

# The Cost of Illegal Immigration to Taxpayers

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## Summary

*Illegal immigrants are a net fiscal drain, meaning they receive more in government services than they pay in taxes. This result is not due to laziness or fraud. Illegal immigrants actually have high rates of work, and they do pay some taxes, including income and payroll taxes. The fundamental reason that illegal immigrants are a net drain is that they have a low average education level, which results in low average earnings and tax payments. It also means a large share qualify for welfare programs, often receiving benefits on behalf of their U.S.-born children. Like their less-educated and low-income U.S.-born counterparts, the tax payments of illegal immigrants do not come close to covering the cost they create.*

## Key Points

- The current surge of illegal immigration is unprecedented. Some 2.7 million inadmissible aliens have been released into the country by the administration since January 2021. There have also been 1.5 million “got-aways” — individuals observed entering illegally but not stopped. Visa overstays also seem to have hit a record in FY 2022.
- We preliminarily estimate that the illegal immigrant population grew to 12.8 million by October of 2023, up 2.6 million since January 2021, when the president took office. This is the net increase in the illegal population based on monthly Census Bureau data, not the number of new arrivals.
- Illegal immigrants have a negative fiscal impact -- taxes paid minus benefits received -- primarily because a large share have modest levels of education, resulting in relatively

low average incomes and tax payments, along with significant use of means-tested programs and other government services.

- Prior research indicates that 69 percent of adult illegal immigrants have no education beyond high school, compared to 35 percent of the U.S.-born.
- Using the National Academies' estimate of immigrants' net fiscal impact by education level, we estimate that the lifetime fiscal drain (taxes paid minus costs) for each illegal immigrant is about \$68,000, although this estimate comes with some caveats.
- Illegal immigrants make extensive use of welfare. Based on government data, we estimate that 59 percent of households headed by illegal immigrants use one or more major welfare programs, compared to 39 percent of households headed by the U.S.-born.
- Based on their use rate of major welfare programs, we estimate that illegal immigrants receive \$42 billion in benefits, or about 4 percent of the total cost of the cash, Medicaid, food and housing programs examined in our study. However, this is only a rough approximation due to limitations in the data.
- Illegal immigrants can receive welfare on behalf of U.S.-born children. Also, illegal immigrant children can receive school lunch/breakfast and WIC directly. A number of states provide Medicaid to some illegal immigrants, and a few provide SNAP. Several million illegal immigrants also have work authorization (e.g. DACA, TPS and some asylum applicants), allowing receipt of the EITC.
- The high welfare use of illegal immigrant households is not explained by an unwillingness to work. In fact, 94 percent of illegal immigrant households have at least one worker, compared to only 73 percent of U.S.-born households. But the nation's welfare system is design to help low-wage workers with children, which describes a very large share of illegal immigrant households.
- In addition to consuming welfare, illegal immigration makes significant use of public education. Based on average costs per student, the estimated 4 million children of illegal immigrants in public schools created \$68.1 billion in costs in 2019. The vast majority of these children are U.S.-born.
- Use of emergency medical services is another area in which illegal immigrants create significant fiscal costs. Prior research indicates that there are 5.8 million uninsured illegal immigrants in the country in 2019, accounting for a little over one-fifth of the total population without health insurance. The costs of providing care to them likely totals some \$7 billion annually.
- Illegal immigrants do pay some taxes. We estimate that illegal immigrants in 2019 paid roughly \$5.9 billion in federal income tax, \$16.2 billion in Social Security tax and \$3.8 billion in Medicaid taxes. However, as the net fiscal drain of \$68,000 per person cited

above indicates, these taxes are not nearly enough to cover the cost of the services they receive.

- Illegal immigrants do add perhaps \$321 billion to the nation's GDP, but this is not a measure of their tax contributions or the benefits they create for the U.S.-born. Almost all the increase in economic activity goes to the illegal immigrants themselves in the form of wages.

## Introduction

Congress set limits on legal immigration and has allocated funds to enforce those limits for good reason. Allowing widespread illegal immigration raises profound concerns about a host of issues, from public safety and national security to the impact on American workers and the rule of law. While these impacts are all important, my testimony focuses only on the impact of illegal immigration on public coffers. The ongoing border crisis and the dramatic increase in the illegal immigrant population in the last three years will come at a significant cost to taxpayers. By consuming scarce public resources also will make it more difficult to assist low-income legal immigrants and U.S.-born Americans.

In my testimony, I will address five major issues that relate to illegal immigration's impact on taxpayers. First, I will discuss what the ongoing border crisis means for the growth in the size of the illegal immigrant population. Second, I will touch on the enormous strain this influx is creating in many American cities. Third, I will report the estimated education level of illegal immigrants and then use this information to estimate the lifetime net fiscal impact — all taxes paid minus all benefits received — of the average illegal immigrant. Fourth, I will then report some of the costs illegal immigration creates for key public services. Fifth, I will estimate the tax contributions of illegal immigrants from federal income, Social Security, and Medicaid taxes, which are by far the most important taxes that they pay. Finally, I will warn against conflating GDP growth with fiscal impact.

## The Current Surge

**Border Encounters and Aliens Released.** From January 2021 to November 2023 there were nearly 8 million “encounters” at all U.S. borders.<sup>1</sup> There has never been this many encounters over such a short period of time, which in the past were referred to as “apprehensions,” though there are some differences between the two terms. Court records and other information on the Department of Homeland Security (DHS) websites indicate that about 2.7 million inadmissible aliens have been released into the country since the start of the Biden administration.<sup>2</sup> The decision to release these aliens represents new additions to the illegal immigrant population. Many of those released have pending asylum applications or are parolees, but they are still illegal immigrants because they have not been formally admitted to the U.S. and are subject to deportation under the Immigration and Nationality Act.

**Got-Aways.** In addition to those released into the interior of the country, there are so-called “got-aways, which according to DHS are “the number of subjects who, after making an unlawful entry, are not turned back or apprehended”. Prior to Covid-19, the number averaged about 128,000, and was roughly 137,000 in 2020. In 2021, the number more than doubled to 391,000.<sup>3</sup> DHS has not published any newer numbers. However, Fox News has reported that there were 599,000 got-aways in FY 2022.<sup>4</sup> Further, at a May press conference, Secretary Mayorkas seemed to confirm a reporter’s question that there had already been more than 530,000 got-aways in FY 2023 at that time.<sup>5</sup> All told, there have been roughly 1.5 million got-aways since the president took office.<sup>6</sup> On an annual basis, the number of got-aways in FY 2022 and 2023 is 4.5 times the average in the Trump administration’s first three years before Covid-19, when immigration temporarily plummeted.

**Visa Overstays.** A significant number of new illegal immigrants, and perhaps a majority before the current border surge, were admitted legally on a temporary visa or under the visa waiver program and then did not leave the country when the time limit expired. DHS for FY 2022 showed 850,000 foreign visitors overstayed in that year. The total overstay rate for 2022 was 3.67 percent, which is more than double the rate of recent years. Of course, not all of these individuals stay long term, and there is always some number of people who leave the country but whose departure was not properly recorded.<sup>7</sup> Still, the current level of overstays is much higher than in 2021 and in the years before Covid-19.<sup>8</sup>

**What the Monthly Census Data Shows.** The largest Census Bureau survey that captures the foreign-born population is the American Community Survey (ACS), which is released annually and reflects the population in July of each year. The most recent ACS available is for 2022, so it is a year and a half out of date. This means it only partly captures the current surge in illegal immigration. However, the monthly Current Population Survey (CPS), which the Census Bureau collects for the Bureau of Labor Statistics, is released shortly after it is collected each month. It therefore provides the most up-to-date data available, though it is smaller than the ACS.

**Estimating the Illegal Population in 2023.** In a recent report for the Center for Immigration Studies my colleague Karen Zeigler analyzed the CPS and found that there were 49.5 million immigrants (legal and illegal together) in the country in October of 2023, up from 45 million in January of 2021. This increase is unprecedented.<sup>9</sup> In September, I testified before the House Education and Workforce Committee that we preliminarily estimated that the illegal population grew from 10.2 million in January 2021 to 12.6 million by May 2023. These figures are based on the monthly CPS, but are adjusted for those missed by the survey. Unfortunately, not all of the administrative data on legal immigration is available to properly estimate illegal immigration through October 2023. But given the ongoing border crisis we have no reason to believe that things have changed significantly since May. If that is correct, then about 2.5 million of the 4.5 million increase in the foreign-born in the CPS from January 2021 to October 2023 is due to illegal immigration, before adjusting for undercount. Adjusted for undercount, the illegal population has likely grown to 12.8 million in October of this year, up from 2.6 million from 10.2 million in January 2021 when the president took office.

Critically, all of these numbers represent a *net* increase. The number of new arrivals is larger but is always offset by outmigration (including deportations), natural mortality, and in the specific case of illegal immigrants, legalizations (e.g., successful asylum applicants and marriage to an American). It should also be noted that our January 2021 estimate of 10.2 million represented a low point after Covid. In 2019, we estimate the illegal population was 11.5 million. So relative to the number before Covid, the current total and growth is large but not dramatically so. Finally, it must be emphasized that our new estimates are all still only preliminary.<sup>10</sup>

## **The Fiscal Impact of Illegal Immigration**

Unfortunately, there has not been enough time to estimate all the fiscal effects of the recent influx. But based on statements and publicly available information we know that many jurisdictions in the U.S. are struggling with the cost of providing services to new illegal immigrants.

**Cost for New York City.** At a town hall meeting in September last year, Mayor Eric Adams stated that the huge influx of illegal immigrants “will destroy New York City” due to the costs the city is incurring to provide for them.<sup>11</sup> The city expects to spend \$12 billion over the next three years on housing, food, health care and other services for recently arrived illegal immigrants.<sup>12</sup> In order to come up with the money to cover these new costs, the city plans to cut the budget by 5 percent across a range of services, including sanitation, public education, and the police department.<sup>13</sup> Obviously, the fiscal drain from illegal immigration must ultimately result in either fewer services or higher taxes for American citizens.

**Cost Outside of New York.** The estimated cost of accommodating recently arrived illegal immigrants in Chicago in 2023 alone will be \$361 million.<sup>14</sup> By the end of FY 2023, the District of Columbia expected to have spent \$36.4 million on various services for illegal immigrants.<sup>15</sup> Denver mayor Mike Johnston recently told city councilmembers that the city will likely spend \$180 million on the illegal influx in the coming year – more than triple what it spends on the homeless.<sup>16</sup> A report from the state of Massachusetts in December of last year shows that the state expects to spend \$2 billion in the next two years fundings its emergency shelter system, with illegal immigrants accounting for half of those needing services.<sup>17</sup> Other localities such as El Paso, Los Angeles, and Philadelphia are all struggling to provide services to newly-arrived illegal immigrants.

**The Education Level of Illegal Immigrants.** Educational attainment is a key factor when considering illegal immigrants’ effect on public coffers because it determines what type of jobs they typically do and their resulting income. Income matters enormously because it affects both tax payments and eligibility for means-test government programs. Averaging estimates from the Migration Policy Institute (MPI) and the Center for Migration Studies (CMS) indicates that 43 percent of illegal immigrants have less than a high school diploma, 25 percent have only a high school education, 13 percent have some college, and 18 percent have at least a

bachelor's.<sup>18</sup> Based on the citizenship of individuals encountered at the border and Census Bureau data from 2023, the new illegal immigrants now settling in the U.S. as a result of the current border crisis also likely have similarly modest levels of education, though we cannot say this for certain.<sup>19</sup>

**The Challenge of Estimating Fiscal Effects.** Calculating the current fiscal impact of immigration requires numerous decisions about how to allocate various costs. Even more challenging are long-term fiscal estimates, which require making assumptions about the state of the economy and government finances well into the future. The results of any analysis will obviously vary depending on the assumptions.

**The National Academies' 2017 Fiscal Study.** A 2017 study by the National Academies of Sciences, Engineering, and Medicine projected the lifetime fiscal impact (taxes paid minus services used) of immigrants by education. These estimates are expressed as a net present value (NPV).<sup>20</sup> The Academies' 2017 study does not report separate estimates for illegal and legal immigrants. Rather, it simply estimates tax payments and expenditures on immigrants based mainly on the CPS Annual Social and Economic Supplement, which includes both legal and illegal immigrants. The study's fiscal projections include eight different scenarios, based on different assumptions about things like future spending and tax rates. The 2017 study does not identify which scenario is most likely.

**Net Fiscal Impact of Illegal Immigrants.** We can use the Academies' estimates to get a reasonable idea of the likely fiscal impact of illegal immigrants. In a 2017 analysis, I averaged the results of the Academies' eight fiscal scenarios to get one estimate for each educational category. I follow the same approach in the table below.<sup>21</sup> Using these fiscal estimates and taking a weighted average of the education level of illegal immigrants reported by MPI and CMS, and adjusting the National Academies' figures for inflation and legality, produces a lifetime NPV of the average illegal immigrant of negative \$68,390 in 2023 dollars.<sup>22</sup>

The above estimate comes with caveats. First, the Academies' estimates are for all immigrants; though we do include an adjustment to take this issue into account.<sup>23</sup> Further, the long-term fiscal situation for the country has deteriorated significantly since 2012, the base year the

Academies used for its estimate.<sup>24</sup> This means the fiscal impact of those with lower levels of

Lifetime Fiscal Impact of an Illegal Immigrant By Educational Attainment					
	Lifetime fiscal balance of immigrant only <sup>a</sup>	Educational attainment of illegal immigrants <sup>b</sup>	Fiscal impact of illegal immigrants by education (unadjusted)	Adjustment factor for being illegal (reduces services used & tax payments) <sup>c</sup>	Fiscal impact of illegal immigrants
Less than HS	-\$173,375	43.3%	-\$75,041	0.676	-\$50,743
HS only	-\$69,750	25.4%	-\$17,697	0.799	-\$14,135
Some College	\$41,000	13.2%	\$5,405	0.893	\$4,825
Bachelor's	\$183,000	16.3%	\$29,862	0.220	\$6,582
>Bachelor's	\$423,875	1.8%	\$7,697	0.220	\$1,697
			<b>Unadjusted Costs of Illegal Immigrants</b>	<b>Adjusted Costs of Illegal Immigrants</b>	
			In 2012 Dollars	In 2012 Dollars	
			-\$49,774	-\$51,773	
			In 2023 Dollars	In 2023 Dollars	
			-\$66,708	-\$68,390	

<sup>a</sup>Based on *The Economic and Fiscal Impact of Immigration*, National Academies Press 2017, Table 8-12.  
<sup>b</sup>Averaged educational attainment from the Center for Migration Studies and the Migration Policy Institute.  
<sup>c</sup>Based on *The Cost of a Border Wall vs. the Cost of Illegal Immigration* 2017, Center for Immigration Studies.  
 Figures are for illegal immigrants arriving at all ages. Costs for their U.S.-born children are not included.

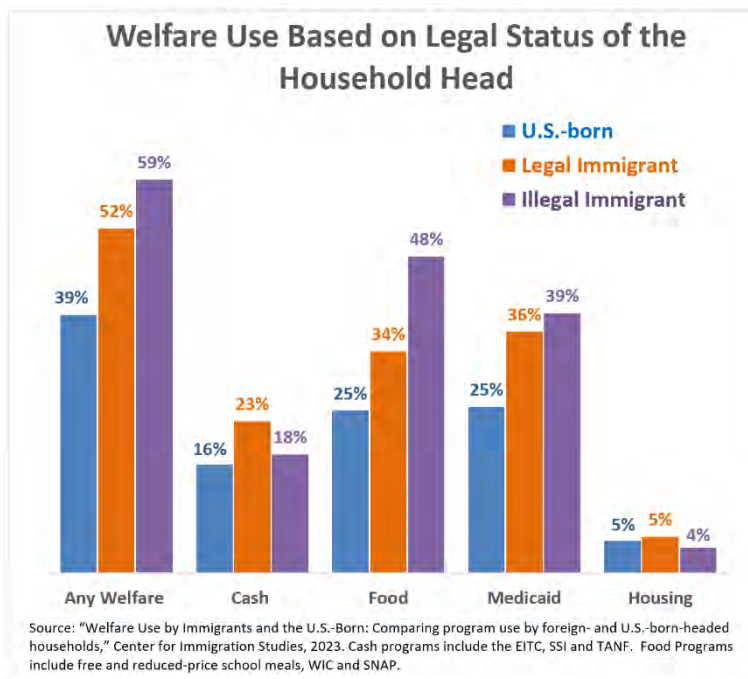
education, as well as the average taxpayer has become even more negative.

**Welfare Programs.** We can understand better why illegal immigrants create significant fiscal costs by looking at the welfare system. In a study published in December of 2023 my colleague Karen Zeigler and I examined welfare use using the 2022

Survey of Income and Program Participation (SIPP). The programs included in our analysis are: Earned Income Tax Credit (EITC); Supplement Security Income (SSI); Temporary Aid to Needy Families (TANF); free and reduced-price school lunch and breakfast (school meals); Women, Infants, and Children (WIC) nutrition program; Supplemental Nutrition Assistance Program (SNAP), also called food stamps; Medicaid; subsidized and public housing.

Use of these programs is an important indicator of fiscal impact because not only are the programs themselves costly, those receiving them generally pay little to no federal or state income tax. To identify illegal immigrants in the SIPP, we use the self-reported characteristics of

immigrants to assign weighted probabilities to the foreign born that create a representative population of illegal immigrants.<sup>25</sup>



**Welfare use by Illegal Immigrants.** We estimate that 59.4 percent of illegal immigrant households use one or more welfare programs. Compared to the U.S.-born, illegal-headed households use every program at statistically higher rates, except for SSI, TANF and housing. Illegal immigrants have especially high use of cash (mainly the EITC), food programs and Medicaid.

**How Can Illegal Immigrant Welfare Use Be So High?** The high use of welfare by illegal-immigrant-headed households is due to several factors. First, and most important, more than half of all illegal immigrant households have at least one U.S.-born child on behalf of whom they can receive benefits.<sup>26</sup> Second, many states offer Medicaid directly to illegal immigrants.<sup>27</sup> Third, six states also offer SNAP benefits to illegal immigrants under limited circumstances.<sup>28</sup> Fourth, illegal immigrant children have the same eligibility as citizens for free and subsidized school lunch/breakfast and WIC under federal law.<sup>29</sup> Fifth, several million illegal immigrants have work authorization that provides a Social Security Number and EITC eligibility along with it. This includes those with DACA, TPS, as well as many applicants for asylum, and those granted suspension of deportation, and withholding of removal.<sup>30</sup> All of these factors, coupled with the large share of illegal immigrants with modest levels of education, and their resulting low income, means many qualify for welfare.<sup>31</sup> Finally, there is a large welfare bureaucracy whose job it is to help those eligible for programs navigate the system.

For all of the reasons listed above, the ban on illegal immigrants directly using most welfare programs has only modest effects, and tweaking those restrictions is unlikely to make much difference. If we wish to reduce the cost associated with illegal immigrants' use of means-tested programs, we need to enforce the law and reduce the number of illegal immigrants in the country. If they are allowed to remain, the welfare costs will remain too.

**A Rough Estimate of Welfare Cost.** The SIPP is much better at measuring the share of the population accessing programs rather than the dollar value of what they receive, and for some programs it does not even report the value of benefits. However, we can estimate the costs created by illegal immigrant households for the eight programs we examined in the welfare study discussed above. Federal expenditures on these programs total \$817 billion.<sup>32</sup> States spent an additional \$226 billion on Medicaid.<sup>33</sup> Looking at the share of recipients in illegal immigrant households indicates that they account for 4 percent of the cost of the programs listed above. This means illegal immigrants received about \$42 billion from these programs in 2021. This is only a rough estimate because we do not have detailed costs for every program by household.<sup>34</sup> Equally important, the SIPP has a significant undercount of illegal immigrants so the number of illegal immigrant households using welfare is under reported in the survey. This undercount is larger than the undercount in other Census Bureau surveys such as the CPS and ACS.

**Public Education.** Public schooling is one of the areas in which illegal immigration has its largest impact. Based on the 2014 ACS, Pew Research estimated that there are 725,000 illegal immigrants enrolled in public schools and an additional 3.2 million U.S.-born children of illegal immigrants in school.<sup>35</sup> Using the 2019 ACS we attempt to update their estimate and find that there were again about 4 million children of illegal immigrants in the nation's schools. The National Center for Education Statistics reports that in the 2019-20 school year the average expenditure per student was \$17,013.<sup>36</sup> Applying the above estimates would mean that illegal immigration cost schools \$68.1 billion a year – before the current surge. Put another way, each additional 100,000 students added to schools by the border crisis will cost \$1.7 billion each year. This estimate is conservative because it does not include the above-average costs for remedial learning and language services that many children of illegal immigrants require. It also does not take into account that a large share of illegal immigrants reside in states that spend significantly above the national average on education.



**The Cost of the Uninsured.** Another area where illegal immigrants create significant costs is the nation's health care system, particularly its emergency rooms. As already discussed, illegal immigrant households make extensive use of Medicaid, typically due to their U.S.-born children. In addition to Medicaid, about one-fifth of all those without health insurance in the U.S., before the current border crisis, were illegal immigrants. MPI estimated that 53 percent of illegal immigrants in 2019 lacked health insurance – 5.83 million.<sup>37</sup> This equals 22 percent of the total uninsured, though the Census Bureau estimate of the uninsured is not adjusted for undercount in the way that MPI's estimate of illegal is adjusted.<sup>38</sup> Public expenditures (federal, state and local) on the uninsured total \$33.6 billion annually.<sup>39</sup> If illegal immigrants account for about one-fifth of government expenditures on the uninsured, it would equal nearly \$7.5 billion a year. However, we know from the Health Expenditure Survey that immigrants in general tend to consume somewhat less health care than the U.S.-born, primarily because they are relatively young. So, expenditures on the uninsured illegal immigrants by taxpayers likely total less than \$7 billion each year. On the other hand, this estimate does not include the U.S.-born minor children of illegal immigrants, a significant percentage of whom are also uninsured.

## **Illegal Tax Payments and the Size of the Economy**

**Tax Payments by Illegal Immigrants.** Like the misconception that illegal immigrants do not use welfare, the notion that they do not pay taxes is also mistaken. First, everyone pays some sales tax and user fees. Even renters pay some property taxes indirectly through their rent. More importantly, as already mentioned, a large share of illegals have valid Social Security numbers and work authorization.<sup>40</sup> Others have stolen or otherwise acquired documents they provide to employers. We have previously estimated that more than half (55 percent) of illegal immigrant earnings are subject to taxation.<sup>41</sup> We use this assumption to estimate their likely federal tax contributions from income and payroll taxes. Based on illegal immigrants in the CPS ASEC, we estimate that in 2019 before Covid, illegal immigrants paid \$5.9 billion in federal income tax. We also estimate they paid \$16.2 billion in Social Security tax and \$3.8 billion in Medicaid taxes, which includes employer contributions to these programs.<sup>42</sup> The total contribution by illegal immigrants to federal coffers from these three taxes was \$25.9 billion in 2019.<sup>43</sup> While these numbers are certainly large, they represent less than 1 percent of taxes collected from these sources.<sup>44</sup>

**A Net Positive for Social Security and Medicaid.** Almost all illegal immigrants are barred from receiving Social Security and Medicare, so the taxes they pay represent a clear net benefit to both these programs. However, the positive effect on these programs would become negative if they were legalized and allowed to receive benefits.<sup>45</sup> This is because both programs have progressive benefit structures that give lower-earning and shorter-career workers a greater return on their contributions. Of course, the impact on these entitlements is only part of a larger fiscal impact, so it makes little sense to look at them in isolation. As discussed earlier in my testimony, when all taxes and all costs are considered, illegal immigrants are a net fiscal drain.

**Is a Larger Economy a Benefit?** There is no question that illegal immigration makes the U.S. economy hundreds of billions of dollars larger than it would otherwise be. More workers in the country means more economic activity. Based on the labor incomes of illegal immigrants and making a reasonable assumption about labor's share of GDP, I estimate that illegal immigrants made the U.S. economy \$321 billion dollars larger in 2019.<sup>46</sup> While this is equal to only 1.5 percent of the nation's \$21.43 trillion GDP at that time, the dollar value is still enormous.<sup>47</sup>

However, the standard of living in a country is determined by per capita (i.e., per person) GDP, not the overall size of the economy. If all that mattered were the aggregate size of the economy, then a country like India would be considered vastly richer than a country like Sweden because India's economy is larger. Some may think of the increase in the size of the economy that illegal immigrants create as a "contribution" that somehow offsets the fiscal costs of illegal immigrants. In reality, almost all of the increase in economic activity goes to the illegal immigrants themselves in the form of wages and benefits, as it should since they are the ones doing the work. Adding to the aggregate size of the economy is not a measure of their tax payments, nor is it a measure of the benefit to the rest of the U.S. populations.

## **Conclusion**

Illegal immigrants are a significant net fiscal drain -- paying less in taxes than they use in public services. The primary reason they create more in costs than they pay in taxes is their relative low levels of education. Based on prior research, 69 percent of adult illegal immigrants have no education beyond high school, compared to 35 percent of the U.S.-born. As a result, they tend to earn modest wages and make modest tax contributions even when income and payroll taxes are taken out of their pay. This fact, coupled with the relatively heavy demands they make on public coffers -- especially for education, health care, and means-tested programs -- is the reason they are a net fiscal drain.

We estimate that 59 percent of illegal immigrant households use one or more major welfare programs, costing roughly \$42 billion a year. At the local level, the largest single cost is for public education. We estimate the cost of educating the children of illegal immigrants, most of whom are U.S.-born, totals \$69 billion per year. While illegal immigrants often receive other services for their U.S.-born children, even when we estimate the net fiscal impact of just the illegal immigrants themselves, excluding their U.S.-born children, we still find they create a lifetime net fiscal drain of \$68,000 on average (taxes paid minus benefits received).

Even though illegal immigrants are *net* fiscal drains, they do pay a significant amount in taxes. We estimate illegal immigrants pay \$25.9 billion a year to the federal government. Unfortunately, their tax contributions do not cover their consumption of public services.

The net fiscal drain is not the result of illegal immigrants being unwilling to work. In fact, we find that illegal immigrant households are significantly more likely to have at least one worker than households headed by the U.S.-born, and there is little evidence that immigrants come specifically to get welfare.

Legal immigrants and U.S.-born Americans who have relatively few years of school are also a net fiscal drain on average because they too tend to earn modest wages, make modest tax contributions, and use social services extensively. **None of this should be seen as a moral failing on the part of low-income people.** Nonetheless, it is the reason why communities across the country worry so much about losing their middle-class tax base, as it is primarily middle- and upper-income people who keep public coffers full.

The fiscal situation today is very different from the situation more than 100 years ago during the last great wave of immigrants, when federal, state and local government was a much smaller share of GDP. Also, at that time industrial jobs for the less educated were plentiful and paid, by the standards of the day, relatively high wages. But none this is the case today. We need an immigration policy that reflects current realities, and we need to rigorously enforce it. Otherwise,

the fiscal costs will be significant, as many communities across the country are currently finding out.

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<sup>1</sup><https://www.cbp.gov/newsroom/stats/nationwide-encounters>

<sup>2</sup>Former immigration judge and Resident Fellow in Law and Policy at the Center for Immigration Studies Andrew Arthur has estimated this number based on information released by DHS to comply with a disclosure order in *Texas v. Biden* (Northern District of Texas, Amarillo Division, Case No. 2:21-cv-00067-Z) as well as limited information at the CBP “Custody and Transfer Statistics” web page, <https://www.cbp.gov/newsroom/stats/custody-and-transfer-statistics> and ICE’s “Detention Management” webpage, <https://www.ice.gov/detain/detention-management>. For a detailed discussion on the number of inadmissible aliens released into the U.S. based on the available information see, “It’s No Secret — Biden’s Hiding Bad Border Numbers,” Andrew Arthur, Center for Immigration Studies blog, September 1, 2023, <https://cis.org/Arthur/Its-No-Secret-Bidens-Hiding-Bad-Border-Numbers>

<sup>3</sup>See Table 2b in Department of Homeland Security Border Security Metrics Report: 2022. U.S. Department of Homeland Security, July 3, 2023), [https://www.dhs.gov/sites/default/files/2023-07/2023\\_0703\\_plcy\\_fiscal\\_year\\_2022\\_border\\_security\\_metrics\\_report\\_2021\\_data.pdf](https://www.dhs.gov/sites/default/files/2023-07/2023_0703_plcy_fiscal_year_2022_border_security_metrics_report_2021_data.pdf)

<sup>4</sup>“Border officials count 599,000 'got-away' migrants in Fiscal Year 2022,” Fox News October 2, 2022,

<https://www.foxnews.com/politics/border-officials-count-599000-gotaway-migrants-fiscal-year-2022-source>.

<sup>5</sup>Press Briefing by Press Secretary Karine Jean-Pierre and Secretary of Homeland Security Alejandro Mayorkas, May 11, 2023, <https://www.whitehouse.gov/briefing-room/press-briefings/2023/05/11/press-briefing-by-press-secretary-karine-jean-pierre-and-secretary-of-homeland-security-alejandro-mayorkas/>

<sup>6</sup>FY 2021 included September, October, and November of 2020, before the president took office. If the pace at the end of calendar year 2020 was similar to what it was in FY 2020, then perhaps 34,000 got-aways should be subtracted from the 1.5 million. However, apprehension figures for June through September of this year suggest that got-aways almost certainly total more than 34,000, so an estimate of 1.5 million is almost certainly too low.

<sup>7</sup>FY 2022 Entry/Exit Overstay Report, June 2022, Department of Homeland Security,

[https://www.dhs.gov/sites/default/files/2023-](https://www.dhs.gov/sites/default/files/2023-07/23_0707_FY22_FY23_CBP_Integrated_Entry_Exit_Overstay_Report.pdf)

[07/23\\_0707\\_FY22\\_FY23\\_CBP\\_Integrated\\_Entry\\_Exit\\_Overstay\\_Report.pdf](https://www.dhs.gov/sites/default/files/2023-07/23_0707_FY22_FY23_CBP_Integrated_Entry_Exit_Overstay_Report.pdf).

<sup>8</sup>For additional discussion about the FY2022 report see, DHS Reports Record Number of Overstays in 2022, Jessica M. Vaughan, Center for Immigration Studies, June 23, 2023. <https://cis.org/Vaughan/DHS-Reports-Record-Number-Overstays-2022>.

<sup>9</sup>Since the monthly CPS first asked about citizenship on a regular basis in 1994, there has never been this much growth in such a short time, except if the lows reached during Covid-19 in the middle of 2020 are compared to the late winter and spring this year. However, the collection of Census Bureau surveys was disrupted by the pandemic, so the foreign-born in 2020 may not be entirely accurate in 2020. Though there was almost certainly a real fall-off in the overall size of the foreign-born in early 2020 to the middle of that year. But except for this very unusual time period, the foreign-born has not grown this much this fast since the survey began identifying immigrants back in 1994.

<sup>10</sup>The largest uncertainties surrounding these numbers are: First, we do not have all the data available to estimate legal immigration through May of 2023. Second, we do not know how out-migration (emigration) may have changed among the existing legal immigrant population or illegal immigrant population in a post-Covid world, so we use prior patterns. Third, there does not exist a detailed recent literature on the undercount of immigrants generally and illegal immigrants in particular in the monthly CPS. It is unclear how many illegal immigrants are currently being missed by the survey. In our most recent estimate, we had assumed only a 2.3 percent undercount for illegal immigrants. If the undercount is larger, then the illegal immigrant population would be correspondingly larger. Our hope is to revise and continually improve this estimate as more information becomes available over time.

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<sup>11</sup>“In Escalation, Adams Says Migrant Crisis ‘Will Destroy New York City,’” Emma Fitzsimmons, *New York Times* September 7, 2023. <https://www.nytimes.com/2023/09/07/nyregion/adams-migrants-destroy-nyc.html>.

<sup>12</sup>“Mayor Adams Says Migrant Influx Will Cost New York City \$12 Billion,” Jeffrey Mays, *New York Times* August 8, 2023. <https://www.nytimes.com/2023/08/09/nyregion/adams-nyc-migrants-cost.html>.

<sup>13</sup>“Mayor Eric Adams announces sweeping budget cuts that would drop number of police officers to lowest since 1990s,” Marcia Kramer and Natalie Duddridge, CBS News, November 16, 2023. <https://www.cbsnews.com/newyork/news/new-york-city-mayor-eric-adams-set-to-announce-sweeping-budget-cuts-in-response-to-asylum-seeker-crisis/>.

<sup>14</sup>“Budget Hearings Kick Off with Intense Scrutiny on Costs to Care for Migrants in Chicago,” Heather Cherone, WWTW News, October 16, 2023, <https://news.wttw.com/2023/10/16/budget-hearings-kick-intense-scrutiny-costs-care-migrants-chicago>.

<sup>15</sup>“As migrants continue to arrive in D.C. concerns remain about capacity,” Michael Brice-Saddler, *Washington Post*, September 4, 2023, <https://www.washingtonpost.com/dc-md-va/2023/09/03/dc-migrants-buses-hotels-update/>

<sup>16</sup>“Denver mayor says migrant crisis could cost city \$180 million in 2024,” Marc Sallinger, *News9*, Jan 2, <https://www.9news.com/article/news/local/next/next-with-kyle-clark-denver-mayor-says-migrant-crisis-could-cost-city-180-million-2024/73-7921e159-19cb-4378-9ee7-991092173f8e>.

<sup>17</sup>Executive Office For Administration & Finance Commonwealth Of Massachusetts Memorandum, December 18, 2023, <https://htv-prod-media.s3.amazonaws.com/files/12-18-2023-ea-report-packet-final-6581e68fb672b.pdf>

<sup>18</sup>The Center for Migration Studies estimates that in 2019, 67 percent had no education beyond high school, 14.5 percent have some college, and 18.5 percent have a bachelor’s or more. Center for Migration Studies website, <http://data.cmsny.org/>. The Migration Policy Institute’s estimate based on pooled data from 2015 to 2019 shows that 70 percent have no education beyond high school, 12 percent have some college, and 18 percent have at least a college education. Migration Policy Institute website, <https://www.migrationpolicy.org/data/authorized-immigrant-population/state/US>.

<sup>19</sup>To estimate the education of those encountered at the border, I use the detailed population shares by country reported at Customs and Border Protection website for border encounters in FY 2021, FY 2022, and through September of FY 2023. I combine this with the educational attainment from those same countries of new immigrants (arrived in 2020 through 2023) using a pooled sample of the monthly CPS from January to July 2023. This shows that, for adults encountered at the border, 64 percent had no education beyond high school, 12 percent have some college, and 24 percent have at least a bachelor’s. Of course, this approach can provide only limited insight into the possible educational attainment of new illegal immigrants, primarily because we do not have specific data on the subset of those encountered who were released or got-aways or new visa over stayers. (Note: This estimate is only for those identified by country in the CBP data. No country was reported by CBP for about 6 percent of encounters. Cubans are also excluded because those paroled into the U.S. can receive permanent residency within one year due to a special provision in the law and therefore do not add to the illegal immigrant population.) Custom and Border Protection web site <https://www.cbp.gov/newsroom/stats/nationwide-encounters>.

<sup>20</sup>NPV represents the fiscal balance (taxes paid minus costs) if we had to spend the money today. Costs or benefits in the future are discounted or reduced based on how long from now they occur.

<sup>21</sup>The 2017 NAS estimates by education level can be found in Table 8-12 in Chapter 8 of the report, [https://nap.nationalacademies.org/cart/download.cgi?record\\_id=23550&file=359-494](https://nap.nationalacademies.org/cart/download.cgi?record_id=23550&file=359-494). Averaging the eight scenarios by education (all ages) produces the following results: negative \$173,375 for an immigrant with less than a high school education, negative \$69,750 for an immigrant with only a high school education, positive \$41,000 for an immigrant with some college, positive \$183,000 for an immigrant with only a bachelor’s.

<sup>22</sup>The combined net fiscal effects by education level in the Academies’ study are shown in the first column of the table. We use our 2017 analysis and we adjust downward the net fiscal cost of less-educated illegal immigrants on the assumption that they use less in public services than their legal counterparts, but we adjust downward the positive fiscal impact of more educated illegal immigrants based on the assumption that better educated illegal immigrants pay less in taxes than their legal immigrant counterparts because their legal status prevents them from having earnings that reflect their skills. The Cost of a Border Wall vs. the Cost of Illegal Immigration, Center for Immigration Studies February, 2017, <https://cis.org/Report/Cost-Border-Wall-vs-Cost-Illegal-Immigration>

The NAS has fiscal estimates for immigrants with a graduate degree, but neither CMS nor MPI have any estimate for illegal immigrants with this education level. Both organizations are only estimating that 18 percent have a bachelor’s or more. To address this issue we assume that 10 percent of illegal immigrants with a bachelor’s degree have a graduate degree and then apply the NAS study’s fiscal impacts estimates by education level.

<sup>23</sup>An additional caveat about using the NAS fiscal estimate is that they employ the concept of “net present value” (NPV). While commonly used in economics, this approach has the effect of reducing the size of the net fiscal drain

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that less-educated immigrants create because the costs or benefits in future years are much less relative to more immediate costs. If the NPV concept is not used, the actual net lifetime fiscal drain illegal immigrants create would be much larger than we report here.

<sup>24</sup>The 2015 Congressional Budget Office’s long-term fiscal projection indicated that public debt held by the public would equal 104 percent of GDP in 2040. See *The 2015 Long-Term Budget Outlook*, Congressional Budget Office, June 2015, <https://www.cbo.gov/sites/default/files/114th-congress-2015-2016/reports/50250-longtermbudgetoutlook-4.pdf>. In contrast the 2023 long term outlook showed it would be roughly 140 percent of GDP. See *The 2023 Long-Term Budget Outlook*, Congressional Budget Office, June 2023, <https://www.cbo.gov/system/files/2023-06/59014-LTBO.pdf>.

<sup>25</sup>Based on our estimates of illegal immigrants in the monthly CPS, which we have already discussed, we believe the total weighted illegal population in mid-2022 in the monthly CPS is 11.8 million. The SIPP and CPS use similar weighting schemes, but the surveys cover different population universes. We assume that the ratio of illegals in the two surveys is the same as the ratio (.75) of non-citizen post-1980 Hispanics, a population which significantly overlaps with illegal immigrants. We therefore assume 8.85 million illegal immigrants are in the 2022 SIPP. To determine which SIPP respondents are most likely to be illegal aliens, we first exclude immigrant respondents who are almost certainly not illegal aliens — for example, spouses of native-born citizens; veterans; adults who receive direct welfare payments; people who have government jobs; Cubans (because of special rules for that country); immigrants who arrived before 1981, immigrants in certain occupations that require screening and background checks; and likely student visas holders.

The remaining candidates are weighted to replicate known characteristics of the illegal population by age, gender, continent of origin, certain states of residence, and length of residence in the U.S. as published by the Center for Migration Studies. The resulting illegal population is designed to match CMS on the known characteristics listed above, as well as on education. The total size of the population, however, is controlled to our 8.85 million estimate of illegal immigrants in the 2022 SIPP. For more a detailed discussion of how we estimate illegal immigrants in the data, see “Welfare Use by Immigrants and the U.S.-Born: Comparing program use by foreign- and U.S.-born-headed households,” Steven A. Camarota and Karen Zeigler on December, 2023 Center for Immigration Studies, <https://cis.org/Report/Welfare-Use-Immigrants-and-USBorn>.

<sup>26</sup>This eligibility extends to even housing. The [HUD’s handbook](#) covering regulations states if at least one member of a family is eligible (e.g., a U.S.-born child), then the family can live in federally subsidized housing, though they may receive pro-rated assistance. New York City has a [similar rule](#) for its own housing programs.

<sup>27</sup> See “State-Funded Health Coverage for Immigrants as of July 2023,” Kaiser Family Foundation data web site <https://www.kff.org/racial-equity-and-health-policy/fact-sheet/state-funded-health-coverage-for-immigrants-as-of-july-2023/>

<sup>28</sup>According to the National Immigration Law Center, six states provide SNAP benefits to illegal immigrants even if they do not have U.S.-born children, typically only if they meet certain hardship requirements in addition to having low incomes. [https://www.nilc.org/issues/economic-support/state\\_food/](https://www.nilc.org/issues/economic-support/state_food/)

<sup>29</sup>Food and Nutrition Service, U.S. Department Of Agriculture web site, <https://www.fns.usda.gov/non-citizen-communities#:~:text=The%20food%20is%20free%20for,make%20you%20a%20public%20charge>

<sup>30</sup>Based on administrative data, we estimated in 2021 that there were roughly [2 million illegal immigrants](#) with work authorization and valid Social Security numbers (SSNs) [which allows](#) receipt of the EITC. Since 2021, the administration has further [expanded work authorizations](#) to illegal immigrants with the recent influx of asylum applicants. Prior research by the Social Security Administration had also estimated some [700,000 illegal immigrants](#) using stolen SSNs. It unclear if such individuals would be detected and prevented from receiving the EITC by the IRS. Our methodology for selecting illegal immigrants assumes that only those with citizen children may receive the EITC. Any immigrant receiving the EITC without their being a U.S.-born children is assumed to be a legal immigrant.

<sup>31</sup>The Center for Migration Studies estimates that in 2019, 67 percent had no education beyond high school, 14.5 percent have some college, and 18.5 percent have a bachelor’s or more. Center for Migration Studies web site, <http://data.cmsny.org/>. The Migration Policy Institute’s estimate based on pooled data from 2015 to 2019 shows that 70 percent have no education beyond high school, 12 percent have some college, and 18 percent have at least a college education. Migration Policy Institute website, <https://www.migrationpolicy.org/data/authorized-immigrant-population/state/US>.

<sup>32</sup>“Federal Spending on Benefits and Services for People with Low Income: FY2008-FY2020,” Congressional Research Service, December 2021. <https://crsreports.congress.gov/product/pdf/R/R46986>.

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<sup>33</sup>“Medicaid Financing: The Basics,” Elizabeth Williams et. al. Kaiser Family Foundation April 2023. <https://www.kff.org/medicaid/issue-brief/medicaid-financing-the-basics/>

<sup>34</sup>The biggest question mark concerning cost is for Medicaid, which is by far the largest program by expenditure. Immigrants are younger and somewhat healthier than U.S.-born people on Medicaid. Moreover, for illegal immigrant households it is often the case that only the U.S. children are eligible for the program. On the other hand, a large share of Medicaid for illegal immigrants is due to pregnant women, and the average costs of pregnancy and delivery is quite high. An analysis of the Medical Expenditure Panel Survey found that immigrant families enrolled in Medicaid cost 90 percent what U.S.-born households enrolled in Medicaid cost. Of course, whether this is true for illegal immigrants specifically is unclear. “The Cost of Immigrant Medicaid Coverage Under Current Policy,” Jason Richwine, October, 2019 Center for Immigration Studies, <https://cis.org/Report/Cost-Immigrant-Medicaid-Coverage-Under-Current-Policy>.

<sup>35</sup>“Children of unauthorized immigrants represent rising share of K-12 students,” Jeffrey S. Passel and D’vera Cohn, Pew Research, 2019, <https://www.pewresearch.org/short-reads/2016/11/17/children-of-unauthorized-immigrants-represent-rising-share-of-k-12-students/>

<sup>36</sup>National Center for Education Statistics, “Fast Facts,” [https://nces.ed.gov/fastfacts/display.asp?id=66#:~:text=Total%20expenditures%20for%20public%20elementary,constant%202021%E2%80%9322%20dollars\).&text=This%20amounts%20to%20an%20average,fall%20of%20that%20school%20year](https://nces.ed.gov/fastfacts/display.asp?id=66#:~:text=Total%20expenditures%20for%20public%20elementary,constant%202021%E2%80%9322%20dollars).&text=This%20amounts%20to%20an%20average,fall%20of%20that%20school%20year).

<sup>37</sup>“Profile of the Unauthorized Population: . U.S.,” Migration Policy Institute web site, <https://www.migrationpolicy.org/data/unauthorized-immigrant-population/state/US>.

<sup>38</sup>“Health Insurance Coverage in the United States: 2019” U.S. Census Bureau September 2020. <https://www.census.gov/library/publications/2020/demo/p60-271.html>.

<sup>39</sup>“Sources of Payment for Uncompensated Care for the Uninsured,” Teresa A. Coughlin, Haley Samuel-Jakubos, and Rachel Garfield, Kaiser Family Foundation, April, 2021. <https://www.kff.org/uninsured/issue-brief/sources-of-payment-for-uncompensated-care-for-the-uninsured/>

<sup>40</sup>Based on administrative data, I estimated in 2021 that there were roughly [2 million illegal immigrants](#) with work authorization and valid Social Security numbers. (SSNs). See “Estimating the Number of Illegal Immigrants Who Might Get Covid Relief Payments” Steven Camarota, March 2022, Center for Immigration Studies, <https://cis.org/Report/Estimating-Number-Illegal-Immigrants-Who-Might-Get-Covid-Relief-Payments>. Since 2021, the administration has further [expanded work authorizations](#) to illegal immigrants with the recent influx of asylum applicants and others illegal immigrants. See “Are Illegal Migrants Being Issued Work Authorization?” Andrew Arthur, Center for Immigration Studies, June 2022, <https://cis.org/Arthur/Are-Illegal-Migrants-Being-Issued-Work-Authorization>. Prior analysis by the Social Security Administration also estimated some [700,000 illegal immigrants](#) use stolen SSNs, while still others are made-up numbers or are visa overstayers who had prior work authorization. “Effects of Unauthorized Immigration On The Actuarial Status Of The Social Security Trust Funds,” Stephen Goss et. al. Actuarial Note # 151, Social Security Administration Office of the Chief Actuary, April 2013. [https://www.ssa.gov/oact/NOTES/pdf\\_notes/note151.pdf](https://www.ssa.gov/oact/NOTES/pdf_notes/note151.pdf)

<sup>41</sup>“The High Cost of Cheap Labor: Illegal Immigration and the Federal Budget,” Steven A. Camarota, Center for Immigration Studies, August, 2004, <https://cis.org/Report/High-Cost-Cheap-Labor>.

<sup>42</sup>Once we identify illegal immigrants in the survey, estimating their tax contribution is relatively straightforward. We sum their federal income tax liability (calculated by the Census Bureau for survey respondents and included in the public use file) and assume that they pay 55 percent of this amount. For Social Security and Medicaid, we sum all their earnings and then take the appropriate tax rates of 12.4 percent and 2.9 percent respectively, and again assume they pay 55 percent of their tax liability for these taxes.

<sup>43</sup>The Social Security Administration estimates that illegal immigrants paid \$13 billion in taxes in 2013, so the above estimate of \$17.9 billion is not surprising six years later. See endnote 40.

<sup>44</sup>Like our estimate of the total welfare costs, our estimate of the tax payments is only for those included in the data. Some illegal immigrants are not captured in the CPS ASEC, so their actual tax contributions should be larger. Moreover, our tax estimate is dependent on the assumption that 55 percent of illegal immigrants, work “on the books.” If that is too high or too low, then our estimate will be correspondingly off.

<sup>45</sup>“Amnesty Would Impose Large Costs on Social Security and Medicare,” Jason Richwine, Center for Immigration Studies, April 5, 2021, Download a PDF of this Backgrounder. <https://cis.org/Report/Amnesty-Would-Impose-Large-Costs-Social-Security-and-Medicare>.

<sup>46</sup>Our analysis of the 2020 Annual Social and Economic Supplement indicates that illegal immigrants account for 2.5 percent of all earnings. If we make the reasonable assumption the economy is 60 percent labor and 40 percent capital, it would mean that illegal immigrants account for 1.5% of the nation’s \$21.43 trillion economy in 2019.

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<sup>47</sup>It is important to understand this estimate is highly simplified. It does not consider any negative impact on the wages and employment of less-educated American workers, nor does it allow for the possibility of complementary between illegal immigrant labor and the rest of the workforce. It is simply derived from our estimate of the labor incomes of illegal immigrants in the 2020 CPS Annual Social and Economic Supplement.