Introduction

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

The Number of Illegal Immigrants in the US

Estimating the fiscal burden of illegal immigration on the U.S. taxpayer depends on the size and characteristics of the illegal alien population. FAIR defines “illegal alien” as anyone who entered the United States without authorization and anyone who unlawfully remains once his/her authorization has expired. Unfortunately, the U.S. government has no central database containing information on the citizenship status of everyone lawfully present in the United States. The overall problem of estimating the illegal alien population is further complicated by the fact that the majority of available sources on immigration status rely on self-reported data.
Given that illegal aliens have a motive to lie about their immigration status, in order to avoid discovery, the accuracy of these statistics is dubious, at best. All of the foregoing issues make it very difficult to assess the current illegal alien population of the United States.

However, FAIR now estimates that there are approximately 12.5 million illegal alien residents. This number uses FAIR’s previous estimates but adjusts for suspected changes in levels of unlawful migration, based on information available from the Department of Homeland Security, data available from other federal and state government agencies, and other research studies completed by reliable think tanks, universities, and other research organizations.

The Cost of Illegal Immigration to the United States

At the federal, state, and local levels, taxpayers shell out approximately $134.9 billion to cover the costs incurred by the presence of more than 12.5 million illegal aliens, and about 4.2 million citizen children of illegal aliens. That amounts to a tax burden of approximately $8,075 per illegal alien family member and a total of $115,894,597,664. The total cost of illegal immigration to U.S. taxpayers is both staggering and crippling. In 2013, FAIR estimated the total cost to be approximately $113 billion. So, in under four years, the cost has risen nearly $3 billion. This is a disturbing and unsustainable trend. The sections below will break down and further explain these numbers at the federal, state, and local levels.

Total Governmental Expenditures on Illegal Aliens

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<tr>
<th></th>
<th>Federal Cost</th>
<th>State &amp; Local Cost</th>
<th>Total National Cost</th>
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Total Tax Contributions by Illegal Aliens

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<th>State &amp; Local Taxes Paid</th>
<th>Total Taxes Paid</th>
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<td>$3,520,960,000</td>
<td>$18,968,857,700</td>
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Total Economic Impact of Illegal Immigration

Federal

The Federal government spends a net amount of $45.8 billion on illegal aliens and their U.S.-born children. This amount includes expenditures for public education, medical care, justice enforcement initiatives, welfare programs and other miscellaneous costs. It also factors in the meager amount illegal aliens pay to the federal government in income, social security, Medicare and excise taxes.

Federal Spending

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

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

Federal Taxes

Taxes collected from illegal aliens offset fiscal outlays and, therefore must be included in any examination of the cost of illegal immigration. However, illegal alien apologists frequently cite the allegedly large tax payments made by illegal aliens as a justification for their unlawful presence, and as a basis for offering them permanent legal status through a new amnesty, similar to the one enacted in 1986. That argument is nothing more than a red herring.

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

As a result, illegal aliens actually profit from filing a tax return and, therefore, have a strong interest in doing so.

Federal Tax Receipts from Illegal Aliens - $22.1 Billion

Total Federal Economic Impact of Illegal Immigration

Net Federal Impact of Illegal Aliens - $30.4 Billion

State and Local

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

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

State and Local Spending

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

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

State and Local Taxes Collected

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

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

State Taxes Collected - $3.5 Billion

Total State and Local Economic Impact of Illegal Immigration

Net State Impact - $85 Billion

Combined Federal State Cost Tables