



The Costs of Illegal Immigration to Arizonans

*A Report by the Federation
for American Immigration
Reform*

Executive Summary | Analysis of the latest Census data indicates that Arizona's illegal immigrant population is costing the state's taxpayers about \$1.3 billion per year for education, medical care and incarceration. Even if the estimated tax contributions of illegal immigrant workers are subtracted, net outlays still amount to more than \$1 billion per year. The annual fiscal burden borne by Arizonans amounts to more than \$700 per household headed by a native-born resident.

This analysis looks specifically at the costs of education, health care and incarceration because they represent the largest cost areas and because a 1994 study conducted by the Urban Institute, which also examined these same costs, provides a useful baseline for comparison ten years later. Other studies have been conducted in the interim, showing trends that support the conclusions of this report.

As this report will note, other significant costs associated with illegal immigration exist and should be taken into account by federal and state officials. But even without accounting for all of the multitude of areas in which costs are being incurred by Arizona taxpayers, the programs analyzed in this study indicate that the burden is substantial and that the costs are rapidly increasing.

The \$1.3 billion in costs incurred by Arizona taxpayers is comprised of outlays in the following areas:

■ **EDUCATION.** Based on estimates of the illegal immigrant population in Arizona and documented costs of K-12 schooling, Arizonans spend

Not much attention is paid to the tremendous costs of mandates imposed on states and local governments that must provide care to a swelling number of non-citizens within their borders. Yet those costs ultimately take a human toll, too. Every tax dollar spent on emergency care or criminal justice for an illegal immigrant has to be paid for by American taxpayers.

**—Senator John Kyl,
“The Costs of Illegal
Immigration,”
January 11, 2002**

approximately \$810 million annually on education for illegal immigrant children and for their U.S.-born siblings.

ILLEGAL IMMIGRANTS

2004 OUTLAYS AND RECEIPTS

■ **HEALTH CARE.** Uncompensated medical outlays for health care provided to the state’s illegal alien population is now estimated at about \$400 million a year.

Category	Outlays	Receipts	Net Cost
Education			
Illegal Aliens	\$330,000,000		\$330,000,000
Children of Illegal Aliens	480,000,000		480,000,000
Uncompensated Medical Care	400,000,000		400,000,000
Incarceration	80,000,000		80,000,000
Tax Payments		257,000,000	-257,000,000
Total	\$1,290,000,000	\$257,000,000	\$1,033,000,000

■ **INCARCERATION.** The cost of incarcerating illegal aliens in Arizona prisons and jails amounts to about \$80 million a year (not including the monetary costs of the crimes that led to their incarceration).

The unauthorized immigrant population pays some state and local taxes that go toward offsetting these costs, but they do not come near to matching the expenses. The total of such payments might generously be estimated at \$257 million per year.

The fiscal costs of illegal immigration do not end with these three major cost items. The total costs of illegal immigration to the state’s taxpayers would be considerably higher if other costs such as special English instruction, school nutrition programs, or welfare benefits for American workers displaced by illegal alien workers were added into the equation.

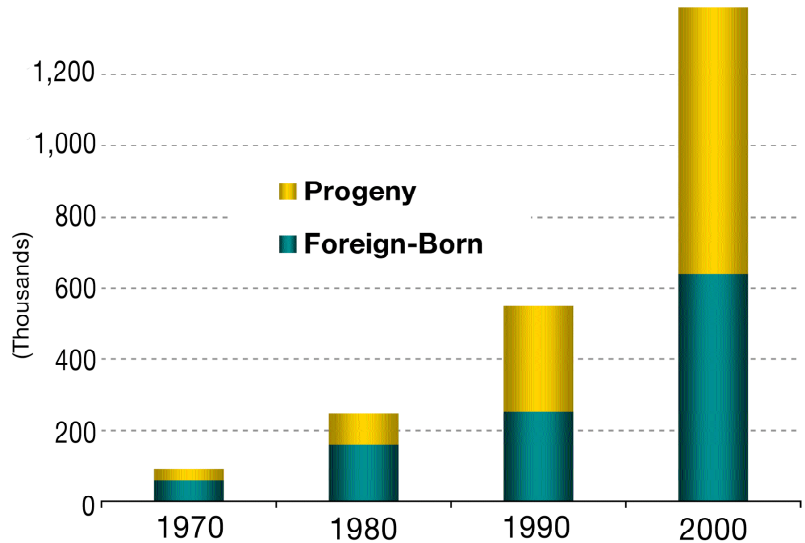
Background Information

Arizona had the second highest proportion in the country of illegal immigrants in its population in 2000. The estimate by the Immigration and Naturalization Service was that there were 283,000 aliens residing illegally in the state. That represented more than 5.5 percent of the state's population.¹ As recently as 1996, the INS estimated that the resident illegal alien population in the state was 115,000 persons — a nearly 150 percent increase in just four years. This estimate does not include about 83,000 persons who were also part of Arizona's illegal alien population until they were given legal residence as a result of the 1986 amnesty.

Not only has Arizona's illegal alien population grown rapidly, the overall foreign-born population has shot up since the 1965 change in U.S. immigration law. Similarly, the size of the immigrant stock (which includes the offspring of immigrants as well as the immigrants themselves) has surged. Both of these groups contribute to the costs of illegal immigration. The progeny of immigrants — both legally and illegally in the country — is now greater than the foreign-born population (see chart).

This study looks at the fiscal costs and tax payments associated with illegal immigration. It does not look at the goods and services produced by illegal alien workers, i.e., their economic contribution, as it may be assumed that if illegal immigrants were unavailable the same labor, if essential, would be done by legal workers. Similarly, this study does not include the displacement costs incurred by legal

**Arizona Immigrant Stock
1970–2000**



Studies of the cost of illegal immigration to Arizonans have been done previously. In 1994, the Urban Institute released a study of the costs of illegal immigration — which included Arizona — funded by the U.S. Department of Justice that estimated educational, medical and incarceration costs associated with illegal immigration and related tax payments. A study by researchers at New Mexico State University was done for the United States-Mexico Border Counties Coalition in 2001.² Also in 2001, a cost study was done at the University of Arizona. The General Accounting Office did a study of the costs of uncompensated medical expenditures incurred as a result of illegal immigration in 2002. Thunderbird School Latino students and faculty did a June 2003 study on Mexico-Arizona economic relationships that included estimates of uncompensated costs and tax payments. All of these studies have been taken into consideration in the process of conducting this estimate of the current costs of illegal immigration to Arizonans set forth below.

workers who are laid off or fail to get a job as a result of being undercut by illegal workers willing to work for lower wages. Those costs, which would include unemployment compensation, welfare outlays, lost taxes, etc., are real, but difficult to quantify.

National recognition of the fact that illegal immigration represents a fiscal burden, especially on the states that border Mexico, may be seen in the fact that the Congress has authorized and appropriated funds in the past to assist Arizona for uncompensated medical expenses and other funds to compensate for the incarceration of illegal immigrants. A further example of recognition of the fiscal costs associated with illegal immigration may be seen in the State Legalization Assistance Impact Assistance Grants (SLIAG) program, which provided \$3.5 billion to states in the aftermath of the 1986 amnesty for illegal aliens to ease the burden of the additional expenses that the states were required to assume. Those grants phased out in 1994, and the states since then have been bearing an unreimbursed burden associated with this amnestied illegal immigrant population.³

What Are the Costs of Illegal Immigration?

The costs of illegal immigration are both quantifiable and non-quantifiable. Because data on illegal immigration are generally not kept, even quantifiable costs must be educated estimates.

Some of the quantifiable costs are:

- Law enforcement costs result from investigating property loss due to theft and damage caused by illegal border crossers.
- Medical costs are incurred when an alien's health is affected while illegally entering the country. Some of these costs were compensated in the past, and legislation has been introduced to restart the compensation program, but at present the costs are uncompensated.⁴
- Additional unpaid medical expenses may be incurred from accidents while illegal immigrants are being smuggled or otherwise trying to get to interior locations.
- Aliens illegally residing in the country, usually with no medical insurance, generally turn to emergency medical facilities for their treatment.
- Well-baby maternity care and delivery expenses are incurred for illegal alien women. Other maternity expenses may also be attributable to illegal immigration if the father is illegally in the United States.
- Educational outlays for illegal immigrants incurred by public schools for enrolled illegal alien children are a clear-cut expenditure of taxpayer funds due to illegal immigration. The bulk of those expenditures are from state and local budgets.
- Other related expenses result from the education of the U.S.-born children of illegal aliens.
- Further outlays accrue from the added expenses that result from Limited English Proficiency (LEP) programs, e.g., staff salaries and foreign language teaching materials.
- Still more expenses result if the foreign student is poor and participates in a school-based nutrition program, i.e., the National School Lunch Program (NSLP) and the School Breakfast Program's (SBP).

- Illegal immigrants generally have low earnings that would qualify them for state welfare assistance, which, unlike federal benefits, is not precluded by Arizona's screening system. To enroll for Arizona state benefits, the applicant need only indicate on the application that he or she is a U.S. citizen or legal resident. As a result there are illegal aliens receiving welfare benefits in Arizona on their own behalf or in the name of their U.S.-born children. A measure passed by the Arizona state legislature requiring an investigation of welfare payments to illegal aliens has been thwarted by the failure of legislative leaders to establish the task force to conduct the study.^{5, 6} A study of welfare payments to illegal immigrants nationwide by the Center for Immigration Studies concluded that average non-medical welfare payments to illegal-immigrant headed households averaged \$151 per year.⁷ For Arizona, that would amount to about \$15 million per year.
 - Another major cost borne by Arizona taxpayers results from incarcerated illegal aliens. These aliens may have been apprehended entering the country after prior deportation or have committed serious crimes while residing in Arizona. If they are tried on state charges, the state pays for the investigation, prosecution, translation and interpreter services, judicial management, incarceration and possible parole costs. The federal government provides partial compensation of those costs only if it accepts responsibility for removing the aliens from the country upon release.
 - American workers who are displaced by illegal workers willing to accept lower wages may qualify for a number of programs paid for by the taxpayer. In Arizona, those costs were estimated to cost of about \$175 million per year in 1992 and would be significantly higher today.⁸
- Some of the non-quantifiable costs include:**
- Apart from incarceration, law enforcement costs also are incurred in prevention and enforcement and in the judicial process for crimes committed by illegal aliens.
 - The illegal immigrant population contributes to the growing burden for providing an array of services in Spanish interpretation and translation, especially in the health care, law enforcement and judicial systems.
 - The large number of school-age illegal immigrants contribute to costs for parental liaison, translation at PTA meetings, and newsletters printed in Spanish.
 - While Arizona does not openly allow illegal immigrants to enroll as residents in the state's higher education institutions, there presumably are such students, and the tuition subsidy borne by the taxpayer is an additional cost.
 - Increased insurance rates are associated with illegal immigration related crimes, especially property loss and auto theft.⁹
 - Remittances sent abroad do not remain in the state and contribute to the local economy. If these wages earned by illegal aliens' were earned instead by U.S. citizens or legal residents, the money would usually be spent locally with beneficial multiplier effects.¹⁰
 - If U.S. or legal residents were hired instead of illegal workers, wages would rise from a tighter labor market, and tax revenues collected by the state would rise.
 - Congestion and property value loss happens in areas where illegal aliens seek day jobs.
- In addition there are non-economic costs, such as a degraded learning environment that may result

from students unable to keep up with the class because of language difficulty. Other examples include inconvenience resulting from waiting to receive medical attention when there is congestion in the emergency admissions offices of public hospitals, and the erosion of respect for the law when an increasing share of the population lives illegally in the country, when law enforcement

officers are required to ignore this law breaking, and when employers illegally hire unauthorized workers. Social comity may be strained by having to cope with increasingly pervasive language barriers, and rising income inequality associated with immigration may lead to societal tension and conflict.

Updating the Urban Institute Cost Estimates

The Arizona state government filed a lawsuit against the federal government on May 2, 1994 alleging that the state was unfairly deprived of \$121 million in reimbursements that would have been paid if a 1986 law authorizing reimbursements to the states for expenditures for illegal immigrants had been appropriated and disbursed. Arizona joined a number of other states in asserting this legal claim. The lawsuit ultimately was dismissed as a political matter for which redress should be sought in Congress, not the courts.

However, in preparation for arguing the case in court, the Department of Justice contracted with

the Urban Institute to study the claimed expenditures and provide estimates of the burden borne by the states. The Urban Institute released its report, *Fiscal Impacts of Undocumented Aliens: Selected Estimates for Seven States*, in September 1994. The study’s methodology compared tax payments of all kinds with expenditures on only three programs, albeit the major cost areas, education, health care, and incarceration. In addition the study estimated the amount of taxes paid by the illegal immigrants and used that amount to arrive at a net uncompensated fiscal cost of \$43.5 to \$46.5 million.

U R B A N I N S T I T U T E S T U D Y 1 9 9 4

Illegal Alien Fiscal Category	Outlays	Receipts	Net Cost
Education	\$55,000,000		\$55,000,000
Uncompensated Medical Care	6,000,000 – 9,600,000		6,000,000 – 9,600,000
Incarceration	10,900,000		10,900,000
Tax Payments		29,000,000	-29,000,000
Total	\$72,500,000 – \$75,500,000	\$29,000,000	\$43,500,000 – \$46,500,000

Size of the Illegal Immigrant Population

The Urban Institute based its cost calculation on an estimate of 60,000 illegal immigrant residents in 1993, while the state at that time estimated the illegal immigrant population at 52,000 persons. The most recent estimate of the resident illegal immigrant population in Arizona by the Immigration and Naturalization Service (INS) — before it merged into the Department of Homeland Security (DHS) — was 283,000 persons, reflecting the findings of the 2000 Census.

Since the completion of the 2000 Census, which estimated the illegal population of the U.S. to be about 7 million, newer estimates place that population between 9 million and 11 million. Assuming the same proportional growth in

Arizona's illegal population, the state would likely have between 364,000 and 445,000 resident illegal aliens in 2004. These figures are consistent with other reliable estimates. *The New York Times* in 2001 cited an unnamed "official" source as providing an estimate of the illegal alien population in Arizona at about 400,000 persons.¹¹

For purposes of updating the estimated costs of illegal immigration in Arizona, an estimate of 425,000 illegal residents in 2004 – half again the size of the 2000 estimate – seems both defensible and conservative. That is more than a seven-fold increase in the estimate of the illegal alien population used in the 1994 calculations by the Urban Institute.

Size of the Illegal Alien K–12 Student Population

The Urban institute estimated K-12 illegal alien enrollment in public education ten years ago at 15,000 students, 50 percent higher than the state's estimate.

FAIR, in its August 2003 research report "Breaking the Piggy Bank: How Illegal Immigration is Sending Schools Into the Red" used an Urban Institute calculation of the student share of the resident illegal population and calculated a proportionate share in Arizona in 2000 would be 37,400 students. Updating that estimate to 2004 implies an estimated illegal immigrant public school population of 48,000-59,000 students.

As Arizona is likely to have a larger than proportionate share, given its proximity to the border and already sizable legal and illegal population, an estimate for 2004 of the illegal immigrant public school population in Arizona of 55,000 seems both defensible and conservative. Thus, the public school-age illegal immigrant population has increased by more than three-and-a-half times since 1994 when the Urban Institute did its calculation.

The estimate above of the illegal immigrant student population does not include those students who are the children of illegal immigrants, but were born in this country. They too, however, are

in the Arizona public school system because of illegal immigration, and the cost of educating them is an additional fiscal cost of illegal immigration.¹²

The Urban Institute's Jeffery Passel, one of the researchers who participated in the 1994 and subsequent studies of the school-age population, recently estimated that there were nearly twice as many children born to illegal immigrant parents as children who were illegally in the United States themselves (3 million compared to 1.6 million).¹³ Passel has estimated that 1.1 million of the illegal

alien children are K-12 school age — about 69 percent of that population. Moreover, most of the children of illegal aliens who are not currently in the school system are below school age and will enter the system within a few years.

Applying the same calculation to the U.S.-born children of illegal aliens yields an estimated additional 80,000 students in Arizona's schools whose educational costs will also be included in this study.¹⁴ Adding these two populations of children of illegal aliens together indicates that about 15 percent of the state's total K-12 public school enrollment is in this category.

Cost of Educating the Illegal Immigrant K-12 Population

The Urban Institute's 1994 calculation of the cost of K-12 education in Arizona was based on a per student cost of about \$3,667. This was about 20 percent lower than the cost estimate of the State. If costs remained constant, the Urban Institute's estimate of outlays on the education of the 2004 population of illegal alien students would have risen from \$55 million to a present cost of about \$202 million and the costs of educating the children of illegal aliens born in the United States would be about \$293.4 million. However, educational outlays have not remained constant.

The FAIR research report on educational outlays for illegal immigrant education used the \$4,999 average per pupil cost in Arizona compiled by the National Center for Education Statistics (NCES) for the 1999-2000 school year and calculated the cost of educating illegal immigrant students in Arizona in 2000 to be about \$187 million.¹⁵ This was 17.5 percent higher than the estimate used by the Urban Institute in its 1994 study.

Public educational expenses since 2000 have continued to rise. NCES data indicate that between the 1999-2000 school year and the 2001-2002 school years the expenses in Arizona rose between 6.7 percent and 15.4 percent. Extending this trend through the 2003-2004 school year would make public education outlays at least 20 percent higher than they were in 2000. Thus, outlays in 2004 would be about \$6,000 per pupil.

In addition, using an average cost factor probably underestimates the costs associated with the illegal resident population. As the authors of the 1994 Urban Institute study explained, "We believe that undocumented aliens are more likely than other students to live in urban areas where per student expenses are relatively high."¹⁶

Using the updated estimate of the illegal K-12 immigrant population and the estimated per pupil expenditure results in a current estimated cost to Arizona's taxpayers of at least \$330 million per year.

Using the same per pupil cost estimate for the U.S.-born children of illegal aliens indicates that the additional expense of educating these children through the 12th grade is at least an addi-

tional \$480 million per year — or a total annual educational cost from illegal immigration of at least \$810 million per year.

Other Studies

A study in 2001 by the University of Arizona found an estimated \$100 million in uncompensated educational costs in fiscal year 1999 of illegal immigrants.¹⁷ The cost in that fiscal year as reported by the U.S. Department of Education's National Center for Education Statistics (NCES) was \$4,999 per pupil. The University study, therefore, must have assumed an illegal immigrant student population of about 20,000, only slightly more than half the estimate by the Urban Institute. This estimate probably did not take into consideration the much larger than expected illegal immigrant population revealed in the 2000 Census and it did not include the costs of educating the U.S.-born children of illegal aliens. In addition to not being up-to-date, its scope is narrow and the size of the student population is underestimated.

Emergency Medical Outlays Updated Estimate

The Urban Institute's 1994 calculation of the unreimbursed expense to the state for emergency medical services was a range of \$6.6 to 9.6 million. This was higher than the state's estimate of \$3.9 million for emergency medical services. A similar calculation today would yield a very different estimate.

The Urban Institute based its estimate of uncompensated medical outlays by Arizona taxpayers based on data collected by the federal government in the State Legalization Impact Assistance Grants (SLIAG) program. That program, authorized and funded by Congress, helped states cope with the additional services they were required to provide as a result of the 1986 Immigration Reform and Control Act amnesty for nearly 3 million illegal alien residents. The Urban Institute researchers thought that the SLIAG model might

overstate the use of uncompensated medical outlays for the non-legalized population because they might be reluctant to seek publicly-funded emergency medical care. Nevertheless, their cost estimate of the cost was based on their estimates of the size of the illegal immigrant population and the costs of emergency medical care per person at that time.

As we showed above, the estimated illegal alien population in 2004 in Arizona is more than seven times larger today than it was ten years ago in the Urban Institute estimate. This implies conservatively that the Urban Institute's estimated emergency medical outlays would be about \$48-\$70 million today if costs were constant, which, of course, they are not. If those medical expenses were adjusted for inflation, they would be about \$59.4-\$86.6 million today.

A study released in September 2002 by the U.S.-Mexico Border Counties Coalition (BCC), a group of local and state government leaders from border communities, estimated that illegal immigrants racked up \$190 million in unpaid bills at 77 border hospitals in 2000. The figure did not include Maricopa County, which estimates its costs at more than \$50 million.¹⁸ According to the American Medical Association, the true cost of the care provided to these immigrants might be substantially higher, because services delivered by a physician in a hospital's emergency department that were not billed through the hospital were not captured by the study.¹⁹ Although the BCC study covered the four Arizona border counties and Maricopa County's own study provides additional relevant data, it did not cover Pinal County (part of the Phoenix-Mesa metropolitan area) or another ten counties.

We judge that the Border Counties study, that includes uncompensated medical costs for most of the population center of the state, and is based on actual reported expenditures, provides a more useful basis for our estimate than that done by the Urban Institute. If the BCC's and Maricopa's \$240 million cost were updated to 2004 based on a significantly increased estimate of the number of illegal immigrants (half-again as many) and higher medical costs (7% higher) and for outlays in the rest of the state (one-tenth higher), that amount would increase to more than \$400 million per year for the state.

Legislation enacted in 1996 authorized funding to partially defray the unpaid costs of treating illegal immigrants. An appropriation that fulfilled that commitment ceased in 2001. While legislation to restart that program has been introduced into the current Congress, there is no offsetting funding at the present time, and even while the program was available, it only partially compensated local governments and medical facilities for their out-of-pocket expenses.²⁰

Other Studies

Other estimates of current uncompensated medical outlays vary widely. According to a spokesperson for the Protect Arizona Now movement, "Arizona's hospitals report \$1.4 billion a year in losses to uncompensated care."²¹ That estimate does not differentiate as to the source of the uncompensated outlays as it includes U.S. citizens and legal residents as well as illegal aliens.

The annual unpaid emergency hospital care cost of illegal immigrants in Arizona, as stated by the Thunderbird Mexican Association in its May 2003 report undertaken on behalf of the Mexican government on the "Economic Impact of The Mexico-Arizona Relationship" was \$31 million. The Thunderbird study used a factor from a study in May 2002 by MGT of America, a national management research and consulting firm, that estimated 24 percent of the total cost of uncompensated medical outlays in Arizona were due to illegal immigrants.

If the \$1.4 billion per year estimate of total unreimbursed outlays by the state's hospitals were decreased by the MGT factor of 24 percent — to reduce it to just expenses for illegal immigrants — it would result in annual uncompensated cost of \$560 million per year. That calculation and the BCC estimate and the University of Arizona study (an estimated \$140 million per year in 2000)²² all point to the Thunderbird School estimate as improbably low.

Size of the Illegal Alien Prisoner Population

In 1994, the Urban Institute estimated the illegal alien prisoner population to be 950 persons — significantly smaller than the state's calculation of 1,571 incarcerated aliens. The study's technique for evaluating the illegal alien population in Arizona probably undercounted that population significantly because it included only those inmates that the INS was able to identify in its records as illegal aliens. This eliminated all of the illegal aliens who had not been assigned an Alien Registration number.

In fiscal year 1999, the state documented 901,191 illegal alien detention days, i.e., the estimated

number of incarcerated illegal aliens times the number of days they were detained in state and local jails and prisons. This is the equivalent of 2,469 prisoner years. By fiscal year 2002, the state documented 1,714,635 inmate days (4,698 prisoner years) by illegal aliens.

Assuming that the number of illegal alien inmates in Arizona has continued its upward climb at the same rate of increase, it is reasonable to estimate an illegal alien prisoner population in 2004 of 5,000 inmates. That is 5.25 times the size of the illegal alien prisoner population used in the Urban Institute study.

Uncompensated Law Enforcement Cost Updated Estimate

The Urban Institute calculated in 1994 that incarcerating 950 illegal aliens cost the state \$10.9 million (or \$11,474 per inmate). This was less than half the state's estimate of 1,571 inmate/years costing \$15,786 per year for a total of \$24.8 million. Since the time of that study, the state's illegal alien prisoner population has been steadily increasing, as noted above.

Under the federal State Criminal Alien Assistance Program (SCAAP), Arizona has received partial compensation for these costs since 1995. For 1999, the state received \$15,904,509 in compensation, which was 38.6 percent of the expenditures, which meant that \$41.1 million in expenses were paid by Arizona's taxpayers. The per/prisoner

cost was calculated at about \$16,700. Since then the amount of funds available for SCAAP reimbursement has been cut back by Congress resulting in the share of federal reimbursement being similarly decreased. In fiscal year 2001, Arizona received SCAAP compensation of only 19.3 percent of the itemized illegal alien expenditures. By 2002, the estimated cost per prisoner/year was about \$17,900.

Assuming that the illegal alien inmate population in Arizona has continued to keep pace with their presence in the rest of the population (to 5,000 prisoner/years), and the costs similarly have increased (to a per/prisoner cost of \$18,000), that would result in an annual cost to the state of

\$90 million. Even after the reimbursements from the SCAAP program, most recently about \$7 million, the unreimbursed portion borne by the Arizona taxpayer would amount to at least \$80 million per year.

This estimate is not far from an estimate by the governor's office that Arizona is incurring costs of

about \$72 million for imprisoning criminals without legal residency.²³ That estimate may be a few years out of date. It should also be kept in mind that the Bush Administration's proposed budget would eliminate the SCAAP reimbursement program.

Other Studies

The 2001 study by the University of Arizona estimated \$90 million in uncompensated incarceration costs for illegal immigrants.²⁴

Offsetting Taxes Paid By Illegal Immigrants

The Urban Institute did not include any calculation by the state of taxes paid by illegal immigrants in its report. The study provided only the researchers' estimate of state and local income tax payments plus sales and property taxes. These amounted to a total of \$29 million. Included in that total were state income tax collections (23.3% of the total), state sales taxes (43.2%) and state and local property taxes (33.5%). Sales taxes and property taxes will have risen with inflation and the size of the illegal immigrant population also has risen steeply since the 1994 study.

Estimates of tax contributions are inherently difficult because many illegal workers are working in the underground economy, e.g., as day laborers or in sweatshops, and pay no income tax. Furthermore, some illegal workers pay less than their fair share of taxes by exaggerating their number of dependents. However, some taxes are

being collected from illegal workers even if they work in the "informal sector," because they pay sales taxes.

If the Urban Institute's estimate of state and local tax collections rose in proportion to the rise in the illegal immigrant population, it would have reached about \$220 million in 2004. Sales tax and property tax payments have probably kept up with inflation, although income tax payments may not have kept up with inflation because of the generally low wages earned by illegal alien workers.

Updating for the increased illegal immigrant population and inflation suggests that current annual tax payments would be about \$110 million in sales taxes, \$85 million in property taxes, and \$62 million in income taxes – for a total of \$257 million.

Balancing the Outlays for and Receipts from Illegal Immigrants

The analysis of fiscal outlays and receipts associated with illegal immigration suggest a total net cost to Arizona taxpayers of more than \$1 billion per year. As also indicated, this includes outlays for only education, medical care and incarceration of illegal immigrants. It does not include numerous other expenses borne by the Arizona taxpayer as a result of the extremely large presence of illegal immigrants in the state. If other expenditures, such as school meal programs and special language instruction were included in the estimate, it is clear that the net costs to Arizona taxpayers would be well in excess of one billion dollars per year.

With about 1.8 million households in the state headed by native-born residents, the cost of illegal immigration each year is in the neighborhood of \$717 per household. This is lower than the 1997 estimate by experts in a National Academies of Science (NAS) study that found the cost from illegal

immigration per household headed by a native-born citizen in California to be \$1,178 per year.²⁵ As this NAS calculation included both legal and illegal immigrants, and legal residents would in general have higher tax contributions and lower usage of services, the average net cost estimate would be higher for illegal aliens. Economist James P. Smith, principal author of the NAS report, cautioned that, "The undocumented tend to be less skilled, less educated. The two (groups) are very distinct."²⁶

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Cost Avoidance

The Arizona state government tried to hold the federal government accountable for the costs of illegal immigration when it joined other states in suing the federal government in 1994. The law-

suit was, however, rejected in federal court on the basis that it was a political rather than legal issue, and the states should pursue their claims in Congress.²⁷

Despite the lack of success in court, the significant fiscal costs to Arizonans associated with illegal immigration are not inevitable. While the federal government has the primary responsibility for assuring that foreigners who enter the country and reside here do so legally, the state and local governments have a role to play that can either discourage or encourage illegal immigrant settlement in the state. State and local policies can either facilitate or hinder federal immigration law enforcement efforts.

While the Border States should not be expected to bear an unfair burden that flows from the federal government's failure to exclude unauthorized entries and overstays by aliens, it would be similarly unfair that those states have their expenses underwritten by taxpayers across the country if they have adopted laws or policies through their government that encourage the settlement of illegal immigrants in their state.

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

- Issuing state driver's licenses and voter registration cards to illegal aliens;
- Extending public assistance program eligibility to illegal aliens;
- Offering in-state tuition to illegal alien students;
- Adopting sanctuary or don't-ask-don't tell policies that shield illegal aliens from immigration authorities;
- Providing governmental support for or tolerance of formal or informal hiring centers where illegal aliens seek day-labor jobs, e.g., the Macehualli center in Phoenix;

- Accepting foreign government-issued identity cards as establishing residence in Arizona.

In Arizona, the state has not overtly undertaken such policies, but some of these policies have been adopted at the local level, such as recognizing the Mexican *matricula* consular for governmental purposes in places such as Phoenix and Mesa, and authorizing day laborer hiring centers that facilitate the employment of illegal aliens, as noted in the case of Phoenix. Furthermore, anecdotal information indicates that the state, by maintaining a form of 'don't ask, don't tell' policy is condoning the admission of illegal aliens in higher education schools at in-state resident tuition rates and perhaps is even granting scholarship assistance to those illegal aliens.

Examples of state and local government practices that would discourage illegal alien settlement and facilitate federal enforcement of the immigration law include the following:

- Requiring the collection and verification of Social Security numbers for the issuance of unrestricted driver's licenses and identity cards;
- Issuing restricted driver's licenses to aliens legally present in the state so that the license expires when the authorized stay in the United States expires;
- Refusing to accept the validity of driver's licenses from states that allow illegal aliens to obtain the other state's driver's licenses.
- Entering into a cooperative agreement with the federal immigration authorities for training local law enforcement personnel in immigration law enforcement so that law breakers who are identified as illegal immigrants can be turned over to the immigration authorities for removal from the country rather than being released back into society;

- Requiring government contractors to participate in the Basic Pilot document verification system for all of their new employees working on government contracts.

Of these policies, Arizona implements the driver's license procedures designed to avoid putting this vital identity document in the hands of illegal aliens, procedures to limit driver's license for aliens legally in the country to the period of validity of their visa, and non-recognition of driver's licenses issued in states that do not require a person to be lawfully present in the United States.

Arizonans have a right to expect their national as well as locally elected representatives to be work-

ing to alleviate the burden of illegal immigration. To simply convert illegal alien students or workers from illegal alien status to legal worker or resident status with an amnesty is not a valid way to lessen the problem. Rather, experience with the 1986 amnesty for illegal aliens indicates that rewarding illegal aliens only encourages others to see ignoring our immigration law as a successful avenue to gain a new and better life in our country. This lesson is not surprising. But Arizona's elected representatives should recognize that they owe it to the state's citizens and legal residents to take actions to relieve them of this unwanted burden.

Endnotes

- 1 2002 Yearbook of Immigration Statistics, DHS Office of Immigration Statistics, Oct. 2003.
- 2 "Study shows New Mexico residents pay disproportionate costs of illegal immigration," Press Release New Mexico State University, Feb. 8, 2001.
- 3 David Simcox, "Measuring the Fallout: The Cost of the IRCA Amnesty After 10 Years," Center for Immigration Studies, May 1997.
- 4 See H.R.2848 by Bob Filner - "to provide for Federal custody and Federal payment of costs of emergency ambulance and medical services for aliens illegally attempting to enter the United States," introduced: July 24, 2003, and referred to the House Committee on the Judiciary and Energy and Commerce, and H.R.1515 by Jeff Flake - "to provide for reimbursement for unreimbursed costs of emergency medical care for aliens paroled into the United States for medical reasons," introduced: March 31, 2003, and referred to the House Committee on Energy and Commerce.
- 5 According to 2001 Census Bureau estimates, approximately 4,400 illegal immigrant households have at least one member fraudulently enrolled in the AHCCCS program. "Arizona Uprising," www.FrontPageMagazine.com, October 30, 2003.
- 6 "Currently, AHCCCS [the Arizona Health Care Cost Containment System] does not require any proof of citizenship; applicants simply check a box stating they are legal residents and automatically qualify for welfare. Rachel Alexander, "Protect Arizona Now: A Moderate Solution That Fixes Immigration Instead of Preventing It," March 18, 2004, <http://www.american-partisan.com/cols/2004/alexander/qtr1/0318.htm>.
- 7 Steven Camarota, "Back Where We Started: An Examination of Trends in Immigrant Welfare Use Since Welfare Reform, Center for Immigration Studies, March 2003.
- 8 In a 1992 study of the costs of immigration, a Rice University economist calculated probable costs based on one American out of work for every four illegal residents. Factoring in unemployment compensation, uncompensated medical outlays, food stamps and other assistance, he calculated that the costs would be about \$2,500 per year per person. Huddle, Donald, "The Net Costs of Immigration to California" Nov. 4, 1993, published by Carrying Capacity Network, Washington, DC.
- 9 Along with the steady rise in the illegal alien population and the use of Arizona as a principal transit route into the United States, the crime rate in Arizona has similarly risen to the point that in 2000 the state was found to have the nation's highest per capital crime index. The state in 2000 had the nation's highest rate of property crimes, the highest rate of vehicle theft, and the 2nd highest rate of larceny theft. The state also ranked above the median among the states for burglaries (5th), murders (9th), robberies (15th), and aggravated assaults (15th). Only for forced rapes was Arizona lower than the median (28th). Since 2000 the rising crime rate has continued to outpace the increase in the population rate. The overall crime index in 2002 had increased by 9.6 percent with increases in every crime category except rape, and with the largest increase (25.5%) in theft. Federal Bureau of Investigations, Uniform Crime Reports (<http://www.fbi.gov/ucr/ucr.htm>).
- 10 The amount of remittances currently being sent abroad may be estimated to be about \$200 per month per illegal resident. That would suggest that the amount of remittances sent abroad by Arizona's illegal alien population would be in the neighborhood of about \$900 million per year. Mexico claims that it is receiving about \$12 billion annually in remittances. The source of these remittances is largely from an illegal resident population of roughly 5 million Mexicans in the United States.
- 11 "Illegal Immigration Strains Services in Arizona," *New York Times*, April 11, 2001.
- 12 In addition, FAIR believes that children born to illegal aliens should not be considered U.S. citizens. We believe that the prevailing interpretation of the U.S. Constitution's 14th Amendment that confers this citizenship is wrong because it ignores the "subject to the jurisdiction thereof" clause of the Amendment.

- 13 "By including children, proposal may increase strain on schools, health care," op. cit.
- 14 A survey of the illegal immigrant population legalized in the 1986 IRCA amnesty found that 74 percent of males and 72 percent of females were between the ages of 20-39. *Report on the Legalized Alien Population*, Immigration and Naturalization Service, March 1992.
- 15 "Breaking the Piggy Bank: How Illegal Immigration is Sending Schools into the Red," Federation for American Immigration Reform, August, 2003.
- 16 "Fiscal Impacts of Undocumented Aliens: Selected Estimates for Seven States", The Urban Institute, September 1994.
- 17 "For example, illegal immigrants this year will cost Arizona an estimated \$140 million for health care, \$100 million for education and \$90 million for criminal justice expenses. ... in fiscal 1999, according to a University of Arizona study." Economic impact hotly debated, *The Arizona Republic*, Aug. 26, 2001.
- 18 "Shadegg, delegation seek immigrant cost care data," *The Arizona Republic*, February 07, 2003.
- 19 "States might get help with immigrant care," AMA Press Release, Oct. 21, 2002, <http://www.ama-assn.org/amed-news/2002/10/21/gvsa1021.htm>.
- 20 See H.R.2848 and H.R.1515 in the 108th Congress.
- 21 "Arizona Uprising," op. cit.
- 22 Economic impact hotly debated," op. cit.
- 23 Le Templar, "What price illegal immigration?" *East Valley Tribune*, undated.
- 24 "Economic impact hotly debated," op. cit.
- 25 California was the only southwestern state for which a separate calculation was made in the study. "The New Americans: Economic, Demographic, and Fiscal Effects of Immigration," National Academies of Science, 1997, Washington, DC.
- 26 Economic impact hotly debated," op.cit.
- 27 "Texas Sues US Over Illegal Immigrant Costs," Reuters, August 3, 1994. "Texas is Latest to Sue US for Cost of Illegals," *San Francisco Chronicle*, August 6, 1994.

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