



**Congressional  
Research  
Service**



---

## **Memorandum**

August 11, 2005

**SUBJECT: Cost Estimates of Unauthorized (Illegal) Immigration**

**FROM:** Alison Siskin  
Analyst in Social Legislation  
Domestic Social Policy Division

---

This memorandum provides information on the cost to the federal, state, and local governments of unauthorized aliens<sup>1</sup> living in the United States. This memorandum does not address the issue of the cost to the federal government for enforcing immigration laws (i.e., the cost of investigating, arresting, detaining and removing unauthorized migrants from the United States.) We have focused on studies completed after 1990. In addition, this is not an exhaustive review of the literature on the cost of unauthorized migration to the United States. Cost estimates mentioned in news reports which failed to specify the methodology used to calculate the estimates were not included in this analysis.

### **Difficulties Estimating the Cost of the Unauthorized Population**

It is very difficult to enumerate a population which is trying to avoid detection by the government.<sup>2</sup> The main sources of socioeconomic information in the United States, the Current Population Survey (CPS), the Decennial Census of the Population (Census), and the American Community Survey, collected by the Census Bureau, ask citizenship status, but not immigration status.<sup>3</sup> Thus, it is not possible to use these data sources in calculating the cost of unauthorized aliens.

---

<sup>1</sup> An alien is "any person not a citizen or national of the United States" and is synonymous with noncitizen.

<sup>2</sup> For example see U.S. General Accounting Office, *Illegal Aliens: National Net Cost Estimates Vary Widely*, GAO/HEHS-95-133, July, 1995; Georges Vernez, and Kevin F. McCarthy, *The Cost of Immigration to Taxpayers: Analytical and Policy Issues* (Santa Monica, CA: RAND, 1996); and Rebecca L. Clark, Jeffrey S. Passel, Wendy N. Zimmermann, and Michael E. Fix, *Fiscal Impacts of Undocumented Aliens: Selected Estimates for Seven States* (Washington D.C.: Urban Institute, Sept. 1994).

<sup>3</sup> In other words, analysis from these surveys can be done on noncitizens; however it is unknown whether the noncitizens are legally or illegally present.

## Enumeration of the Unauthorized Population

A major issue with cost estimates of the unauthorized population is the lack of reliable data on the number and distribution of unauthorized aliens.<sup>4</sup> As research is being done on the 2000 census of the U.S. population, preliminary data analyses offer competing population totals that, in turn, imply that illegal migration soared in the late 1990s and that estimates of unauthorized residents of the United States have been understated. The Department of Homeland Security estimates that there are about 7 million unauthorized aliens living in the United States.<sup>5</sup> In testimony before the House Committee on the Judiciary, Subcommittee on Immigration and Claims, Jeffrey Passel, a demographic researcher at the Urban Institute, offered an estimate of 8 to 9 million unauthorized residents. At the same hearing, economists from Northeastern University using employment data reported by business establishments as well as 2000 census totals concluded that the unauthorized population may be 11 million.<sup>6</sup> These discrepancies suggest that attempts to quantify the cost of the unauthorized population are hindered by the simple fact that there is not agreement on the number of unauthorized aliens residing in the United States.

### Obstacles to Cost Estimations

There are two main reasons for the absence of reliable estimates on the overall cost of unauthorized aliens. First, the data needed to make these calculations are not collected, which often forces the authors to make assumptions, with little evidence, about who is an unauthorized alien, services used, and revenues collected. Second, studies tend to differ in the types of services and revenues used to calculate the total net cost/benefit of unauthorized aliens.

The data required to produce reliable estimates on the cost/benefits of unauthorized aliens would include:

- an accurate count of the number of unauthorized aliens complete with socioeconomic characteristics,
- reliable information on the actual use of all relevant services including the actual cost of providing the services, and
- reliable information on the actual revenue generated by the unauthorized aliens.

Since these data elements do not exist, many studies make assumptions about the number of unauthorized aliens, their service usage, and their revenue contributions. In other words,

---

<sup>4</sup> The discussion of different estimates of the unauthorized population is adapted from CRS Report RL30780, *Immigration Legalization and Status Adjustment Legislation*, by Ruth Ellen Wasem. See also CRS Report RS21938, *Unauthorized Aliens in the United States: Estimates since 1986*, by Ruth Ellen Wasem.

<sup>5</sup> U.S. Immigration and Naturalization Service, *Estimates of Unauthorized Immigrant Population Residing in the United States: 1990-2000*, Jan. 2003. Available from [<http://www.immigration.gov/graphics/shared/aboutus/statistics/Illegals.htm>].

<sup>6</sup> U.S. Congress, House Committee on the Judiciary, Subcommittee on Immigration and Claims, *Hearing on the U.S. Population and Immigration*, Aug. 2, 2001.

studies make assumptions about the same items which they are trying to estimate. Without additional data, the net cost of unauthorized aliens to the treasury is unknown.<sup>7</sup>

As a result, many studies which attempt to estimate the cost/benefits of unauthorized aliens in the United States focus on limited geographic regions (e.g., border communities, states, or cities), and limit the cost/benefit analysis to a discrete issue (e.g., medical care, taxes, criminal justice costs). Some of these studies survey immigrant communities and ask immigration status, while others ask for local agencies to estimate the cost of services provided to unauthorized aliens. Other studies use proxies, such as those who provided a false Social Security number or foreign-born workers who are low wage earners, to determine who is an unauthorized alien. Each of these methods has strengths and weaknesses, and none provides a reliable estimate upon which researchers agree.

### GAO Study: Issues with Total Net Costs

The U.S. General Accounting Office (GAO), in its 1995 report *Illegal Aliens: National Net Cost Estimates Vary Widely*,<sup>8</sup> was asked to examine existing estimates of net cost of unauthorized aliens. The GAO examined 13 studies issued between 1984 and 1994 which estimated the net cost of unauthorized migrants, but only three studies attempted to provide national estimates. The GAO examined the three national studies in detail and concluded that national studies of the net cost/benefits of unauthorized aliens in the U.S. vary considerably, and the actual fiscal impact of unauthorized aliens remains unknown. The studies examined in the GAO study were: (1) "The Costs of Immigration" (by Rice University Professor Donald Huddle);<sup>9</sup> (2) "How Much Do Immigrants Really Cost? A Reappraisal of Huddle's 'The Cost of Immigrants'" (by the Urban Institute);<sup>10</sup> and (3) "A Critique of the Urban Institute's Claims of Cost Free Immigration: Huddle Findings Confirmed" (by Huddle).<sup>11</sup>

The GAO found that approaches used to estimate costs in the three studies were "often based on assumptions whose reasonableness is unknown," and contended that data limitations prevented them from being able to ascertain the validity of several of the positions taken by the researchers. The GAO noted that little data are available on unauthorized aliens' use of public services and payment of taxes, and the studies used indirect and varying approaches with the result that studies were difficult to compare. The GAO study also asserted that small changes in the assumptions for the estimates often resulted in large differentials in the net estimated costs.

---

<sup>7</sup> Georges Vernez, and Kevin F. McCarthy, *The Cost of Immigration to Taxpayers: Analytical and Policy Issues* (Santa Monica, CA: RAND, 1996), p. xii. (Hereafter cited as Vernez and McCarthy *The Cost of Immigration to Taxpayers*.)

<sup>8</sup> U.S. General Accounting Office, *Illegal Aliens: National Net Cost Estimates Vary Widely*, GAO/HEHS-95-133, July 1995.

<sup>9</sup> Donald Huddle, *The Cost of Immigration* (Washington, D.C.: Carrying Capacity Network, June 4, 1993).

<sup>10</sup> Jeffrey Passel, *How Much Do Immigrants Really Cost? A Reappraisal of Huddle's The Cost of Immigrants* (Washington, D.C.: Urban Institute, 1994).

<sup>11</sup> Donald Huddle, "A Critique of the Urban Institute's Claims of Cost Free Immigration: Huddle Findings Confirmed," *Population and Environment*, vol.16, no. 6 (July 1995).

The GAO also stated that unauthorized aliens generate revenues as well as costs, which offset some of the costs governments incur. The GAO noted that studies indicate that many unauthorized aliens “pay taxes, including federal and state income taxes; Social Security tax; and sales, gasoline, and property taxes,” but researchers disagree on the amount of revenues generated and the extent to which they offset government costs. The GAO noted that most studies conclude that unauthorized aliens generate more in costs than in revenues, although the magnitude of those costs is a subject of “continued debate.” The major conclusions of the three studies reviewed in the GAO report are summarized below.

**The Costs of Immigration.** Huddle in his study *The Costs of Immigration* estimated that the national net cost of unauthorized aliens to federal, state, and local governments was \$11.9 billion in 1992. Huddle’s study used per capita tax estimates for Los Angeles County from the Internal Services Department (ISD) study,<sup>12</sup> and extrapolated these estimates to arrive at a national estimate of taxes paid by immigrants. The number of unauthorized immigrants in the United States was based on the former Immigration and Naturalization Service (INS)<sup>13</sup> estimates that 6 million aliens were illegally residing in the United States in 1987, and estimates of the Census Bureau and the Center for Immigration Studies. Huddle estimated that in 1992, 4.8 million unauthorized aliens resided in the United States.

**How Much Do Immigrants Really Cost? A Reappraisal of Huddle’s ‘The Cost of Immigrants’.** The Urban Institute reviewed Huddle’s work in this study, and concluded that Huddle’s approach was theoretically valid, but Huddle’s study systematically understated the tax collections and overstated the service costs for immigrants. The Urban Institute maintained that the ISD study underestimated taxes paid by immigrants. The Urban Institute also questioned some of the underlying assumptions made in Huddle’s estimation, contending that findings for Los Angeles were not representative of the country as a whole. The Urban Institute also asserted that Huddle overestimated the costs of services and job displacement of U.S. workers. The Urban Institute re-estimated the net cost for unauthorized immigrants using the “corrected” assumptions, and found a much lower net cost of unauthorized aliens for 1992 of \$1.9 billion.

**A Critique of the Urban Institute’s Claims of Cost Free Immigration: Huddle Findings Confirmed.** After the Urban Institute reviewed Huddle’s work, Huddle produced an updated estimate in his study *A Critique of the Urban Institute’s Claims of Cost Free Immigration: Huddle Findings Confirmed* for 1993. Huddle found that the cost of unauthorized aliens was \$19.3 billion in 1993, an estimate which was \$7.4 billion higher than his initial estimate.

## Overview of Selected Studies

Presented below is a list of selected studies examining the costs/benefits of

---

<sup>12</sup> Internal Services Division (ISD), *Impact of Undocumented Persons and Other Immigrants on Costs, Revenues and Services in Los Angeles County: A Report Prepared for the County Board of Supervisors*, (Los Angeles County, 1992).

<sup>13</sup> The Homeland Security Act of 2000 (P.L. 107-296) transferred most functions of Department of Justice’s Immigration and Naturalization Service (INS) to the Department of Homeland Security (DHS). The transfer of these functions occurred on Mar. 1, 2003, at which time INS as an agency ceased to exist.

unauthorized migration to federal, state and local governments. These studies were selected because they attempt to quantify the cost/benefits of unauthorized migration separate from the total cost of all migration, and because the studies were completed after 1990. Moreover, with one exception, all the chosen studies explain the methodology used to calculate the estimates. The one study which did not present methodology, *Health Care for Unauthorized Immigrants: Who Pays?*, was included because the estimate in the study is often quoted.

For reasons discussed above, none of the studies provide national estimates, and instead the studies focus on limited geographic regions (e.g., border communities, states, or cities), and limit the cost/benefit analysis to a discrete issue (e.g., medical care, taxes, criminal justice costs). Some of these studies survey immigrant communities and ask immigration status, while others ask for local agencies to estimate the cost of services provided to unauthorized aliens. Others use published data sources and modeling to estimate the cost/benefits of unauthorized aliens residing in the United States.

**Impact of Illegal Immigration on Mississippi (2006).** The Mississippi Office of the State Auditor estimated that unauthorized aliens may cost the state \$25 million per year.<sup>14</sup> The study estimated the state's unauthorized population by using published data from the Pew Hispanic Center<sup>15</sup> and the Current Population Survey (CPS), as well as unpublished data from the Department of Homeland Security's Immigration and Customs Enforcement (ICE). The number of unauthorized aliens enrolled in Mississippi's higher education system was estimated using data from CRS.<sup>16</sup> The amount spent on uninsured healthcare services was estimated by using both a finding from the RAND Corporation that 68% of unauthorized alien adults lacked health insurance,<sup>17</sup> and estimates of the total uninsured population (including citizens and noncitizens) from the Mississippi Hospital Association. Importantly, the report noted that "because no data regarding immigration status is collected, it is difficult to determine the accuracy of [the health] estimate..." Incarceration costs were reported by the Mississippi Department of Corrections for aliens who self-reported being illegally present. The report estimated that Mississippi's unauthorized alien population of 49,000 contribute \$44.2 million in taxes a year (\$40.8 million in sales taxes, and 3.4 million in income taxes) while costing the state:

- \$23.7 million a year for education;
- \$35 million a year for healthcare;
- \$237,360 a year for public safety; and
- \$10.3 million in remittance losses.

**Impact of Illegal Immigration on Minnesota (2005).** The Office of Strategic Planning and Results Management for the State of Minnesota reported that in FY2005,

<sup>14</sup> Mississippi Office of the State Auditor, *The Impact of Illegal Immigration on Mississippi: Costs and Population Trends*, (Jackson, MS: Office of the State Auditor, Feb. 21, 2006).

<sup>15</sup> Jeffrey S. Passel, *Size and Characteristics of the Unauthorized Migrant Population in the U.S.*, (Washington, D.C.: Pew Hispanic Center, Mar. 2005). (Hereafter Passel, *Size and Characteristics of the Unauthorized Migrant Population in the U.S.*)

<sup>16</sup> CRS Report RL31365, *Unauthorized Alien Students: Issues and Legislation*, by Andorra Bruno and Jeffrey J. Kuenzi.

<sup>17</sup> Dana P. Goldman, James P. Smith and Neeraj Sood, "Legal Status and Health Insurance Among Immigrants." *Health Affairs*, vol 24, no. 6, 1640-1653 (Nov./Dec. 2005).

unauthorized aliens cost Minnesota between \$176 and \$188 million.<sup>18</sup> The study used the estimates of the unauthorized population from Pew Hispanic Center researcher Jeffrey Passel.<sup>19</sup> The study only estimated costs and did not attempt to consider the benefits of unauthorized aliens in areas such as labor or tax revenues. To estimate the education costs to the state, the study utilized data from the Urban Institute to estimate the number of unauthorized alien children ages 5 to 18 in the state,<sup>20</sup> and used the average daily operating expenditures per child for the school year. Estimates of the costs to Minnesota's health assistance programs was provided by the Minnesota Department of Health and Human Services. Estimates on incarceration costs were provided by the Minnesota Department of Corrections. Specifically the study reported that on unauthorized aliens, Minnesota spent (after federal reimbursement for some health costs):

- \$17 million, for public assistance health care programs;
- \$146 to \$158 million for K through 12 public education; and
- \$13 million for incarceration costs.

**The High Cost of Cheap Labor: Illegal Immigration and the Federal Budget (2004).** This study released by the Center for Immigration Studies<sup>21</sup> uses the March Current Population Survey (CPS) and the decennial census, and relies on the methodology used in two respected studies of the fiscal effects of immigration: (1) *The New Americans* (1997) by the National Research Council (NRC);<sup>22</sup> and (2) *Immigrants in New York: Their Legal Status, Incomes and Taxes* (1998) discussed below. Unauthorized aliens are estimated by using socioeconomic characteristics to assign a probability to each respondent that the respondent is an unauthorized alien. The study uses households as the unit of analysis arguing, as in the NRC study, that the household is the primary unit through which taxes are paid and services used. It is important to note that although the head of the household is an unauthorized alien, it is possible that others in the household are legally present, or United States citizens.

The study noted that cost of unauthorized alien households presents complex fiscal questions, and estimated that on average, each household headed by unauthorized aliens cost the federal treasury \$2,736 in FY2002. The study estimated that although unauthorized

---

<sup>18</sup> Minnesota Department of Administration, Office of Strategic Planning and Results Management, *The Impact of Illegal Immigration on Minnesota: Costs and Population Trends*, (St. Paul, MN: Minnesota Department of Administration, Dec. 8, 2005). Available at [[http://www.state.mn.us/mn/externalDocs/Administration/Report\\_The\\_Impact\\_of\\_Illegal\\_Immigration\\_on\\_Minnesota\\_120805035315\\_Illegal%20Immigration%20Brief%2026.pdf](http://www.state.mn.us/mn/externalDocs/Administration/Report_The_Impact_of_Illegal_Immigration_on_Minnesota_120805035315_Illegal%20Immigration%20Brief%2026.pdf)]

<sup>19</sup> Passel, *Size and Characteristics of the Unauthorized Migrant Population in the U.S.* The authors of the report reportedly talked to Dr. Passel and were informed that Minnesota's unauthorized alien population was indeed 85,000.

<sup>20</sup> Michael E. Fix and Jeffery S. Passel, *U.S. Immigration: Trends and Implications for Schools*, (Washington, D.C.: Urban Institute, Jan. 2003).

<sup>21</sup> Steven A. Camarota, *The High Cost of Cheap Labor: Illegal Immigration and the Federal Budget* (Washington, D.C.: Center for Immigration Studies, Aug. 2004).

<sup>22</sup> National Research Council, *The New Americans: Economic, Demographic, and Fiscal Effects of Immigration* (Washington, D.C.: National Academy Press, 1997). This study is not included in this memorandum because it does not distinguish between aliens who are legally present and aliens who are unauthorized.

households paid more than \$4,200 in all forms of federal taxes<sup>23</sup> (e.g., payroll taxes, Medicare taxes, income taxes), they cost the federal government \$6,949.<sup>24</sup>

**Illegal Immigrants in U.S./Mexico Border Counties: Cost of Law Enforcement, Criminal Justice, and Emergency Medical Services (2001).** The United States/Mexico Border Counties Coalition received a grant from the Department of Justice to measure the costs to the general funds of all 24 border counties for providing law enforcement, criminal justice, and emergency medical services to unauthorized aliens for FY1999. Four university researchers collected data by conducting site visits, interviewing governing board members, department heads, judicial officials, division heads, county managers, and information management specialists. The border patrol and state agencies were also consulted. Since many of the services are provided to noncitizens without ascertaining immigration status, the accuracy of the data is unknown. The study also used data from the decennial census, the CPS, INS border crossing data, Border Patrol apprehension data, newspaper accounts, public documents, congressional hearings, and previous research. The study found that Texas border communities spent \$23.3 million, New Mexico spent \$5 million, Arizona spent \$24.2 million, and California spent \$55.7 million providing law enforcement, criminal justice, and emergency medical services to unauthorized aliens.<sup>25</sup>

**Immigrants in New York: Their Legal Status, Incomes and Taxes (1998).** In this study by the Urban Institute,<sup>26</sup> researchers used official estimates of the number of unauthorized aliens from the INS for New York. The principal data sources used by the researchers for the income and tax estimates were the March 1995 CPS as modified with the Urban Institute's TRIM2 computer simulation,<sup>27</sup> the 1996 New York City Housing and Vacancy Survey, and a variety of administrative data sources. The researchers estimated that, on average, an unauthorized alien paid \$2,400 in federal and state taxes in 1995.

**Fiscal Impacts of Undocumented Aliens: Selected Estimates for Seven States (1994).** The Urban Institute study *Fiscal Impacts of Undocumented Aliens:*

<sup>23</sup> The study estimated that more than half of unauthorized aliens pay payroll taxes and that households headed by unauthorized aliens paid \$1,371 in income taxes, \$1,687 in Social Security taxes, \$446 in Medicare taxes, \$83 in unemployment taxes, \$84 in corporate income taxes, and \$541 in excise and other taxes.

<sup>24</sup> The estimated costs per unauthorized household were: \$289 for Social Security and Medicare, \$40 for cash welfare programs, \$499 for food assistance programs, \$659 for Medicaid, \$182 for non-cash welfare programs, \$591 for treatment for the uninsured, \$442 for other tax credit and assistance programs, \$371 for education, \$760 for prisons/courts and immigration enforcement, \$3,115 for other federal costs (including infrastructure maintenance and criminal justice).

<sup>25</sup> United States/Mexico Border Counties Coalition, *Illegal Immigrants in U.S./Mexico Border Counties: Cost of Law Enforcement, Criminal Justice, and Emergency Medical Services* (Washington, D.C.: United States/Mexico Border Counties Coalition; Feb. 2001).

<sup>26</sup> Jeffrey S. Passel, and Rebecca L. Clark, *Immigrants in New York: Their Legal Status, Incomes and Taxes*, (Washington D.C.: Urban Institute, Apr. 1998).

<sup>27</sup> TRIM2 (TRansfer Income Model Version 2) is a microsimulation program developed by the Urban Institute in which essentially the program fills out federal and state tax forms for a CPS household using the information collected in the CPS; the program estimates dependents, exemptions, and various deductions. TRIM2 also estimates the amount of Social Security tax (also referred to as the Federal Insurance Contribution Act tax or FICA) and unemployment insurance paid by household members and on their behalf by employers.

Selected Estimates for Seven States<sup>28</sup> examined specified costs (including incarceration, educational and Medicaid costs) versus tax revenues of unauthorized aliens in the seven states with the highest estimated unauthorized populations: California, Florida, Texas, New York, Illinois, Arizona, and New Jersey. The study examined only the costs of incarceration, elementary and secondary education, and emergency medical services for unauthorized aliens compared to revenues generated by state sales, property and income taxes paid by unauthorized aliens. The researchers cautioned that their estimates could not be used to calculate the net costs of unauthorized aliens.

*Incarceration Costs.* The estimates for incarceration costs of unauthorized aliens were based on data supplied by the states on all foreign-born prisoners incarcerated in state prisons as of mid-March 1994. The immigration status of the prisoners was determined by either matching the names to INS records or by interviews with the prisoners. The total costs were calculated by multiplying the estimated number of incarcerated unauthorized aliens by state-specific estimates of the annual prisoner costs provided by the Census of State Prisons. The study estimated that 21,395 unauthorized aliens were incarcerated in the seven states as of mid-March 1994, and estimated a total cost of \$471 million for all of 1994. The study found that California had 71% percent of all incarcerated unauthorized aliens in the United States at a cost of \$368 million to the state. New York spent the second highest amount with an estimated \$45 million.

*Education Costs.* Using data from the Census Bureau, the INS, and the National Center for Education Statistics, the researchers estimated that 641,000 unauthorized alien children were enrolled in public primary and secondary schools in the seven states, at a total state and local cost of \$3.1 billion. The researchers estimated that California spent \$1.3 billion providing education for unauthorized alien children in 1993-1994.

*Medicaid Costs.* The researchers concluded that there were problems with state-level data (e.g., the data included people who were not unauthorized aliens) but that other data were not available which would provide reliable estimates of the Medicaid expenditures for unauthorized aliens. The study noted that the seven states reported spending an estimated \$422 million on Medicaid costs for unauthorized aliens in 1993.

*Tax Revenues.* Although there are no direct measures of tax payments by unauthorized aliens, using "standard demographic" methods together with data from the Census, the INS, the states, and other studies, the researchers estimated that \$1.9 billion was collected from unauthorized aliens in the seven states for state and local sales, property, and income taxes. Of that total, \$1.1 billion was collected in sales taxes; \$700 million in property taxes; and \$100 million in state income taxes. The study notes that these three types of taxes do not reflect the total revenue generated by unauthorized aliens. The study also found that the estimated share of tax revenues paid by unauthorized aliens is "far less" than their share of the population in each state. For example, the study noted that unauthorized aliens in California paid an estimated 1.7% (\$732 million) of all the taxes collected during the period studied, but represented 4.6% of the state's population.

The report did not take into account unauthorized aliens' impact on states' economies as workers, business owners or consumers. The researchers cautioned that because other

---

<sup>28</sup> Rebecca L. Clark, and Jeffrey S. Passel, *Fiscal Impacts of Undocumented Aliens: Selected Estimates for Seven States* (Washington D.C.: Urban Institute, Apr. 1, 1998).

expenditures and revenue sources were not analyzed, the estimates could not be used to calculate the net costs of unauthorized aliens.<sup>29</sup>

**The Unfair Burden: Immigration's Impact on Florida (1994).** The Executive Office of the Governor and the Florida Advisory Council on Intergovernmental Relations produced a report in March 1994 entitled *The Unfair Burden: Immigration's Impact on Florida*. The study estimated that the cost of unauthorized aliens to the state of Florida was \$262 million while the amount expended at the local level was \$622 million. The report states:

It is important to acknowledge the limitations of providing precise numbers in aggregating information for this report. There are few requirements of government agencies and school districts to determine the immigration status of the clientele they serve.

The costs were calculated by multiplying the estimated costs by the estimated percentage of noncitizens who are unauthorized aliens. The underlying assumption of this study that unauthorized aliens use services (such as education, corrections, judicial, law enforcement) in the same manner as noncitizens who are legally present is questionable as there are no data to support the assumption.

## Uncompensated Health Care Costs Estimates

**Health Care for Unauthorized Immigrants: Who Pays? (2001).** The House Research Organization for the Texas House of Representatives noted that the Harris County Hospital District estimated that between 1999 and 2001 it spent \$330 million on health care for unauthorized aliens, of which \$105 million was reimbursed by the federal government.<sup>30</sup> The study failed to provide methodology for the estimate, and as a result, it is impossible to assess the validity of the estimate.

**Medical Emergency: Costs of Uncompensated Care in Southwest Border Counties (2002).** In 2002, the United States/Mexico Border Counties Coalition released a study entitled *Medical Emergency: Costs of Uncompensated Care in Southwest Border Counties*.<sup>31</sup> The survey conducted statistical modeling by identifying sets of non-border communities that "capture essential characteristics of each border community with respect to the demand for emergency medical services." The researchers note the complexity of matching border communities with other communities, as the counties on the U.S./Mexico border are unique on many important dimensions, and this complexity may have impacted the results. The researchers then performed a linear regression, and assumed the differences between the border communities and the similar non-border communities could be attributed to unauthorized aliens. The study concluded that in 2000, \$189.6 million was spent by hospitals in the Southwest border communities to provide uncompensated care to unauthorized aliens.

---

<sup>29</sup> Rebecca L. Clark, Jeffrey S. Passel, Wendy N. Zimmermann and Michael E. Fix, *Fiscal Impacts of Undocumented Aliens: Selected Estimates for Seven States*, (Washington D.C.: Urban Institute, Sept. 1994).

<sup>30</sup> Texas State Legislature, House Research Organization, *Health Care for Unauthorized Immigrants: Who Pays?*, Report Number 77-13, Oct. 29, 2001.

<sup>31</sup> United States/Mexico Border Counties Coalition, *Medical Emergency: Costs of Uncompensated Care in Southwest Border Counties* (Washington, D.C.: United States/Mexico Border Counties Coalition, Sept. 2002).

## Increased Spending in the Local Communities

**Chicago's Undocumented Immigrants: An Analysis of Wages, Working Conditions, and Economic Contributions (2002).** A study released by the Center for Economic Development at the University of Illinois at Chicago surveyed 1,653 legal and unauthorized aliens living in the Chicago metro area. The sample was not random, as the survey was implemented through community based organizations as a mechanism to over-sample the unauthorized population.<sup>32</sup> Thus, although the results are most likely not representative of other geographic areas, the model the researchers used to estimate the amount that unauthorized aliens in the Chicago spend per year is comprehensive. The estimate was based on the 2001 CPS, the INS estimates of the unauthorized alien population living in Illinois in 2001, and statistics from the survey. The study found that unauthorized aliens in the Chicago area spend approximately \$2.89 billion annually which generates an additional \$2.56 billion in local spending.<sup>33</sup> In addition, it can be argued that increased spending leads to increased revenues from sales taxes for local and state governments.

---

<sup>32</sup> Often researchers will make the decision not to do a random survey to assure that an often under-represented population, such as unauthorized aliens, is large enough in the sample to be statistically significant.

<sup>33</sup> Chirag Mehta, Nik Theodore, Iliana Mora, and Jennifer Wade, *Chicago's Undocumented Immigrants: An Analysis of Wages, Working Conditions, and Economic Contributions* (Chicago: University of Chicago Center for Urban Economic Development, Feb. 2002).

## Appendix A: Summary of Studies

Table 1 summarizes the findings of the studies discussed in this memorandum.

**Table 1. The Studies and Findings Presented in the Memorandum**

Study name and year	Study author	Universe	Findings
<i>The Costs of Immigration</i> (1993)	Donald Huddle	All unauthorized aliens	Net cost of unauthorized aliens to federal, state, and local governments was \$11.9 billion in 1992.
<i>How Much Do Immigrants Really Cost? A Reappraisal of Huddle's The Cost of Immigrants</i> (1994)	Jeffrey Passel	All unauthorized aliens	Net cost of unauthorized aliens to federal, state, and local governments was \$1.9 billion in 1992.
<i>A Critique of the Urban Institute's Claims of Cost Free Immigration: Huddle Findings Confirmed</i> (1995)	Donald Huddle	All unauthorized aliens	Net cost of unauthorized aliens to federal, state, and local governments was \$19.3 billion in 1993.
<i>Impact of Illegal Immigration on Mississippi</i> (2006)	Mississippi Office of the State Auditor	Unauthorized aliens in Mississippi	Mississippi estimates that it spends \$25 million a year on unauthorized aliens.
<i>Impact of Illegal Immigration on Minnesota</i> (2005)	Minnesota Department of Administration, Office of Strategic Planning and Results Management	Unauthorized aliens in Minnesota	In FY2005, unauthorized aliens cost Minnesota between \$176 and \$188 million.
<i>The High Cost of Cheap Labor: Illegal Immigration and the Federal Budget</i> (2004)	Steven A. Camarota	Households headed by unauthorized aliens	Each unauthorized alien household cost the federal treasury \$2,736 in FY2002.

Study name and year	Study author	Universe	Findings
<i>Illegal Immigrants in U.S./Mexico Border Counties: Cost of Law Enforcement, Criminal Justice, and Emergency Medical Services</i> (2001)	The United States/Mexico Border Counties Coalition	Border communities in Texas, New Mexico, Arizona, California	Texas border communities spent \$23.3 million, New Mexico spent \$5 million, Arizona spent \$24.2 million, and California spent \$55.7 million providing law enforcement, criminal justice, and emergency medical services to unauthorized aliens.
<i>Immigrants in New York: Their Legal Status, Incomes and Taxes</i> (1998)	Jeffrey S. Passel and Rebecca L. Clark	Immigrants in New York	Unauthorized aliens in New York paid \$2,400 each in federal and states taxes in 1995
<i>Fiscal Impacts of Undocumented Aliens: Selected Estimates for Seven States</i> (1994)	Rebecca L. Clark, and Jeffrey S. Passel	Unauthorized aliens in California, Florida, Texas, New York, Illinois, Arizona, and New Jersey	For unauthorized aliens, the seven states spent \$471 million on incarceration costs (1994), \$3.1 billion for education (1993-1994), \$422 million for Medicaid (1993), and collected \$1.9 billion in taxes (1994).
<i>The Unfair Burden: Immigration's Impact on Florida</i> (1994)	The Executive Office of the Governor and the Florida Advisory Council on Intergovernmental Relations	Unauthorized aliens in Florida	Unauthorized aliens in Florida cost the state government \$262 million and the local government \$622 million.
<i>Health Care for Unauthorized Immigrants: Who Pays?</i> (2001)	The House Research Organization for the Texas House of Representatives	Unauthorized aliens treated at Harris County Hospital District	Between 1999 and 2001, Harris County Hospital District spent \$330 million on health care for unauthorized aliens, of which \$105 million was reimbursed by the federal government.

Study name and year	Study author	Universe	Findings
<i>Medical Emergency: Costs of Uncompensated Care in Southwest Border Counties (2002)</i>	United States/Mexico Border Counties Coalition	Border communities in Texas, New Mexico, Arizona, California	In 2000, hospitals in the Southwest border communities spent \$189.6 million on uncompensated care for unauthorized aliens.
<i>Chicago's Undocumented Immigrants: An Analysis of Wages, Working Conditions, and Economic Contributions (2002)</i>	Chirag Mehta <i>et. al.</i>	Aliens in the Chicago metro area	Unauthorized aliens in the Chicago spend approximately \$2.89 billion annually which generates an additional \$2.56 billion in local spending.