

FAIR

FEDERATION FOR AMERICAN
IMMIGRATION REFORM

THE FISCAL BURDEN OF ILLEGAL ALIENS ON FLORIDIANS

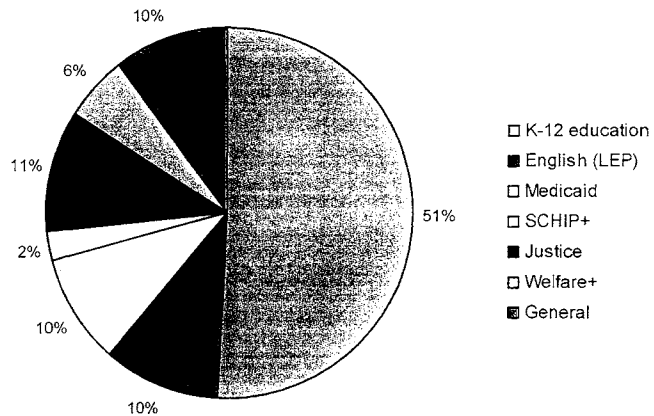
FAIR's 2010 study, "The Fiscal Burden of Illegal Immigration on United States Taxpayers" estimated at nearly \$5.5 billion the annual state and local fiscal costs borne by Florida taxpayers resulting from 950,000 illegal aliens and 186,000 of their U.S.-born children.

The estimated costs in this report exceeded the nearly \$4 billion estimated cost borne by Florida taxpayers in FAIR's 2009 publication "The Costs of Illegal Immigration to Floridians" because the more recent study included additional expenditure areas.

The breakdown of the 2010 estimate by category is below (\$millions):

K-12 education	\$2,780.1
English (LEP)	<u>\$559.1</u>
Sub total	\$3,339.2
Medicaid	\$530.6
SCHIP+	\$129.2
Justice	\$578.9
Welfare+	\$317.1
General	<u>\$567.6</u>
Total	\$5,462.6

Florida Fiscal Cost of Illegal Immigration



There are tax collections received by the state and local governments from the illegal aliens and their employers that offset some of that estimated fiscal cost. The study puts those estimated tax receipts (in \$millions) as follows:

Property tax	\$100.7
Sales tax	<u>\$160.1</u>
Total	\$260.7

This leaves the net fiscal burden on Florida taxpayers at about \$5.2 billion per year – not including the share of their federal taxes that go for programs used by illegal aliens.

The full study is on FAIR's website at www.fairus.org

FAIR January 2011



FLORIDA LEGISLATURE MEETING ON ILLEGAL IMMIGRATION

January 24, 2011

**STATEMENT BY JOHN MARTIN
SPECIAL PROJECT DIRECTOR
FEDERATION FOR AMERICAN IMMIGRATION REFORM**

THE FISCAL AND OTHER IMPACTS OF ILLEGAL IMMIGRATION ON FLORIDA

Sen. Flores and fellow legislators,

I am Jack Martin, Special Projects Director for the Federation for American Immigration Reform, a national non-profit, non-partisan membership organization that has been working to promote immigration policies in the national interest for more than 30 years.

I appreciate the opportunity to share with you the findings of a recent study of the fiscal costs of illegal immigration on which I worked. That study examined both federal and local costs and tax collections. A description of the findings for Florida is attached to this statement. It shows a net annual fiscal burden on Florida taxpayers of about \$5.2 billion after estimating tax collections from illegal aliens and their employers of about \$260 million.

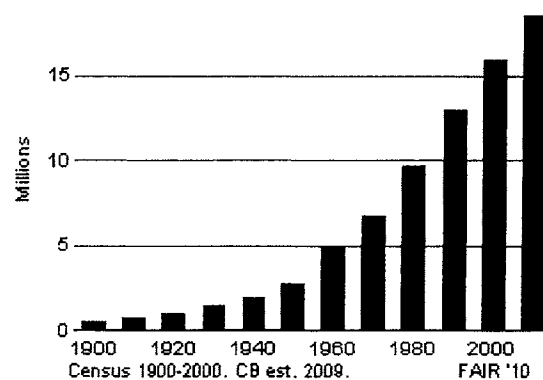
Before I describe the findings in that report I would like to address some information that I believe is misleading that was presented to you in your last hearing.

Professor Roman of Florida International University suggested that population growth is not an issue of concern to Florida. I suggest you heed the view of the director of water supply for the South Florida Water Management District.

John Mulliken stated in 2007, "We just passed a crossroads. The chief water sources are basically gone. We really are at a critical moment in Florida history."¹

Water supply is, of course, an issue for human consumption as well as for agricultural production, both of which are related to the issue of a sustainable population. Further, the increased reliance on high-cost desalinization of both ground water and sea water is just one of the environmental problem facing Florida's policymakers that is compounded by population growth.

**Florida
Population 1900 - 2009**



¹ "Crisis feared as U.S. water supplies dry up: Government projects at least 36 states will face shortages within five years," Associated Press (on MSNBC) Oct. 27, 2007.

Florida's population has grown from 6.8 million in 1970 to more than 18.5 million in 2009, i.e., by about 11.7 million. During the same time the foreign-born population has grown by about 2.9 million persons, i.e., about one-fourth of the increase.

During the 2000-09 period, the native-born population rose by 2.4 percent while the foreign-born share rose by 5.6 percent – more than double the rate of increase. Further, much of the increase in the native-born population results from the children born in the United States to foreign-born parents. When those births are taken into account, the overall impact of immigration in Florida is about 62 percent of overall population increase at present.

FAIR projects that if current trends in population growth continue – with no change in current immigration policy – Florida's population in 2050 may increase to 31.7 million.² It is important to recognize that this population growth is not inevitable. Because much of the change depends on the additional arrival of immigrants – legal and illegal – this projection can be changed by a change in immigration admission policy. And it can be changed by combating the arrival of illegal aliens. In the same projection, we estimated that if immigration were reduced from the current more than one million new immigrants legally entering the United States annually – added to by hundreds of thousands entering illegally – to a replacement level of about a third of a million newcomers a year, Florida's population would instead rise to about 24.8 million in 2050. That still is a major increase, but it would be nearly 7 million fewer residents competing for those dwindling water supplies.

Secondly, Professor Roman suggested that crime is not an immigration issue because immigrants have a lower crime incidence than native-born residents. While that is true, it is deceptive. It is true because immigrants are screened for any past criminal activities and are excluded if they represent any crime threat. The same is not true, of course, for illegal entrants. A study of crime incidence that distinguishes between legal and illegal foreign residents of the United States was published by FAIR in 2007.³ The finding in that report, based on data collected by the U.S. Department of Justice in the State Criminal Alien Assistance Program was that illegal and deportable aliens have about a 50 percent higher rate of incarceration than native-born U.S. citizens.

Professor Roman also suggested that illegal aliens are not a burden on the state's budget. That is the issue that our fiscal impact study addresses.

Nearly all responsible studies of the fiscal impact of immigration have found that immigration is a net fiscal burden on state and local governments. That was the conclusion of the blue ribbon panel of experts convened by the National Research Council's American Academies of Sciences that issued its findings in 1997.⁴ The study did not distinguish between legal and illegal immigration, but it found that in a state with a large number of illegal aliens, such as California,

² Martin, Jack and Stanley Fogel, "Projecting the U.S. Population to 2050: Four Immigration Scenarios," FAIR 2006.

³ Martin, Jack, "Illegal Aliens and Crime Incidence: Illegal Aliens Represent a Disproportionately High Share of the Prison Population," FAIR 2007.

⁴ "The New American: Economic, Demographic, and Fiscal Effects of Immigration," National Research Council, 1997.

the annual tax burden per household headed by a U.S. native was \$1,178. Because illegal aliens are generally working at much lower wages than immigrants, their fiscal impact on state budgets is much greater.

The major fiscal expenditure results from the educational cost of schooling for the children of the immigrants. In our study that identified a fiscal burden of nearly \$5.5 billion on Florida taxpayers, 61 percent of the expenditures are associated with K-12 public schooling of those children. That estimate includes the Limited English Proficiency classes for non-native English speakers.

Our fiscal cost estimate is based on an estimated 950,000 illegal aliens in the state (about 70,000 of whom are school aged) and an additional 186,000 U.S.-born school aged children of illegal aliens. Some defenders of illegal immigration argue that an estimate of the schooling costs should not include the U.S.-born children. However, we, like the National Academy experts, do not make that distinction. It is clear that those children would not be in the United States if the parents did not come here. It also seems clear that if the parents leave voluntarily or involuntarily they are unlikely to leave their minor children behind.

A similar consideration in our cost estimate is the Medicaid outlays for delivery to illegal alien women. Under current practice, those children are U.S. citizens upon birth, and the Medicaid rules stipulate that the cost of the delivery is attributable to the unborn child rather than the mother who is not eligible for Medicaid services. We estimated the likely births to illegal aliens paid for by Medicaid in Florida were about 22,500 at an average cost of \$10,000 with the state paying for 44.6 percent of that expense, i.e., about \$62.4 million annually. Other medical expenditures are for emergency medical care estimated at \$171 million and Medicaid medical services to the U.S.-born children of illegal aliens living in poverty (\$72.1 million).

Those same children allow the parents to sign up for various social assistance programs from housing to welfare payments.

Law enforcement costs include policing, judicial proceedings and incarceration. We used data compiled by the Department of Justice for state and local expenditures and prorated them for the estimated size of the illegal alien population. We ignored that some of those costs would be higher because of the higher incidence of illegal aliens in the justice system and the higher costs associated with having to provide interpreter services.

Offsetting some of these fiscal outlays, we also calculated likely local and state government receipts from taxes paid by illegal aliens and their employers. We discounted the amount of those taxes receipts from the average of other low-wage legal workers, because the illegal workers are much more likely to be earning less and spending less because they are sending some of their earnings abroad. Our tax collection estimate is \$261 million annually -- a small fraction of the overall outlays.

The Meaning of the Fiscal Costs

Regardless of any argument over the size of the illegal alien population or the inclusion of their U.S.-born children in the estimates, illegal aliens are a net drain on Florida's state and local

budgets. The costs will be proportional to the size of the illegal alien population. That means if the illegal alien population can be lowered, as is happening in states like Arizona, it will benefit the state's taxpayers.

It is not realistic to expect a rapid turnaround in efforts to identify and remove illegal aliens. It is realistic, however, to diminish the illegal alien population over time by the adoption of policies that discourage the settlement of new illegal residents and make it increasingly difficult for those already in the state to remain by effectively denying them job opportunities. It is also possible to achieve the objective of a waning illegal alien population through cooperation with the federal immigration authorities to identify deportable aliens.

The Economic Balance Issue

Apart from the fiscal cost of illegal aliens is the issue of whether they represent an economic benefit to the state. That issue considers the production of goods and services attributable to the labor of those workers. It is clear that some employers benefit from the labor of illegal aliens. Offsetting that benefit is the cost to the state of the funds that are sent out of the state as remittances. Those funds deny the state sales, jobs, and tax collections.

Still there will be a perceived net economic advantage to the state until the question is asked whether those jobs could be done by legal workers. If they were done by U.S. citizens or legal workers, they would be done in the above-ground economy, meaning greater tax receipts. Without exploitable illegal alien workers, wages likely would rise, thereby diminishing the dependence on social assistance for low-wage workers. If unemployed legal workers took those jobs, that too would diminish public support for those workers.

When that last question is considered, it seems clear that the production of goods and services would not significantly decline, so, in balance, there would likely be an economic benefit. Some underground sweatshop operations that depend entirely on exploiting illegal workers might go out of business, but that should be seen as a benefit, not a loss.

An Action Agenda

The fiscal burden placed on Florida taxpayers by illegal immigration should be reason enough for policymakers to adopt measures designed to discourage the arrival of new illegal aliens and to encourage those already in the state to return to their home countries. Additional reasons for pursuing these objectives derive from other impacts that result from illegal immigration. Some of these are issues include overburdened emergency medical facilities that often are the only medical coverage used by illegal aliens, resource demands on public education resulting from students who require special programs, the impact on property values when neighborhoods come to have multiple individuals or families sharing single units, and the unfortunate effect that the presence of large numbers of illegal aliens has on the traditional hospitality of Americans towards foreigners as the likelihood increases that the foreigner is has not been invited into the country and has not been screened prior to entry for criminal or terrorist links or contagious diseases. Finally, the contribution of the uninvited foreigner to avoidable population increase should be a central focus of policymakers who have the responsibility of preserving the heritage that will be left to the next and succeeding generations.

It is widely agreed that most illegal aliens come seeking jobs that will provide an improved life for them and their families. They are sensitive to the messages that are communicated by the actions of government. If the message is welcoming to illegal immigration it will encourage additional illegal immigration. If it is discouraging of illegal immigration it will deter illegal immigration and it will encourage those living illegally in the state to act on contingency plans they have had since arrival to return to their homelands.

The key is to send the message that jobs are no longer available to those who are in the country illegally. The best means to achieve that objective is through verification of the work related documents required in the I-9 screening process. The federal E-Verify system was created by law for that exact purpose. On the national level, it remains a voluntary program 14 years after being established as a voluntary pilot project, except it has been made mandatory for all employees working on federal contracts. At the state level, E-Verify has been made mandatory for all employers in three states, pioneered by Arizona. That law has been legally challenged by employers and by the defenders of illegal aliens. The challenge to Arizona's E-Verify law was rejected in federal court, and has gone to the Supreme Court on appeal.

While it is true that employers who currently benefit from the ability to take advantage of illegal alien workers will have to adapt to a new environment, and will resist compliance, it is important to recognize that there is no limit on the number of legal temporary foreign workers who may be admitted for agricultural work. And the adjustment process of weaning employers of illegal workers off of their reliance on those workers will mean increased opportunity for those legal American workers who often are the most vulnerable workers in our society.

Ideally, the E-verify program will be made mandatory by Congress for all employers nationwide so that illegal aliens may not evade its purpose by moving to a non-verification state. Until that happens, states logically should protect their citizens from the arrival of illegal aliens from states that have adopted the verification system, as Mississippi and South Carolina have done.

Measures may also be adopted to increase local law enforcement cooperation with the federal immigration authorities, such as 287(g) programs to deputize local law enforcement personnel and in the Secure Communities program. FAIR's legal offshoot, the Immigration Reform Law Institute worked with Arizona lawmakers to help shape AZ-1070 to conform to federal law, and it is working with lawmakers in numerous other states on similar approaches to synergistic enforcement measures against illegal immigration.

Finally, enforcement measures against illegal immigration are not measures against all immigrants. Nor are they discriminatory against any nationality or ethnicity. In fact, as illegal immigration becomes less of a problem, legal immigrants and temporary foreign visitors should benefit from a restored environment in which the American community may welcome foreigners as invited guests without suspicion.

Attachment: Description of fiscal cost estimates for Florida from 2010 FAIR study.