent of all infants born in the United States in 2013. WIC is available to anyone who is in the United States and falls within a WIC eligible category (*i.e.*, pregnant, postpartum, breastfeeding, infants under one year of age, and children under five years of age), is a full-time resident of the state where he/she is applying for WIC, meets the income requirements, and is at risk for malnutrition. As a federally funded, state administered program, each state is entitled to determine whether it will allow illegal aliens to draw WIC benefits. All fifty states have extended eligibility to illegal aliens.

A study by the Center for Immigration (CIS) studies found that approximately 35.1 percent of illegal alien households with children use the WIC program.⁵³ Using a baseline of 4.0 million illegal alien households, this would indicate that approximately 1.4 million illegal alien households draw benefits under the WIC

program. Per the “WIC Participant and Program Characteristics 2014” published by HHS, approximately 9.3 million individuals received WIC benefits in 2014 (the last year for which statistics are available).

⁵⁴In 2006, the Urban Institute estimated that approximately 11.7 percent of all WIC participants were children who come from a home where one or both parents are illegal aliens.⁵⁵ That represented a 50 percent increase over the 1997 rate of 6.8% or an increase of roughly 5 percent per annum. Presuming that the rate of increase held steady over the last decade, roughly 23 percent of all WIC participants (or approximately 2,139,000 individuals) are currently children who come from a home where at least one parent is an illegal alien.

Based on preliminary FY2016 data, the average annual benefit per participant is approximately \$513.24.⁵⁶ This would mean that the cost to taxpayers for providing WIC to illegal aliens is approximately \$1 billion.

4. Temporary Assistance for Needy Families \$1,785,000,000

The Temporary Assistance for Needy Families (TANF) program is the current successor to the former Aid to Families with Dependent Children program. TANF was created to help needy families achieve self-sufficiency by providing temporary cash assistance to supplement their earned income. In order to qualify, applicants must be either pregnant or responsible for a child under 19 years of age, meet income requirements, and be underemployed, about to become unemployed, or about to become unemployed. Recipients must be working or actively seeking employment; and, generally speaking, adults with dependent children receiving TANF must continue to meet financial and technical eligibility requirements.

Like SNAP, TANF is a welfare program that is not available to illegal aliens. However, illegal alien families that have U.S.-born children may still obtain significant financial assistance via this program. Certain TANF benefits are available to the U.S. citizen children of illegal aliens who are being cared for by grandparents, foster parents, aunts, and uncles. These are referred to as “child-only” applications.

Despite TANF eligibility provisions requiring that applicants be working, seeking work, or training for employment, neither the income earned by parents, nor caregiver resources, are considered when a child-only TANF case is processed. Therefore, virtually all U.S. citizen children of illegal aliens may be eligible for TANF, under the right circumstances, and the costs for providing TANF to the U.S. citizen children of illegal aliens is borne entirely by the U.S. taxpayer.

There were 2,681,139 child recipients of TANF benefits in 2014 according to the Department of Health and Human Services' Office of Family Assistance.^{57[i]} Since then, the number of child-only cases nationally has grown slightly.

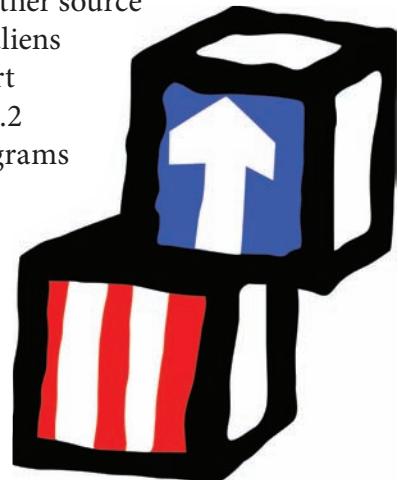
In 2013, according to the Congressional Budget Office, federal spending on TANF amounted to about \$17 billion.^{58[ii]} Data from a General Accountability Office (GAO) report in 2010 indicated that the child-only cases resulting from a parent being “ineligible because of immigration status,” accounted for approximately 10.5 percent of the total TANF cases reported by states furnishing caseload data. Using this percentage, the total cost for providing TANF benefits to the U.S. citizen children of illegal aliens comes out to approximately \$1.785 billion.

Given the recent influx of UAMs under Obama administration, this may be a low estimate, but there is currently only limited data on the use of federal benefit programs by unaccompanied alien children admitted to the U.S. since 2008.

5. Child Care and Development Fund

The federal Child Care and Development Fund (CCDF) programs are a further source of welfare benefits that are available for some U.S.-born children of illegal aliens and some illegal alien children through the Head Start and Early Head Start programs. The CCDF program is funded at the federal level, with nearly \$5.2 billion in fiscal year 2015, and matched in part by state funding. These programs are not subject to verification of immigration status.

There is no reliable way of identifying whether or not CCDF beneficiaries are illegal aliens. However, if the percentage is similar to the recipients of TANF — which isn’t an unreasonable estimation — this price tag is likely in the hundreds of billions. Since an accurate estimation is unavailable, due to the lack of information on demographics and immigration status, FAIR does not attempt to include this cost in the overall illegal immigration burden borne by U.S. taxpayers.



6. Supplemental Security Income

The Supplemental Security Income (SSI) program applies to some U.S.-born children of illegal aliens if they have a “medically determinable physical or mental impairment, (including an emotional or learning problem) that results in marked and severe functional limitations; and can be expected ... to last for a continuous period of not less than 12 months.”

According to the existing research on this issue, it appears that only a small number of SSI beneficiaries are illegal aliens. For that reason, FAIR does not calculate an estimate in this study, even though there is some cost incurred. Rates of illegal alien SSI fraud are not currently known.

7. Public Housing

Where a household is eligible for public housing benefits, but where one or more members are illegal aliens, the GAO states that, “A prorated housing benefit is calculated by reducing the benefit due to the family by the proportion of nonqualified aliens in the household.”⁵⁹ However, housing benefit fraud is common, and illegal aliens often live covertly with citizen and lawfully present relatives who are receiving housing benefits.

Currently there is no relevant data on the use of housing benefits by families with illegal alien members. Similarly, there is a lack of data on housing benefit fraud by illegal aliens. As such, FAIR does not include an estimate of the taxpayer burden created by housing benefits for illegal aliens.

Total Federal Welfare Programs

Meals in Schools	\$1,003,000,000
Supplemental Nutrition Assistance Program	\$1,963,416,000
Women Infants and Children	\$1,097,820,360
Temporary Assistance for Needy Families	\$1,785,000,000
<hr/>	
Total	\$5,849,236,360

TOTAL FEDERAL EXPENDITURES

General Federal Expenditures

\$8,046,000,000

Aside from the specific federal expenditures enumerated above that are directly increased by the illegal alien population, there are other general government expenditures that vary depending on the size of the population receiving those services. Some examples of general expenditures are infrastructure maintenance (i.e., roads and bridges), emergency response, regulation of commerce, workplace safety, etc.

Research studies by the Heritage Foundation estimate the federal cost for providing general government services at approximately \$2,000 per household headed by an illegal alien, annually, based on 4.0 million households.⁶⁰ This total comes out to approximately \$8,046,000,000.

Typically, general government services are financed by tax collection. FAIR estimates that the illegal alien population and the U.S.-born children of illegal aliens constitute a 5.6 percent share of the overall U.S. population.⁶¹ However, as we shall demonstrate, the taxes collected from illegal aliens are insufficient to cover the \$8 billion expenditure required to provide them with general governmental services.

Overall Federal Fiscal Costs Before Revenue

The approximately \$46 billion in federal expenditures attributable to illegal aliens is staggering. Assuming an illegal alien population of approximately 12.5 million illegal aliens and 4.2 million U.S.-born children of illegal aliens, that amounts to roughly \$2,746 per illegal alien, per year. For the sake of comparison, the average American college student receives only \$4,800 in federal student loans each year.⁶²

FAIR maintains that every concerned American citizen should be asking our government why, in a time of increasing costs and shrinking resources, is it spending such large amounts of money on individuals who have no right, nor authorization, to be in the United States? This is an especially important question in view of the fact that the illegal alien beneficiaries of American taxpayer largess offset very little of the enormous costs of their presence by the payment of taxes. Meanwhile, average Americans pay approximately 30% of their income in taxes.⁶³

Total Overall Federal Expenditures

Educational Expenditures:	\$1,691,034,040
Medical Expenditures	\$17,135,594,572
Law Enforcement	\$13,148,609,360
Welfare Programs	\$5,849,236,360
General Federal Expenditures	\$8,046,000,000
Total Federal Expenditures	\$45,870,474,332



Federal Tax Payments and Credits

Taxes collected from illegal aliens offset fiscal outlays and, therefore must be included in any examination of the cost of illegal immigration. However, illegal alien apologists frequently cite the allegedly large tax payments made by illegal aliens as a justification for their unlawful presence, and as a basis for offering them permanent legal status through a new amnesty, similar to the one enacted in 1986. That argument is nothing more than a red herring. In fact, in November 2016, The Heritage Foundation estimated that an amnesty would require an immediate tax increase of \$1.29 trillion to finance the infrastructure, school, welfare, and other public costs associated with illegal aliens.⁶⁴

FAIR believes that most studies grossly overestimate both the taxes actually collected from illegal aliens and, more importantly, the amount of taxes actually *paid* by illegal aliens (*i.e.*, the amount of money collected from illegal aliens and actually kept by the federal government). This belief is based on a number of factors: Since the 1990's, the United States has focused on apprehending and removing criminal aliens. The majority of illegal aliens seeking employment in the United States have lived in an environment where they have little fear of deportation, even if discovered. This has created an environment where most illegal aliens are both able and willing to file tax returns. Because the vast majority of illegal aliens hold low-paying jobs, those who are subject to wage deductions actually wind up receiving a complete refund of all taxes paid, plus net payments made on the basis of tax credits.

As a result, illegal aliens actually *profit* from filing a tax return and, therefore, have a strong interest in doing so. The Tax Policy Center, an Urban Institute/Brookings Institution joint project, notes that, "Most low-income households do not pay federal income taxes, typically because their incomes are lower than the combination of their allowed standard deduction and their personal and dependent exemptions, or because *they receive substantial rebates via refundable tax credits.*"⁶⁵ (Emphasis added.)

According to a study conducted by The Heritage Foundation, in 2013 households with college-educated heads typically received roughly \$24,839 in government benefits (mostly "public goods" such as public education, police and fire protection, etc.) but they pay around \$54,089 in taxes each year.⁶⁶ By way of contrast, households headed by individuals with no high school diploma typically received roughly \$46,582 in government benefits while paying only \$11,469 in taxes.⁶⁷ Based on those figures, the average college-

educated household generated a fiscal surplus of \$29,250, while the average low-education household caused a \$35,113 fiscal deficit. Due to wage stagnation in low-skilled jobs and the continuing disappearance of reasonably paid, low-skill, industrial and manufacturing jobs, that gap is likely to have increased — with college-educated households paying *more* taxes and low-education households paying *even fewer*.

Organizations such as The Heritage Foundation, Pew Research and Center for Immigration Studies estimate that there are approximately four million households headed by an illegal alien head.⁶⁸ According to Pew Research, these illegal alien households are typically headed by someone without a high school diploma, earn approximately \$36,000/year and are classified as “low-income.”⁶⁹ That means that the overwhelming majority of illegal aliens in the United States pay no taxes and collect what amounts to a stipend funded by the American taxpayer.

These studies are backed up by government data. According to the latest information available from the Congressional Budget Office (CBO) (for FY 2013 but furnished by CBO in June 2016):

- The lowest-income households (the bottom 20%) had an average income of about \$25,000 and paid an average federal income tax rate of -7.2 percent.
- The second-lowest 20 percent had income of about \$47,000 and paid a federal income tax rate of -1.2 percent.⁷⁰

The average illegal alien household makes approximately \$36,000/year. Accordingly, the average working illegal alien has zero tax liability. Instead, he/she receives a reimbursement of all taxes paid, in addition to various tax credits that lead to the government *paying the alien*.

Therefore, any logical analysis of the economic impact of illegal immigration must attempt to determine how many illegal aliens actually incur a positive tax liability (*i.e.*, pay taxes) — as opposed to simply filing a tax return in order to receive a net payment from the U.S. taxpayer.

INCOME TAX

1. Income Tax Paid	\$3,299,957,700
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To determine how many illegal aliens earn an income significant enough to require that they pay more in income taxes than they receive in benefits, several factors must be considered. First: many illegal aliens who work under the table, and are paid in cash, avoid paying taxes, regardless of what their income level happens to be. Second: there is a relatively small population of visa overstayers and illegal entrants who are likely to possess the specialized skills necessary to earn an income significant enough to result in a net tax contribution greater than the amount they receive in benefits. Third: those illegal aliens who are neither “white collar” nor “highly-skilled” business visa overstayers are very unlikely to be paying more in taxes than they receive in benefits (see our references to the Heritage Foundation’s studies on this issue in the preceding section).

However, a very small portion of the illegal alien population will practice a highly-skilled trade, open a business, obtain white-collar employment, etc. This is possible due to flaws in the INA which remove any responsibility for verifying employment eligibility when individuals or companies engage independent contractors. Operating as independent contractors, many illegal aliens with an appropriate background are able to offer their services without ever having anyone check whether

they are authorized to work in the United States. Still others, particularly those qualified for white-collar employment, will fraudulently establish their eligibility to accept employment in the U.S. All of these individuals are still unlawfully present in the United States and are still illegally earning income. However, they are much more likely to pay taxes.

In order to create an employment profile for illegal aliens who make a net contribution of income taxes, we must examine their earnings and offset that against taxes paid. In order to do this, we assume that a white collar or highly-skilled illegal alien will earn an income similar to that generated by legal non-citizen workers with at least a bachelor's degree. In 2007, the median income of a non-citizen family where the head-of-household held a bachelors degree or higher, was \$70,781⁷¹, when adjusted for inflation, that comes out to current earnings of approximately \$82,140. An annual income in the neighborhood of \$82,000 places the earner squarely within the 25 percent federal tax bracket if filing as a head-of-household. Assuming that a person earning this income files for the standard itemized deductions and two personal exemptions, their taxable income would total approximately \$64,690. This means the filer would owe the federal government approximately \$10,425 in federal income taxes, or \$9,782 after receiving one standard child tax credit.

According to a Government Accountability Office (GAO) study, in 2013 CBP reported a total of approximately 1.2 million “unmatched arrival records.”⁷² These are CBP logs of individuals admitted to the United States for which there is no corresponding departure log. The total number of unmatched arrival records provides a rough estimate of the number of visa overstayers currently present in the United States.

The GAO study also detailed unmatched arrival records by type of visa. Based on that information we can extrapolate the approximate number of overstayers who are likely to possess the skill set necessary to generate a household income sufficient enough to incur a positive tax liability.

Overall, based on the GAO report, we estimate that 12 percent of 1.2 million the visa overstayers fall within visa categories that indicate they would be likely to find white collar or highly-skilled positions in the United States. This includes visas categorized as B-1 business visitors, H-2B temporary workers, visa-waiver visitors for business, and the 4 percent classified as “others.”

In addition, we also include three percent of the garden-variety illegal alien population and exclude the population currently employed in the “underground” economy. Most, if not all, of these individuals will be illegal entrants — as opposed to lawful entrants who overstayed their visas — who possess the job and business skills necessary to generate significant income in the United States. As part of their efforts to avoid detection, these individuals are likely to file income tax returns and pay taxes. These individuals stand in direct distinction to those illegal aliens who operate in what amounts to a black market for labor, who tend to be paid in cash and whose employers deduct no withholding from their wages.

Taken together, these two groups amount to upwards of 337,350 illegal aliens who are presumed to actually pay income taxes, most likely as a head of household. This is approximately 15 percent of the 6,445,000 illegal aliens who are currently believed to be working in the above-ground economy. The number of illegal aliens working non-black market jobs was calculated by taking the overall number of illegal aliens and subtracting the total number of illegal children, disabled illegal workers (based on the prevailing rate⁷³), those illegals employed in the underground economy, and the suspected pool of unemployed illegal aliens (based on the overall unemployment rate of foreign born workers⁷⁴). This provided a total estimate of employed illegal aliens.

Therefore, based on 337,350 illegal aliens paying approximately \$9,782 in income taxes, the total annual revenue collected from income taxes paid by illegal aliens amounts to approximately \$3,299,957,700.

2. Additional Child Tax Credit \$4,200,000,000

Although it seems counterintuitive, large numbers of illegal aliens file tax returns. Many wish to establish a record of having tried to comply with internal revenue code, in case a new amnesty is enacted (full payment of taxes owed was a requirement under the 1986 amnesty). It is more likely, however that illegal aliens are attempting to take advantage of the Additional Child Tax Credit (ACTC), which is a lump sum paid by the U.S. Treasury to low income workers with children. That payment is made to qualifying low income filers even if they do not have an SSN and even if they have no tax liability. As the IRS explains on its website, “It [the ACTC] is a refundable credit, which means taxpayers may receive refunds even when they do not owe any tax.”⁷⁵ However, to receive the funds, a tax return must be filed.

Most illegal aliens who are not using a stolen or fraudulent SSN file their tax return using an Individual Tax Identification Number (ITIN). An ITIN is a tax processing number issued by the Internal Revenue Service (IRS). IRS issues ITINs to any foreign nationals — regardless of immigration status — who have federal tax reporting or filing requirements and do not qualify for SSNs.

Per the Treasury Inspector General for Tax Administration (TIGTA), the U.S. Department of Treasury paid \$4.2 billion to 2.18 million illegal alien claimants using Individual Taxpayer Identification Numbers (ITINs) in 2010.⁷⁶ The TIGTC’s report noted a very strong correlation between tax returns filed using an ITIN and the claim for the ACTC, i.e., 93 percent of all such cases. In addition, the report noted allegations that some filers for the credit were identifying children who did not have SSNs because they lived abroad. However, it still offers strong evidence that as many or more than 90 percent of ITIN filers for tax credits are illegal aliens.

As the number of illegal alien support groups proliferated, and more illegal aliens became willing to apply for such benefits under the Obama administration, it is highly likely that the number of illegal alien claims to the ACTC increased. There is also strong evidence of ITIN abuse by illegal alien households, according to independent news investigations and IRS whistleblowers.⁷⁷ However, apart from new information becoming available, it is necessary to continue using the figure of \$4.2 billion, with the understanding that this amount could now be considerably higher.

3. Earned Income Tax Credit \$2,543,200,000

The Earned Income Tax Credit (EITC) is refundable tax credit available to low- and moderate-income individuals who are employed. The amount paid depends on a recipient’s income, marital status, and number of children. The credit increases with each additional dollar earned, until a maximum credit amount is reached. In tax year 2015, these limits ranged from \$503 to \$6,242.⁷⁸ The average EITC benefit in 2013 was \$2,362 according to the GAO.⁷⁹

According to IRS Publication 596 (2015) a worker with \$34,000 in earnings and two dependents would have zero tax liability and qualify for an EITC of \$2,890. So instead of paying a tax on income, that worker would receive a net profit, courtesy of the American taxpayer. Based on an

annual household income of approximately \$36,000 and three dependents, most illegal alien households would qualify for a credit in the \$2,890 range. If they were eligible for the program, that is.

Theoretically, illegal aliens are barred from participating in the EITC program. However, there is no provision in the relevant statutes specifically barring individuals who are unlawfully present from collecting an EITC. Rather, anyone filing for an EITC is required to have a valid SSN. This requirement blocks illegal aliens, who cannot lawfully obtain a SSN, from collecting an EITC. In theory, the program is also closed to ITIN holders.

However, these barriers do not appear to have prevented illegal aliens from accessing the program. The use of fraudulent SSNs is common among illegal aliens and the IRS has a history of erroneously paying EITCs to ITIN holders.⁸⁰ A 2016 report by the TIGTA indicated that IRS “erroneously” paid out \$15.6 billion in EITCs during the previous tax year.⁸¹ That is just shy of \$16 billion taken out of the pockets of American taxpayers and transferred to individuals who were wholly ineligible for the credit.

Another major factor that could influence EITC costs attributable to illegal aliens is the DACA program. Beneficiaries of President Obama's unilateral executive amnesty were made eligible for a SSN, meaning they will be eligible to file for EITCs. In addition, the IRS has ruled that DACA beneficiaries will be able to retroactively file for EITCs under rules that allow taxpayers to amend their returns from the **prior three years**, once they receive a social security number.⁸²

As of the second quarter of FY2017, USCIS had approved a total of 886,814 initial DACA applications.⁸³ DACA applicants may be as old as age 36. In FY2013, a Brookings Institution study found that 64 percent of DACA applicants were past high-school age.⁸⁴ That would mean that roughly 500,000 DACA recipients would currently be 18 or older. Presuming that roughly half of those individuals chose to work, rather than attend college, or start a family as a stay-at-home parent, that would mean DACA added an additional 250,000 individuals to the workforce. And as SSN-holders, they will be eligible for an EITC.

The above-referenced TIGTA report does not specify how much of the \$15.6 billion in erroneous payouts were made to illegal aliens. However, it is likely that the majority of the mistaken payouts made to filers using fraudulent SSNs and ITINs are attributable to illegal aliens. If we add together 90 percent of 700,000 claims based on fraudulent SSN usage (i.e., 630,000) and include the 250,000 DACA beneficiaries presumed to have entered the workforce (who, under current immigration law remain illegal aliens), we obtain a pool of approximately 880,000 EITC claims that appear to have been made by illegal aliens. At the aforementioned rate of \$2,890 per claim, the total amount of EITCs paid to illegal aliens would total \$2.5 billion. Again, because the number of DACA recipients is likely to rise, at least until the program is canceled, this number is almost certainly a significant underestimate.

4. Net Tax Payment and Credit Receipt

\$3,541,600,000

As a result of our estimates of tax payments of about \$2.5 billion and the receipt of tax credits of \$4.2 billion (ACTC) and \$3.5 billion (EITC), the result is a net deficit to the Treasury of about \$3.5 billion annually.



OTHER TAXES

1. Social Security and Medicare Taxes \$18,490,000,000

Illegal alien workers in the formal economy likely have Social Security and Medicare taxes withheld, with a matching amount paid by the employer. The standard amount for both worker and employer is 6.2 percent each for Social Security and 2.9 percent for Medicare.

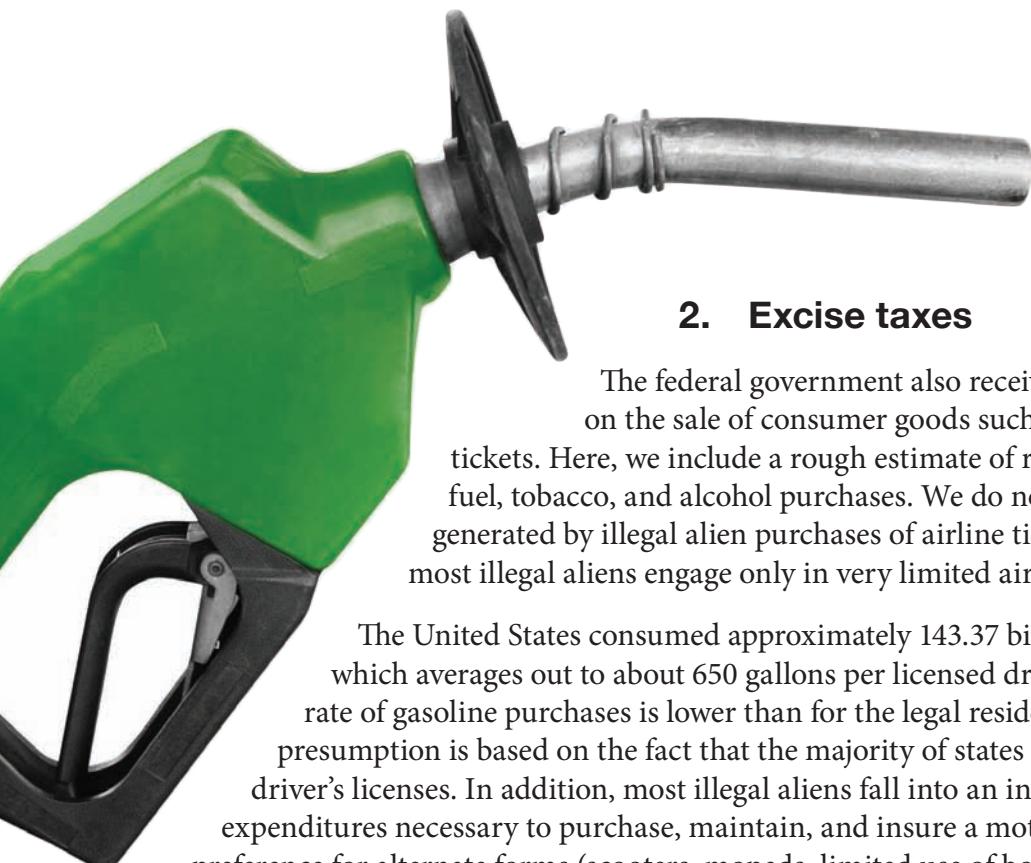
A 2010 Social Security Administration (SSA) report estimated that illegal aliens pay a total of \$13 billion into the trust fund annually. The report also stated that retirees, even though they are technically excluded from retirement benefits, managed to receive approximately \$1 billion payouts every year. This makes the total net payment into the fund by illegal aliens approximately \$12 billion annually.

Since the total number of illegal aliens within the United States has increased only slightly since 2010, the basis for this payout total is likely still relatively accurate. However, as noted previously in this report, the average estimated income earned by illegal aliens has increased from \$34,000 to \$36,000 — approximately 5 percent. Therefore, we add an additional \$600 million to the payments made into the Social Security trust fund, bringing the total to approximately \$12.6 billion.

Because nearly all who pay into the Social Security Trust Fund will also pay into Medicare, and since the rate is similarly fixed, we can use a proportional calculation of Social Security payments to determine how much illegal aliens pay into Medicare. The Medicare rate is 2.9 percent for both employees and employers. That's 47 percent of the Social Security rate. Therefore, the total amount paid into Medicare should be 47 percent of the Social Security rate. This comes out to approximately \$5.9 billion.

This estimate of Medicare contributions by illegal aliens is likely to be slightly high. Federal law prohibits the distribution of Medicare benefits to beneficiaries who are unlawfully present in the United States on the date of service. Nevertheless, 2013 and 2014 audits by the inspector general for the Centers for Medicare and Medicaid Services (CMMS) identified approximately \$9.3 million in erroneous Medicare payments.⁸⁵ The CMMS inspector general announced formal plans to recoup these funds but there is no clear data on how much of the erroneous payout was ever recovered. Furthermore the CMMS audit did not address the issue of Medicare fraud by illegal aliens, which is a growing concern for the agency, and may significantly offset the Medicare contributions made by illegal aliens.

Adding these figures together, we estimate that illegal aliens make approximately \$18.5 billion in Social Security and Medicare tax contributions annually.



2. Excise taxes

\$401,140,000

The federal government also receives revenue in the form of excise taxes on the sale of consumer goods such as fuel, tobacco, alcohol and airline tickets. Here, we include a rough estimate of receipts by the federal government from fuel, tobacco, and alcohol purchases. We do not include an estimate of excise revenue generated by illegal alien purchases of airline tickets, based on the presumption that most illegal aliens engage only in very limited airline travel.

The United States consumed approximately 143.37 billion gallons of gasoline in 2016, which averages out to about 650 gallons per licensed driver.⁸⁶ We assume that the illegal alien rate of gasoline purchases is lower than for the legal resident and U.S. citizen population. This presumption is based on the fact that the majority of states do not permit illegal aliens to obtain driver's licenses. In addition, most illegal aliens fall into an income bracket which prohibits the expenditures necessary to purchase, maintain, and insure a motor vehicle. Based on illegal aliens' preference for alternate forms (scooters, mopeds, limited use of borrowed vehicles, etc.) of transportation we estimate illegal alien gasoline consumption at somewhere around 325 gallons of gasoline each year. The current federal fuel tax of 18.4 cents per gallon times 325 gallons per year multiplied by five million aliens yields annual revenue of \$299 million.

We presume that illegal aliens, in general, will prefer beer or wine because it is less expensive than liquor and can, generally be purchased in grocery and convenience stores. The excise tax on beer is \$18 per barrel (31 gallons) for beer.⁸⁷

We presume an average consumption of approximately one fifth of a barrel of wine or beer by each of three million illegal aliens, each year, per year. (This presumption is predicated on multiple studies that indicate alcohol consumption varies widely among various immigrant groups but that overall immigrants tend to drink less than native-born U.S. citizens⁸⁸.) This amounts to approximately \$1.4 million in excise revenue generated by illegal alien alcohol purchases.⁸⁹

Studies of smokers have found an incidence of smokers among the foreign-born population to be about one-third lower than for the native-born population.⁹⁰ If that share of the adult illegal alien population consumes on average about 20 cigarette packs per year, with a tax of \$1.01 per pack, that produces federal revenue of about \$101 million.

The total federal excise tax revenue from the illegal alien population for fuel, alcohol, and cigarettes, therefore, totals about \$286 million annually.

Net Federal Impact of Illegal Aliens

Federal Receipts from Illegal Aliens

Income Taxes	\$3,299,957,700
Social Security and Medicare Taxes	\$18,490,000,000
Excise taxes	\$401,140,000
<hr/>	
Total Receipts	\$22,191,097,700

Credits Given to Illegal Aliens

ACTC	\$4,200,000,000
EITC	\$2,543,200,000
<hr/>	
Total Credits	\$6,743,200,000

Net Federal Receipts from Illegal Aliens

Total Receipts	\$22,191,097,700
Total Credits	\$6,743,200,000
<hr/>	
Net Federal Receipts from Illegal Aliens	\$ 15,447,897,700

Net Federal Impact of Illegal Aliens

Total Federal Outlays	\$45,870,474,332
Net Federal Receipts	\$15,447,897,700
<hr/>	
Net Fiscal Impact	\$30,422,576,632

State by State Costs of Illegal Immigration (Excluding federal costs)

State	# of Illegal Aliens	# of Illegal Aliens & their Kids	Cost Per Alien to State Taxpayers	Cost Of Illegal Aliens To State Taxpayers	Cost of Illegal Aliens & their Kids to State Taxpayers
California	2,646,100	3,535,190	\$ 6,517	\$ 17,244,105,803	\$ 23,038,125,353
Texas	1,857,900	2,482,154	\$ 4,429	\$ 8,229,501,909	\$ 10,994,614,550
Florida	957,100	1,278,686	\$ 4,919	\$ 4,708,405,021	\$ 6,290,429,108
New York	872,650	1,165,860	\$ 6,424	\$ 5,605,644,728	\$ 7,489,141,357
New Jersey	563,000	752,168	\$ 5,939	\$ 3,343,442,047	\$ 4,466,838,574
Illinois	506,700	676,951	\$ 4,758	\$ 2,410,754,129	\$ 3,220,767,517
Georgia	422,250	564,126	\$ 4,410	\$ 1,862,065,496	\$ 2,487,719,503
North Carolina	394,100	526,518	\$ 4,630	\$ 1,824,824,186	\$ 2,437,965,113
Arizona	365,950	488,909	\$ 4,733	\$ 1,732,134,704	\$ 2,314,131,964
Virginia	337,800	451,301	\$ 4,983	\$ 1,683,307,209	\$ 2,248,898,431
Maryland	281,500	376,084	\$ 6,326	\$ 1,780,686,338	\$ 2,378,996,947
Washington	281,500	376,084	\$ 5,199	\$ 1,463,445,549	\$ 1,955,163,254
Nevada	236,460	315,911	\$ 4,978	\$ 1,177,156,427	\$ 1,572,680,987
Massachusetts	236,460	315,911	\$ 6,340	\$ 1,499,252,379	\$ 2,003,001,178
Colorado	225,200	300,867	\$ 5,385	\$ 1,212,656,960	\$ 1,620,109,699
Pennsylvania	202,680	270,780	\$ 5,003	\$ 1,013,956,732	\$ 1,354,646,193
Michigan	146,380	195,564	\$ 4,385	\$ 641,929,838	\$ 857,618,264
Oregon	146,380	195,564	\$ 6,238	\$ 913,046,575	\$ 1,219,830,224
Connecticut	135,120	180,520	\$ 6,326	\$ 854,729,442	\$ 1,141,918,535
Tennessee	135,120	180,520	\$ 4,395	\$ 593,874,756	\$ 793,416,673
Indiana	123,860	165,477	\$ 4,439	\$ 549,847,251	\$ 734,595,928
Minnesota	112,600	150,434	\$ 4,885	\$ 550,067,941	\$ 734,890,769
Utah	112,600	150,434	\$ 4,630	\$ 521,378,339	\$ 696,561,461
Oklahoma	106,970	142,912	\$ 4,366	\$ 467,006,026	\$ 623,920,051
Ohio	106,970	142,912	\$ 4,542	\$ 485,874,957	\$ 649,128,942
New Mexico	95,710	127,869	\$ 4,714	\$ 451,143,987	\$ 602,728,367
South Carolina	95,710	127,869	\$ 4,924	\$ 471,309,467	\$ 629,669,448
Wisconsin	90,080	120,347	\$ 4,723	\$ 425,488,862	\$ 568,453,120
Kansas	84,450	112,825	\$ 4,464	\$ 376,964,815	\$ 503,624,993
Arkansas	78,820	105,304	\$ 4,307	\$ 339,475,230	\$ 453,538,907
Louisiana	78,820	105,304	\$ 4,596	\$ 362,261,394	\$ 483,981,222
Alabama	73,190	97,782	\$ 4,439	\$ 324,909,739	\$ 434,079,412
Missouri	61,930	82,738	\$ 4,415	\$ 273,406,387	\$ 365,270,933
Kentucky	56,300	75,217	\$ 4,635	\$ 260,965,031	\$ 348,649,281
Hawaii	50,670	67,695	\$ 9,197	\$ 466,012,925	\$ 622,593,268
Idaho	50,670	67,695	\$ 4,449	\$ 225,434,063	\$ 301,179,908
Nebraska	50,670	67,695	\$ 4,601	\$ 233,130,600	\$ 311,462,482
Iowa	45,040	60,173	\$ 4,523	\$ 203,696,172	\$ 272,138,086
Rhode Island	33,780	45,130	\$ 6,037	\$ 203,916,861	\$ 272,432,927
Delaware	28,150	37,608	\$ 5,022	\$ 141,379,047	\$ 188,882,407
Washington DC	28,150	37,608	\$ 7,511	\$ 211,447,882	\$ 282,494,370
Mississippi	28,150	37,608	\$ 4,165	\$ 117,241,161	\$ 156,634,191
Alaska	11,260	15,043	\$ 6,443	\$ 72,551,589	\$ 96,928,923
New Hampshire	11,260	15,043	\$ 5,782	\$ 65,103,327	\$ 86,978,045
South Dakota	<6,000	<8,000	\$ 4,910	\$ 27,641,328	\$ 36,930,385
Wyoming	<6,000	<8,000	\$ 4,640	\$ 26,124,089	\$ 34,903,268
Maine	<6,000	<8,000	\$ 5,635	\$ 31,724,079	\$ 42,385,172
Montana	<6,000	<8,000	\$ 4,802	\$ 27,034,432	\$ 36,119,538
North Dakota	<6,000	<8,000	\$ 4,866	\$ 27,393,052	\$ 36,598,675
Vermont	<6,000	<8,000	\$ 5,914	\$ 33,296,490	\$ 44,486,003
West Virginia	<6,000	<8,000	\$ 4,670	\$ 26,289,606	\$ 35,124,408

Part II:

State and Local

Expenditures

and Receipts

Introduction

Even though the costs of illegal immigration borne by tax payers at the federal level are staggering, they only pale in comparison to the fiscal burden shouldered by taxpayers at the state level. Most government taxes and fees remitted to government by Americans are paid in forms other than income taxes submitted to the IRS on April 15th. There are city and state income taxes, fuel surcharges, sales and property taxes, etc.... States and localities also bear the main burden for costs associated with public education, city and county infrastructure, and local courts and jails.

As uninvited guests in our country, illegal aliens and their families use nearly all government services and amenities. However, as noted previously, illegal aliens typically earn far less than their lawful neighbors. Many pay no taxes at all. Others actually receive a net profit through government tax credit programs. Add to this the fact that most households with an illegal head send large portions of their income to relatives still in their country-of-origin, in the form of remittance payments. Because that money is not spent in the United States, none of it goes toward paying sales, restaurant, vehicle purchase and other excise taxes that fund government programs.

A further complication is the fact that, while barred from many federal benefits, state laws allow illegal aliens to access many state-funded social welfare programs. Because so little data is collected on the immigration status of individuals collecting benefits, it is difficult to determine the rate at which illegal aliens use welfare programs. However, based on the average income of illegal alien households, it appears they use these programs at a rate higher than lawfully present aliens or citizens.⁹¹

A Note about Methodology

As noted in the federal cost portion of this report, FAIR's state and local estimates also include the fiscal costs attributable to both aliens illegally present in the United States, as well as the American-born children of illegal aliens. As previously specified, they are included because their presence is a direct result of the illegal actions of their parents. The following fiscal cost estimates include an estimated population of about one and one-half million minors who are illegal aliens themselves, and a population of over four million U.S.- born minors who live in illegal alien households. Some children in this pool are younger than school age.

Estimations of the state and local costs associated with illegal aliens are considerably more difficult to pinpoint than the federal costs. State and local practices regarding illegal alien access to benefit programs are widely divergent and state populations of illegal aliens vary significantly. Therefore, we attempt to estimate aggregate costs when available, and make special notations of states that bear a disproportionate share of the load.

Also, considering each state has varying numbers of illegal aliens as residents, and thousands of cities and municipalities, costs must be broken into state averages before being accumulated into a nationwide state cost estimate. Whenever possible, we break down costs by the proportion of illegal aliens residing in each state. To do this, we use the state-by-state totals of illegal aliens compiled by credible research institutions⁹² and adjust the totals to include DACA recipients and other individuals who should be counted.



State and Local Expenditures

EDUCATION

1. Public School Expenditures \$43,396,433,856

Of the 1.58 million illegal alien minors and 4.2 million U.S.-born children who live in illegal alien households, approximately 3.6 million are enrolled in public schools. The vast majority of illegal alien children currently in the United States possess limited ability to speak, read, and write in English when they begin their education. Many require additional limited English proficiency (LEP) assistance during their academic careers. Due to the need for additional, specialized training in English language skills, it is considerably more expensive to educate any child whose first language is not English. Accordingly, in acknowledgment of the fact that nearly all illegal alien students require some degree of LEP assistance during their education, FAIR uses the average cost of educating an LEP student, \$12,128 per pupil, as the basis for our calculations.

This figure represents a national average. However, it may differ from the average cost estimates for educating an LEP student in a particular state. In some cases, the per student cost in a specific state skews well above the national average. For example, large numbers of illegal alien students live in New York and Illinois where the respective costs are \$25,189/ LEP pupil and \$15,268 LEP Pupil, respectively. However, costs in California (\$10,808/LEP Pupil) and Florida (\$9,920/LEP Pupil) are closer to the national average. Many of these differences are attributable to differing state laws regarding the services that must be provided to LEP students.

The United States spends approximately \$43.9 billion on educating illegal aliens and the children of illegal aliens. The vast majority of this bill is allocated to the states via an unfunded mandate passed down from the U.S. Supreme Court in its *Plyler v Doe* ruling.⁹³ In fact, according to FAIR's cost study on the public education of LEP students, a whopping 98.9 percent of these costs are borne by local governments: a total of just under \$43.4 billion.

The factors affecting the costs of educating illegal aliens are discussed in-depth in FAIR's report *The Elephant in the Classroom: Mass Immigration's Impact on Public Education*.⁹⁴

2. Post-Secondary Tuition Assistance **\$1,040,000,000**

Illegal aliens are precluded from receiving a taxpayer-subsidized education by a provision in the Illegal Immigration Reform and Immigrant Responsibility Act of 1996. However, largely in response to the efforts of illegal alien advocacy groups, eleven states had begun offering in-state tuition to illegal aliens, as of 2010. Three of those states offered scholarship assistance students who are unlawfully present.

In the intervening years, that number has increased significantly. According to the National Conference of State Legislators, there are now at least 18 states that allow in-state tuition rates for undocumented students.⁹⁵ This means that significantly more illegal aliens are eligible for grants, state-funded scholarships and subsidized loans, driving up higher education costs for states.

In some states, all illegal alien students are allowed to pay reduced in-state tuition rates. In others, attending college at in-state tuition rates is limited to students with approved DACA status. In still others, access to discounted in-state tuition is granted under a “don’t-ask-don’t-tell” policy, with university administration’s simply declining to solicit any information on a student’s immigration status. In states that do not offer discounted in-state tuition to illegal aliens, there is a strong likelihood that many unlawfully present pupils still obtain discounted rates, because few states verify enrollee immigration using the Systematic Alien Verification (SAVE) for Entitlements database.



Several states have also begun to offer scholarship assistance to illegal alien students. California, Colorado, Connecticut, Minnesota, New Mexico, Texas and Washington are among these. We exclude this further tuition assistance from our calculations because data is scarce, and it is hard to discern whether funds are coming from private or public universities.

According to a 2015 *International Business Times* report on college attendance by illegal aliens, “Enrollment numbers [of illegal aliens] have climbed in the past three years as immigrants received temporary deportation relief...”⁹⁶ The same article identified 225,000 illegal alien students enrolled in post-secondary studies. Fragmentary data on enrollment in states offering in-state tuition to illegal alien residents suggests that there may be 160,000 students in schools that offer this benefit. That tuition-subsidized enrollment amounts to about \$850 million annually. This increase from our earlier study is due to both the significant expansion of states offering this benefit to illegal aliens and an increase in enrollment likely fomented by the increase in scholarship financial assistance.

Enrollment data for illegal aliens in public post-secondary education is sparse — especially where there is a lack of specific legislation to permit such enrollment. To estimate the fiscal impact of illegal alien use of in-state tuition on taxpayers, FAIR proportionally compared available enrollment data with data on the acceptance of DACA recipients into state universities. For example, there are about 44,000 illegal alien students admitted into the state

university and community college systems in California. This includes DACA recipients under the state's AB-540 program,⁹⁷ illegal alien applicants and the children of illegal aliens.

This compares with just under 240,000 DACA-approved applications from the state. So the total accepted into a post-secondary educational institutions is approximately 18 percent of approved DACA applicants. In Texas, the enrollment of nearly 25,000 illegal alien enrolled in higher education also represents approximately 18 percent of DACA approved illegal aliens. In other states with the most populous number of DACA recipients, where data is available, the proportions also ranged just below 20 percent, on average.⁹⁸ Accordingly, DACA applicants applying for admission to institutions of higher learning provide a good baseline for calculating rough percentages of the overall illegal alien population likely to enroll in colleges and universities in a particular state.

This correlation between a willingness to apply for deferred action and to apply for acceptance into an institution of higher education enables us to form a rough estimate based on the available data.

The states that bear the greatest fiscal impact from their in-state tuition benefit to illegal aliens are California (\$486M), Texas (\$131M), New York (\$108M), Colorado (\$48M), Illinois (\$40M), Florida and Washington (\$23M) and New Jersey (\$21M). Those eight states account for about seven-eighths (85%) of the estimated in-state tuition fiscal impact of about \$1.04 billion.⁹⁹ All of these states have a large population of illegal aliens and few laws place to deter them from applying for enrollment at institutions of higher education.

Total State Educational Expenditures

Public School Expenditures	\$43,396,433,856
Post-secondary tuition assistance	\$1,040,000,000
Total Educational Expenditures	\$44,436,433,856



MEDICAL COSTS

The illegal alien population accesses taxpayer-supported medical assistance in several ways. One is the legal requirement that public hospitals provide emergency medical assistance regardless of the patient's ability to pay. This obligation was imposed by the Emergency Medical Treatment and Labor Act (EMTALA). Unfortunately, populations lacking healthcare insurance often rely on hospital emergency rooms as a source of free or low-cost healthcare. This abuse of EMTALA often leads to significant increases in hospital operating costs because of the higher expenses incurred when treating basic medical conditions in an emergency environments. EMTALA also covers labor costs for indigent mothers who give birth in emergency rooms. Many illegal aliens rely on emergency care facilities for child delivery. Adding further to the expenses imposed on health care providers by EMTALA, it covers delivery costs for mothers who deliberately cross the border, without authorization, specifically for the purpose of accessing U.S. hospitals. This is a major source of uncompensated operating costs for hospitals in border regions, particularly in Arizona, California, and Texas.

New York City provides a powerful illustration of the fiscal costs imposed on local taxpayers by furnishing free healthcare to illegal aliens:

"At an April press conference, Dr. Ram Ramu, [a New York City health official], said that caring for illegals consumes about one-third of his \$7.6 billion annual budget. Rounding down, that means that \$2.5 billion—of which the city is picking up an increasingly large chunk every year, as state and federal aid dries up—goes toward providing health care to illegal aliens in New York,"¹⁰⁰

Although federal funds cannot be used to provide non-emergency health care to illegal aliens, some states and local governments use their own funds to offer coverage to undocumented children. For example, the "Healthy Kids" program in San Francisco covers uninsured children under the age of 19, including illegal alien children. Similarly, the "All Kids" program in Illinois covers all children under the age of 19 who meet program income requirements, regardless of immigration status.¹⁰¹ These types of state-funded programs may not result in the direct expenditure of federal tax revenues to provide healthcare services to those unlawfully present in the U.S. However, they simply cause state governments to request more federal money to cover other expenses like criminal justice programs and highway maintenance.

The scope of services available through the Medicaid programs varies by state. For example, in New York, Medicaid for Emergency Care is used to provide chemotherapy and radiation to undocumented patients with cancer. In New York, California, and North Carolina, it can be used to provide outpatient dialysis for undocumented patients. These are medically important procedures, but they impose a heavy burden on taxpayers who are attempting to deal with the increasing costs of providing healthcare for themselves and their dependents.

1. Medicaid births \$730,010,218

States pay a matching share for all Medicaid births, as mentioned in the federal portion of this cost study. For most Medicaid expenses, this comes out to nearly 63 percent of the total cost. After removing costs covered by health insurance, for those illegal aliens who have it, the total cost comes out to \$1.97 billion, with \$1.24 billion covered by the federal government. This leaves the states with a burden of \$730,010,218.

2. Uncompensated Medical Expense \$6,930,000,000

As noted earlier, unpaid medical expenses incurred by uninsured illegal aliens are split between states and the federal government. The Kaiser Family Foundation estimated that, in 2013, states paid for \$19.8 billion in total uninsured medical costs.¹⁰²

Only about 40 percent of illegal aliens have health insurance. This means that about 10 million illegal aliens and their U.S.-born children are uninsured. And many of those who do have health insurance do not have comprehensive plans, leaving them uncovered for certain ailments. As of 2015, according to the Kaiser Family Foundation, there are about 28.5 million uninsured people in America.¹⁰³ This means that just over 35 percent of the total uninsured population is composed of illegal aliens. That indicates a total expenditure for uncompensated medical expenses incurred by those unlawfully present of approximately \$6.93 billion.

An Arizona medical doctor wrote in 2010, “It is significant that the 4 states with the highest number of uninsured patients are the southern Border States that also have the highest burden of illegal immigrants: California, Arizona, New Mexico and Texas.”¹⁰⁴

3. Improper Medicaid Payments \$2,031,025,000

As described in the federal expenditures section, there is significant evidence of fraudulent use of Medicaid enrollment by illegal aliens. If we assume that these costs are split between states and the federal government, the states will pay approximately \$2 billion.

4. Medicaid for U.S.-born Kids of Illegal Aliens \$2,486,710,800

63 percent of the Medicaid costs for U.S.-born children of illegal aliens is shouldered by the federal government. That amounts to approximately \$4.2 billion of the total \$6.72 billion cost, leaving the states with a cost of \$2.49 billion.

Total State Medical Expenditures

Medicaid births	\$730,010,218
Uncompensated Medical Expense	\$6,930,000,000
Improper Medicaid Payouts	\$2,031,025,000
Medicaid for Citizen Children of Illegal Alien	\$2,486,710,800
<hr/>	
Total Medical Expenditures	\$12,177,746,018



ADMINISTRATION OF JUSTICE

Immigration enforcement is a completely federal responsibility — at least, that is the argument of those who oppose state and local efforts to cooperate with the Department of Homeland Security. But the truth is that state and local governments face extensive criminal justice expenditures related to the presence of illegal aliens. These costs essentially fall into three categories:

Some of those fiscal costs relate to police operations in response to criminal activity by illegal aliens, especially in municipalities where gang activity and drug trafficking is rampant.

Other expenditures involve pre-trial detention, court hearings, and probation of illegal aliens who stand accused of criminal offenses. These costs are significantly higher than average because of the frequent need for bi-lingual court services programs in order to ensure that due process requirements are met.

The third area of expenditures relates to the costs for state and local incarceration of illegal alien criminals.

As previously mentioned, the federal government operates a program to help defray the state and local costs of incarceration of illegal aliens, SCAAP (see Part I). But that program only covers a minute share of the expenses.

The U.S. Bureau of Justice Statistics provides a useful estimate of the state and local expenditures.¹⁰⁵ We use this data and assign costs for each state proportionate to the size of the illegal and deportable alien population reported by the local authorities in the SCAAP reporting. This method slightly understates the expenditures because not all jurisdictions that imprison illegal aliens participate in the SCAAP compensation program. Our estimations are listed below as an aggregate for all 50 states:

Policing	\$4,727,322,309
Judicial	\$2,227,368,973
Corrections	\$3,622,579,699

SCAAP reimburses approximately \$189 million (5.2% of corrections costs), which means that the state and local expenditure amounts to about \$10.4 billion annually.

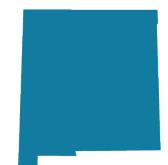
State Border Security Costs

\$490,780,000

In addition to costs by ICE, CBP, the National Guard, etc, border states also allocate money to their own law enforcement agencies to combat the public safety and national security threats associated with illegal migration. Some states even fund the deployment of National Guard Troops to support U.S. Customs and Border Protection. Listed below are the states that share a border with Mexico, along with the portion of their state budget that is dedicated to combating illegal immigration:



- Texas: \$412 million — The Texas Legislature meets every two years. In their 2017 session, they dedicated \$800 million to operations on the border over the next two years.¹⁰⁶ In addition, Governor Greg Abbott revealed that his office designates approximately \$1 million per month in discretionary spending dollars to activate additional National Guard troops on the border.¹⁰⁷ The federal government is ignoring reimbursement requests for Texas funds spent on border security. Therefore, the entirety of these costs are being paid for by state taxpayers.



- New Mexico: \$49,180,000 — New Mexico's Border Authority is a state agency that focuses on "creating new infrastructure, trade opportunities, job opportunities, job training capabilities and many other activities that contribute to development of a productive economy along the New Mexico border."¹⁰⁸ The agency maintains a close working relationship with the U.S. Department of Homeland Security and, based on budget analysis, appears that at least 10 percent of the New Mexico Border Authority's budget goes to border security and stemming the tide of illegal immigration.¹⁰⁹



- Arizona: \$29.6 million — In September of 2015, Governor Ducey established the Arizona Border Strike Force Bureau, a division of the Arizona State Troopers, as an additional security measure on the state's border with Mexico.¹¹⁰ In FY 2016, the Arizona legislature appropriated \$26.6 to fund the program.¹¹¹ Other border security related appropriations, to police and state homeland security agencies, total about \$3 million.¹¹²



- California: *negligible* — California's governor Jerry Brown not only refused to send National Guard troops to the border like Texas, he mocked other state's decision to do so.¹¹³ In general, California avoids spending state money on border security. This is one of the reasons the border is so porous in the state. Sadly, the Golden State is actually spending public funds to stop the federal government from securing the border, appropriating millions of taxpayer dollars to fight the Trump administration on immigration issues.¹¹⁴

The vast majority of state border security funding efforts come from Texas. For the past two legislative sessions, the state has reinforced it's dedication to combat illegal immigration and the drug trade epidemic until the federal government effectively addresses the issue. Arizona's \$26.6 million task force is also a relatively new endeavor with the same goal. All of these costs are directly attributable to the failure of the federal government to secure the border and remove incentives that encourage illegal immigration.

Total State Administration of Justice Expenditures

Policing	\$4,727,322,000
Judicial	\$2,227,368,973
Corrections	\$3,622,579,000
State Border	\$490,780,000
<hr/>	
Total	\$11,068,049,973
SCAAP funds from Federal Government	-\$189,000,000
<hr/>	
Net Justice Expenditures	\$10,879,049,981



WELFARE PROGRAMS

Illegal aliens are supposedly barred from receiving welfare benefits through targeted aid programs that are jointly administered by the states and the federal government. This bar was put in place by the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA).¹¹⁵ However, by its terms the PRWORA states that “aliens who are not qualified aliens” are ineligible for “federal public benefits” and for “state and local public benefits.” The act defines qualified aliens as people with certain legal documents, meaning that many people who are unlawfully present in the United States, but have been accorded work authorization, deferred action, parole, or quasi-legal status under programs like TPS actually do collect certain state and local benefits. In addition, there are some recipients of welfare who obtain it by fraud, and some programs and localities do not inquire about immigration status, thereby tacitly allowing participation. Accordingly, the state and local expenditures associated with illegal alien usage of these programs is higher than would typically be expected for programs that were intended to be closed to those unlawfully present in the U.S.

1. Child Care and Development Fund

\$657,320,607

The U.S. Department of Health and Human Services' Childcare and Development Fund is the primary source of state funds for child care subsidy programs.

Pursuant to the Child Care and Development Block Grant Act of 2014, the program matches state funds expended on programs to provide affordable child-care services to low-income families who work, train for work, attend school, or whose children receive government protective services.¹¹⁶ While this is a federal/state matching program, it is included in our state expenditures section because the states determine the total program outlay and disburse all program funds, even those allocated by the federal government.

Beginning in FY 2015, Congress authorized \$2.97 billion dollars in CCDBG funding, each year through 2020.¹¹⁷ However, those funds are not guaranteed and must be allocated by Congress each year. In FY2016, funds actually appropriated by Congress amounted to approximately \$2.761 billion, which was

slightly less than the previous year.¹¹⁸ Assistance is provided in the form of either a contracted child care slot or a voucher that may be used to access care by any provider that meets state requirements. Eligibility requirements for these programs vary widely among the states.

Illegal aliens are not eligible for the CCDF programs. However, under relevant federal rules and regulations, the recipient child is considered the primary beneficiary of CCDF childcare programs. Accordingly, benefits are awarded based on the immigration status of the child, not the parents.¹¹⁹ As a result many children whose parents are illegal aliens receive subsidized childcare under CCDF programs.

Since the child is considered the primary beneficiary of CCDF programs, HHS appears to collect little information on the immigration status of recipient children's parents. Therefore, we estimate state expenses for childcare for illegal aliens, paid out under CCDF programs using the data on TANF child-only cases. We do this because the demographics of children from illegal alien households who are eligible for CCDF are nearly identical to the population that will typically seek child-only TANF benefits. This method may result in a slight underestimation of children with at least one illegal alien parent who are collecting CCDF benefits. However, it provides the most accurate approximation.

Applying this proportion to CCDF expenditures, this works out to about \$657 million spent on children with at least one illegal alien parent.

2. Temporary Assistance to Needy Families \$321,200,000

TANF programs vary widely by state, which presents difficulties in estimating the amount of TANF funding attributable to the presence of illegal aliens and their citizen children who are benefiting from the program. A report to Congress by the GAO on TANF included partial data supplied by the states on their “ineligible immigrant parent (IIP)” caseloads.¹²⁰ Thirty states (including California and Texas) reported about 81,400 cases. Four states reported zero IIP cases.

The same states reported the monthly payments per child in those cases ranged from \$6,036 in Maine to \$1,044 in Nevada and Oklahoma. Because illegal aliens are not eligible for welfare benefits, and legally admitted immigrants are eligible for TANF after their first five years in the U.S., most of the IIP cases are likely to involve payments made for U.S.-born children of illegal aliens.

Overall state spending on TANF programs amounted to about \$14.7 billion in fiscal year 2015. The share paid out for IIP cases, which would represent the state program costs attributable to illegal immigration, is approximately \$321 million.

3. Meals in Schools \$1,950,000,000

The federal free and reduced price meal program for K-12 students has a state matching requirement. State expenditures are much lower than they are at the federal level. To receive federal funding for subsidized school lunch programs, states must contribute matching funds equal to 30 percent of the federal funds they received in 1980. Because the matching funds requirements are frozen at 1980 levels, state required contributions are often very small relative to the federal reimbursement level.

The 1980 total cost to the federal government was approximately \$3.2 billion.¹²¹ That means that states would be required to contribute at least \$960 million. As noted earlier, FAIR estimates that 5.9 percent of participants in this program are illegal aliens or the children of illegal aliens, meaning the total current state burden in this program would be a minimum of \$56.64 million. However, the USDA has indicated

in the past that federal funds and the required matching state funds fall about 9 percent short of the full cost of this program, leaving the rest to local school districts.¹²² This would mean that localities and states make up the federal shortfall with local funds. FAIR estimates that approximately \$2 billion of those shortfall expenditures is directly attributable to use of school nutrition programs by children from illegal alien households. So while the official matching funds are very small, the total state contribution is significant due to the gap between funding and actual costs.

Total State Welfare Expenditures

Child Care and Development Fund	\$657,320,000
Temporary Assistance to Needy Families	\$321,000,000
Meals in Schools	\$1,950,000,000
<hr/>	
Total Welfare Expenditure	\$2,928,322,607

TOTAL STATE EXPENDITURES

General Expenditures \$18,571,428,571

The combined total of state and local government general expenditures on illegal aliens is \$18,571,428,571 billion. The services referenced in this section are supported directly by the payment of city and state taxes and related fees. At the state level, examples of general expenditures would be the costs of general governance, fire departments, garbage collection, street cleaning and maintenance, etc. The state, county or municipality — or even a special taxing district in some situations — may provide some of these services. In most cases, localities offer more services than the state. By FAIR's estimate, there is approximately a 65 percent to 35 percent cost share between local and state governments.

The estimate of general expenditure services received by illegal alien households, beyond the specific outlays mentioned in the sections above, excludes capital expenditures and debt servicing. The calculation for each state is based on the state's annual operating budget, reduced by the amount covered by the federal government. That expenditure is then reduced further based on the relative size of the estimated population of illegal aliens and their U.S.-born minor children. As noted in our population estimate, this means states like California, Texas, Florida, New York, etc., with larger illegal alien cohorts, will bear larger shares of these costs.

Other Expenditures

Certain expenditures are not included in this study because the data available is not sufficient to allow the calculation of reasonable estimates. One example is public housing. Generally speaking, although there is anecdotal evidence that illegal aliens create significant public housing costs, there is not enough reliable information to estimate the overall costs of public housing furnished to illegal aliens. This is only one example of significant costs that accrue due to unchecked illegal migration but which are not readily or easily calculated.

Total State and Local Expenditures

Total Education Expenditures	\$44,436,433,856
Total Medical Expenditures	\$12,177,746,018
Total Administration of Justice Costs	\$10,879,049,981
Total Welfare Expenditure	\$2,928,322,607
General Expenditures	\$18,571,428,571
State and Local Total	\$88,992,981,032

Fiscal Cost per Illegal Alien

The \$89 billion in state and local expenditures attributable to illegal aliens is a major burden on the taxpayer. On the individual level, that amount of fiscal outlays amounts to about \$5,329 per illegal alien each year, based on 12.5 million illegal aliens and 4.2 million citizen children.



State and Local Taxes Collected

Offsetting the fiscal costs of the illegal alien population are the taxes collected from them at the state and local level. Many proponents of illegal immigration argue that the taxes paid to the states render illegal aliens a net boon to state and local economies. However, this is a spurious argument. Evidence shows that the tax payments made by illegal aliens fail to cover the costs of the many services they consume.

It is also important to note that calling illegal alien tax payments a net receipt is something of a misnomer. The overall wage depression inflicted on local labor markets by the presence of large numbers of illegal aliens willing to work for less than the prevailing rate has far-reaching fiscal implications. Low wage workers generally access more government benefit programs than higher-paid employees. Frequently they also consume government services at a higher rate than their more highly paid counterparts. However, because this study looks at the fiscal effects of illegal immigration, and tax collections are a fiscal effect, we estimate how much of the fiscal costs borne by taxpayers are reduced by taxes paid by illegal aliens.

Illegal aliens are not typical taxpayers. First, as previously noted in this study, the large percentage of illegal aliens who work in the underground economy frequently avoid paying any income tax at all. (Many actually receive a net cash profit through refundable tax credit programs.) Second, and also previously noted, the average earnings of illegal alien households are considerably lower than both legal aliens and native-born workers.

Disposable Income Profile of Illegal Aliens at the State and Local Level

FAIR estimates there are about 7.0 million illegal aliens in the workforce, and that 35 percent of working illegal aliens operate in the underground economy. As noted previously, the average household with an illegal head earns approximately \$36,000 annually. However, those working in the underground economy certainly earn far less.

The Institute for Taxation and Economic Policy (ITEP), an organization that attempts to defend illegal immigration to the United States, believes that illegal alien households and single workers contribute approximately \$11.74 billion into state and local economies.¹²³ According to ITEP, this total is achieved

through “a combination of sales and excise, personal income, and property taxes” to approximately 8 percent of illegal alien’s annual incomes.

Remittances are payments sent by illegal aliens to family members still residing in their country of origin. ITIP’s study estimates remittances sent abroad from the United States averaged 10 percent of the net household income of illegal aliens. An examination of remittances by the *LA Times* supports the ITIP estimate that all immigrants, legal and illegally present, send about 10 percent of their income home.

Mexico receives a massive amount of remittances from aliens in the United States -- a whopping total of \$24.8 billion in 2015, according to the Bank of Mexico.¹²⁴ India, China, Brazil and countries in the Caribbean basin are also likely to receive significant quantities of remittance cash. Remittances reduce the amount of disposable income spent by illegal aliens in states and localities where they reside. This, in turn, lowers the tax revenue generated from the purchase of goods and services. And, since the United States does not currently tax remittances, this loss is not even partially recouped.

However, since illegal aliens typically have a larger number of dependents who remain in their home country than legal alien households, it is likely that their average rate of remittance is significantly higher. For example, while Mexico sits on the lower end of the scale with just over 10 percent of immigrant’s average immigrant income remitted, those originally hailing from Honduras and Guatemala send home 30 percent.¹²⁵ Therefore, FAIR estimates that, on average, illegal alien households remit closer to 20 percent of their household income back to their native countries,. This would lower the disposable income that a typical illegal alien household spends on taxable goods by approximately \$7,200 per family.

After housing, transportation is generally the second largest outlay. According to the Bureau of Labor Statistics (BLS), transportation represented an expenditure of 13.6 percent of income for the average family in 2015, i.e., about \$3,830.¹²⁶ Illegal aliens must still rely on some form of transportation. However, since most states deny driver’s licenses to illegal aliens, it can be safely assumed that illegal aliens purchase, insure, and operate motor vehicles at a lower rate than either lawfully present immigrants or U.S. citizens. And those that do drive are likely to drive less than average in order to minimize the risk of being caught by law enforcement. While this frees up disposable income that legal or citizen families would spend on car-related expenses, it also reduces the amount of excise taxes paid on vehicle purchases and gasoline, as well as fees generated through vehicle registration and inspections.

BLS data for 2015 show average food expenditures at 13.1 percent of net income. However, illegal aliens may be able to lower that expense with a diet emphasizing staples. In addition, as previously noted, if the children are in school, they likely qualify for free breakfast and lunch programs. Furthermore, if U.S.-born children are present in the household, the family may be receiving food stamps. To account for this, we estimate that 10 percent of illegal alien annual income will go to food purchases — and that the remaining 3.1 percent is saved by accessing state and local nutrition and food assistance programs.

After adding in clothing, which generally accounts for about 5 percent of disposable income, general living expenses account for most of the relatively low earnings brought in by the typical illegal alien household. These stark economic realities mean that illegal aliens in the United States make significantly lower payments into state and local treasuries through sales and other related spending taxes than do their lawfully present and U.S. citizen neighbors.

In estimating the income tax receipts from illegal aliens, we focus only on the population of workers in the above ground economy that may have had state taxes withheld from their earnings. We use a base income

of \$36,000 for a family of 3.2 in estimating tax contributions made by illegal aliens. We then reduce the estimated contributions by the amount of the Earned Income Tax Credit paid out to illegal aliens in those states where such credits are available to anyone with a qualifying taxpayer identification number. There are 23 states plus Washington DC and New York City that offer this credit if it exceeds the tax owed (another 5 states have an EITC, but allow it only to apply against tax owed with no refundable portion).

The profile of earnings and expenditures for the illegal alien population results in the following estimates:

Income Tax Receipts **\$1,049,760,000**

As noted in the Federal portion of this cost study, most illegal alien households will have little income tax liability, if any at all, and millions more avoid liability by working in the “underground economy.” For the most part, this holds true at the state level as well.

Nearly 26 percent of all illegal aliens in the United States reside within the seven states without a state income tax: Texas, Florida, Nevada, Washington, Wyoming, Alaska and South Dakota. California, where nearly 20 percent of the nation’s illegal aliens reside, the tax bracket for those making the standard wage for illegal alien household is a measly 2 percent. Add to that the fact that California hosts many, if not most, of the illegal alien population that works in agriculture — an industry that pays even less, and is rife with underground workers who likely pay no income taxes at all.

So considering that 46 percent of all illegal aliens pay a negligible amount of state income tax by default, and 35 percent of all illegal aliens work in the underground market, that leaves perhaps just over 40 percent of all households likely to pay any state income tax at all — if they qualify.

Based on average incomes, this leaves approximately \$58.32 billion in total income subject to state taxes by illegal alien households. Reducing that amount by another 10 percent for credits and deductions, and \$52.49 billion remains. Liberally assuming a state tax rate of 2 percent after all deductions and tax credits, except for the Earned Income Tax Credit, that leaves the total amount of state income taxes paid at \$1.05 billion.

Property Tax Receipts **\$918,000,000**

Families who own residences pay property taxes.

Individuals living in rental property do not pay property taxes directly, although their rent may have been calculated to subsidize a portion of their landlord’s property taxes.

For states that host the largest number of illegal immigrants, property taxes hover right under the 1 percent mark. Also, in many states like Texas and Florida, property can be

purchased for well under \$100,000.

In fact, the median home value for the entire state of Texas was only \$164,500 in 2017.¹²⁷



Of course, very few illegal alien households will be homeowners. In 2009, Pew Research indicated that only 35 percent of illegal alien households owned a home.¹²⁸ Home ownership has dropped approximately 5 percent across the board since then, according to the Census Bureau.¹²⁹ Assuming, then, that approximately 30 percent of illegal alien households own a home, there would be roughly 1.2 million illegal homeowners currently residing in the United States. Assuming home values of \$90,000 and average annual property taxes of 0.85 percent, which totals approximately \$765 annually per household, the total revenue comes out to \$918 million.

Fuel/Transportation Tax **\$598,600,000**

The average total combined state/federal fuel tax for the United States comes out to 49.5 cents per gallon, according to the American Petroleum Institute.¹³⁰ Average fuel taxes have remained significantly more stable than the national gas price average, which has teetered above and below \$2.25 per gallon between June of 2016 and February of 2017.¹³¹ The United States consumed approximately 143.37 billion gallons of gasoline in 2016, which averages out to about 650 gallons per licensed driver.¹³²

Since most illegal aliens do not hold a valid driver's license, and try to avoid contact with law enforcement officials, they drive much less than the average native or legally present American. However, even if they drive half as much as the national average, they are still likely consume somewhere around 325 gallons of gasoline each year, and drive approximately 4,700 miles annually if their vehicles average 20 miles per gallon. This lower-than-average total is reasonable in light of illegal aliens' preference for alternate forms of gas-powered transportation (scooters, mopeds, limited use of borrowed vehicles, etc.). In addition, it takes into account the fact that, due to issues connected with licensing and vehicle registration — as well as reduced disposable income — illegal aliens are highly unlikely to take long "road trips."

Based on these calculations, the average illegal alien driver spends approximately \$731 annually on fuel, \$161 of which would then go to fuel taxes. Although, according to the Federal Highway Administration, approximately 65 percent of the entire U.S. population are considered drivers,¹³³ the total number of illegal aliens driving will be considerably lower than the national average. If the percentage is dropped to an even 50 percent of illegal aliens, this still leaves 6.25 million drivers. In total, this comes out to approximately \$1 billion spent in fuel taxes by illegal aliens.

In order to obtain the state total, we must subtract the federal excise taxes that were detailed in the federal portion of this cost study. This brings the total to approximately \$598.6 million.

Sales Tax Receipts **\$1,000,000,000**

To calculate sales tax, we take net household income and subtract remittances sent back to an illegal alien's home country every year. As noted previously, this comes out to approximately 20 percent of the average income, or \$7,200 annually. This bring the total average annual income of an illegal alien that is subject to sales tax down to \$28,800.

In almost all states, staple groceries and most other food items are exempted from sales tax. As noted before, we list this at 10 percent of the household annual income, or \$2,880. After removing net taxes paid to both states and the federal government, about \$4,400, the total disposable income likely to be spent in a state, and therefore be subjected to state sales taxes, is reduced to about \$21,520. Even after this, most typical household expenditures (i.e., rent, mortgage payments, healthcare expenditures, etc.) are not subject to state and local sales taxes. In addition, Delaware, Montana, Oregon and New Hampshire have

no sales tax. Alaska's rate is a minuscule 1.69 percent.¹³⁴ This means that, overall, the income generated by most illegal alien households is subject only to very limited sales taxation.

Based on the above figures, a safe assumption is that approximately 1.5 percent of the average illegal alien's household's annual is actually used for purchases subject to a sales tax. Depending on housing prices, state tax rates, etc., this number could be higher or lower. This makes the annual sales tax bill paid by illegal alien households somewhere around \$250 per household, for a contribution of roughly \$1 billion to state and local treasuries.

Earned Income Tax Credits

\$45,400,000

Some of the states that levy income taxes also have an Earned Income Tax Credit (EITC) that works as an offset against taxes or as a refund to the taxpayer. FAIR's analysis indicates that these state and local tax credits total approximately \$45 million. This is a small amount, but it still reduces the total taxes paid by illegal immigrant households.



Net State Impact of Illegal Aliens

Total State Tax Receipts

Property Tax Receipts:	\$918,000,000
Income Tax Receipts:	\$1,049,760,000
Fuel/Transportation	\$598,600,000
Sales Tax Receipts:	\$1,000,000,000
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Total State Taxes Paid:	\$3,566,360,000
Earned Income Tax Credits	-\$45,400,000
<hr/>	
Net State Tax Receipts	\$3,520,960,000

The state tax payments made by illegal aliens fall far short of the costs incurred by their presence, as detailed below. These figures negate the argument that illegal aliens represent a net economic boon to the United States.

Total State and Local Expenditures	\$88,992,981,032
Total State and Local Tax Receipts	-\$3,520,960,000
<hr/>	
Net State and Local Fiscal Impact	\$85,472,021,032

Part III: Total Federal and State Fiscal Outlays

At the federal, state, and local levels, taxpayers shell out approximately \$134.9 billion to cover the costs incurred by the presence of more than 12.5 million illegal aliens, and about 4.2 million citizen children of illegal aliens. That amounts to a tax burden of approximately \$8,075 per illegal alien family member. These figures are before taxes paid by illegal aliens are factored in. The totals with taxes factored in are as follows:

Total Expenditures

Total Federal Expenditures	\$45,870,474,332
Total State and Local Expenditures	\$88,992,981,032
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Total National Expenditures	\$134,863,455,364

Total Tax Contributions

Total Federal Taxes Paid	\$15,447,897,700
Plus Total State and Local Taxes Paid	+\$3,520,960,000
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Total Tax Contributions	\$18,968,857,700

Total Cost of Illegal Immigration

Total National Expenditures	\$134,863,455,364
Minus Total Tax Contributions	\$18,968,857,700

**Total Fiscal Cost of
Illegal Aliens on Taxpayers: \$115,894,597,664**

Conclusion

The total cost of illegal immigration to U.S. taxpayers is both staggering and crippling. In 2013, FAIR estimated the total cost to be approximately \$113 billion. So, in under four years, the cost has risen nearly \$3 billion. This is a disturbing and unsustainable trend.

This report, in essence, provides a detailed analysis of the costs of illegal immigration at the conclusion of the Obama administration, which was notoriously soft on immigration enforcement and welcoming to illegal aliens. Future estimates will indicate whether the situation has improved or worsened under subsequent presidential administrations.

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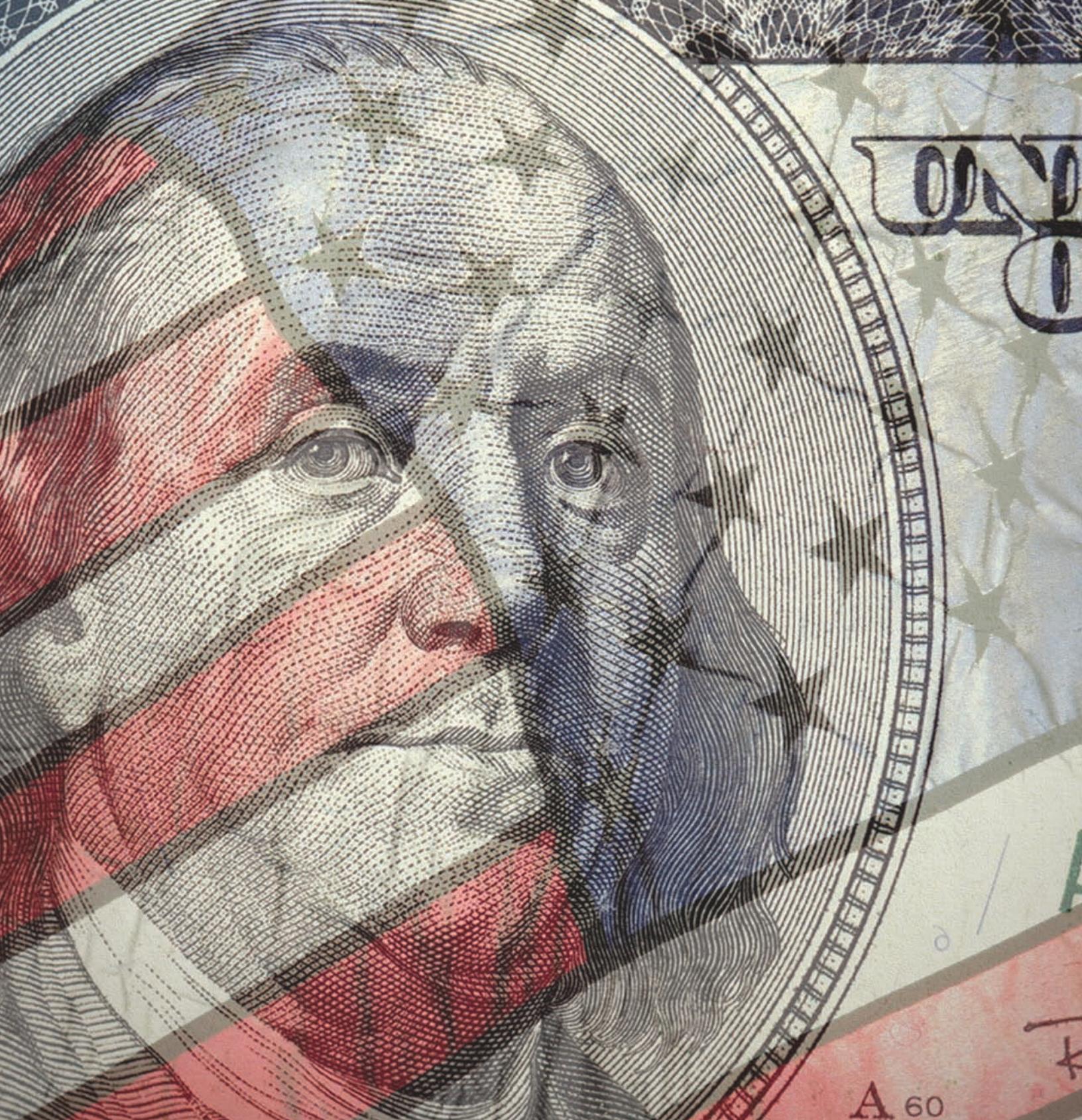
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