

# The Costs of Illegal Immigration to Texas

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When people talk about illegal immigration, one of the biggest concerns raised is how much illegal immigrants are actually costing the American taxpayer. But it is not on the federal government, but rather on the states where the burden of illegal immigration is the most profound – especially on border states. For while much of the taxes that immigrants pay goes to Washington, the burden for services falls in great part on the state through numerous entitlement programs, health care costs – and most crucially – education.

Texas, which accounts for about half of the U.S. border with Mexico, has been particularly hard hit by the costs of illegal immigration. The state has seen an extraordinary growth in immigration over the last few decades. In 1970, there were only 310,000 foreign-born citizens in the state. By 1990, that number had increased 391 percent, to 1.5 million. The immigration rate since then has exploded. According to a 2004 U.S. Census Bureau estimate, the number of foreign born residents of Texas in that year was 3.45 million – 1,100 percent of the 1970 number. In 1970, the foreign-born population of Texas was three percent. In 1990, it was eight percent. In 2004, foreign-born residents represented 15.7 percent of all Texans. Although Texas has seen widespread migration from *within* the United States as well, this wave of external immigration comes with much more profound social – and fiscal – consequences.

The majority of this increase comes from legal immigrants, but a large – and proportionately growing – percentage comes from illegal immigrants. Texas, according to the Census Bureau, is now home to 15 percent of all illegal immigrants in the United States. Since 1993, the population has doubled by conservative estimates. Some studies have estimated that the population has even tripled.

While much is said about the benefits that immigrants bring to this country, most of the experts agree that immigrants, particularly illegal ones, are a net loss. In a survey of 13 studies on the costs and benefits of immigration, the U.S. General Accounting Office found only one that showed a net gain to states.<sup>1</sup>

So what is the cost to Texas from illegal immigration? The answer, at best, can only be estimated. Illegal immigration costs defy comprehensive evaluation because so much of the data needed to analyze and define the problem simply doesn't exist. Accurate statistics on the immigration problem in Texas are difficult to come by. Those that are available require many caveats and qualifications.

One obvious reason is that illegal immigrants don't want to be found. Living in the U.S. illegally, and with a disincentive to be visible, illegals rarely self-identify. Yet so many of the ways that governments verify citizenship status are based on self-identification.

Furthermore, illegal immigrants shy away from agencies that ask about their status. State bureaucrats concerned with protecting and expanding their programs don't want to risk driving away potential users of those programs. In some cases, such as emergency room care, it would be impossible to verify citizenship status before the state spends money. Nor would it be pragmatic.

But in many cases, state agencies go well beyond the dictates of common sense, and in fact, go to excessive lengths *not* to record data. In these cases, there is no clear procedural reason for bureaucrats not to record the data. Nor, as the voluminous data recorded on every other aspect of agency programs indicates, is it likely that program administrators are simply lazy. The clear conclusion is that the data is not kept because the agencies *do not want to know* the extent to which their programs are being used by illegals. Or, more likely, they *don't want others to know*.

Take, for instance, the Texas Education Agency (TEA). Although independent research points to education as being by far the single largest expense the State of Texas incurs from illegal immigration, TEA doesn't keep the numbers itself.

This is despite the fact that the state required school districts in Texas to track immigrant students. It required TEA to establish and all school districts to participate in a database called the Public Education Information Management System (PEIMS).<sup>2</sup>

The PEIMS is a massive database containing a variety of personally identifiable information about students. PEIMS serves a variety of functions in the Texas education system, including verifying districts' claimed attendance (which plays a role in state funding), tracking dropouts, providing data to policymakers, and assisting with school accountability.

The database requires school districts to determine whether a student is an "immigrant" as defined by the federal No Child Left Behind Act. Immigrant is defined as "individuals who are aged three through 21; were not born in any state; and have not been attending one or more schools in any one or more states for more than three full academic years."<sup>3</sup>

But the database does not *explicitly* instruct the agency to record whether such immigrants are *legal* or *illegal*. Given this loophole, TEA makes it clear that they stand on the side of *less information is better*. The agency's data standards expressly admonish school administrators that "Districts should not assume responsibility for determining the extent to which students are legal or illegal immigrants under INS regulations."<sup>4</sup>

Given these limitations, identifying costs of illegal immigration to Texas, whether in education or health care, is difficult, but not impossible. Various statistical analyses, assumptions based on the census records, and other proxies can fill in the gaps and provide a nonetheless consistent portrait of the problem.

About one thing, there is no doubt – immigrants use many of Texas' resources, at a cost to the taxpayers. Some of them are direct costs, and some of them are hidden. An increase in population strains all resources of the state, as well as counties and cities, and *most* of Texas' dramatic population growth in the last two decades has come from immigrants.

Many expenditures, of course, would be spent regardless of immigrant population, and separating costs of immigrants from outside of the U.S. and those from other parts of the U.S. is often impossible. Other state programs have no direct cost, because they are paid for through user fees. For example, immigrants contribute to traffic congestion in Texas, but they also pay the gas taxes that subsidize Texas roads (although in recent years, revenues from this tax have declined to the point that they are being replaced with other funds, or toll roads).

Additional costs, difficult to calculate, are incurred every time a state agency hires a translator or establishes a new program geared at immigrants. Texas, for example, recently received a \$340,000 grant to help educate immigrants on U.S. traffic laws.<sup>5</sup> Although the program is paid for with federal money, the problem it highlights is a state one. Immigrant ignorance of U.S. laws, customs and culture are costs to the state every time a foreigner drives without auto insurance or without a seatbelt.

Another cost is in the money immigrants take out of the Texas economy. Money transfers to foreign countries from Texas immigrants – called “remittances” – total about \$3.2 billion a year,<sup>6</sup> primarily to Latin America. Unlike wages paid to U.S. workers, which stay in the U.S. and turn over several times in the economy, that money does not generate additional economic impact – or the related sales tax benefits.

But it is in the area of education, health and social services and criminal justice where the impact of immigrants is the most profound. It is these costs which will be the focus of this chapter.

### *How many are here?*

We’ve already seen the increase in the total immigrant population in Texas. Now let’s look specifically at illegals.

In 1993, government estimates of the illegal immigrant population in Texas were from 390,000 to 500,000. In 2000, the Immigration and Naturalization Service gave a conservative estimate of the population at 1,041,000. This estimate, however, did not include certain categories of immigrants. In a study including those numbers, the Migration Policy Institute estimated an illegal alien population of 1.2 million. The Urban Institute similarly put the number at 1.1 million and the Federation of American Immigration Reform (FAIR) much higher – 1.5 to 1.8 million.<sup>7</sup>

As is often the case in such a high-profile issue, different studies come out with different numbers reflecting the biases or assumptions of the study authors. Anti-immigration groups, such as FAIR, often come up with large numbers, while groups promoting a more pro-immigrant outlook, such as the Urban Institute, show lower numbers of immigrants and their costs.

However, the Pew Hispanic Center estimates an illegal immigrant population nationwide, that, if extrapolated to Texas using Census estimates, would amount to 1.8 million.<sup>8</sup> For a center that generally takes a moderate stand on immigration issues to come up with a number close to FAIR’s *high-end* estimate is telling.

For the sake of this study, we will use a slightly more conservative estimate of 1.5 million illegal immigrants. This estimate is slightly higher than the INS and Census numbers, but even those agencies recognized that their data is incomplete. It falls roughly midway between the low estimates and the high of non-governmental researchers.

Several attempts have been made to estimate the costs of immigration to Texas, and like the population estimates, the results are often colored by the perspectives and assumptions of the authors. In 1992, Rice University economist Donald Huddle estimated a *nationwide* total cost of immigration (legal and illegal) of \$14.4 billion, and a cost to Texas of \$4.6 billion, of which \$1.02 billion was a cost of illegal immigration. The Urban Institute, in response, countered later that year with a lower nationwide cost of \$6.9 billion. Huddle then did another study the following year, encompassing many other costs previously not measured, totaling \$29 billion (nationwide). One reason for the dramatic

growth in the costs is that Huddle included many new costs, such as displacement of American workers.

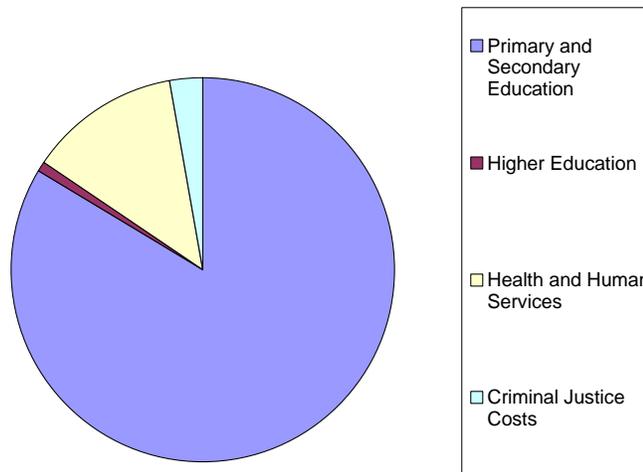
Professor Huddle again took a look at Texas costs in a 1996 study.<sup>9</sup> Huddle found that immigration to Texas would cost taxpayers a net \$7.2 billion and cost the state 248,000 jobs. About \$1.5 billion was from illegal immigrants.

Even more startling were Huddle's projections for the future. Estimating an immigrant population growth that is very close to the actual number, Huddle predicted an annual cost of \$10 billion by 2006. Assuming the same proportion were from illegal immigration, Huddle predicted Texas could spend \$2.1 billion a year annually. In fact, research done since Huddle indicates that number is likely low. The most recent study was conducted by FAIR in mid-2004, found a cost of \$4.7 billion, by only looking at three distinct areas of cost – health care, education and criminal justice. FAIR found an estimated tax benefit of \$1 billion, for a net cost of \$3.7 billion for Texas. Analyzing the numbers in depth, FAIR's number holds up pretty well.

### **The Costs of Illegal Immigration to Texas**

There are basically three areas in which large-scale identifiable costs can be attributed directly to illegal immigrants: education, health and human services, and criminal justice.

Among these, it is education which is the largest cost driver in the Texas budget. This would make sense, as education is the single biggest line item in the state's budget, but illegal immigrant costs are not just proportionately represented in education, they are *dramatically* represented in its costs. Education, in fact, represents 84 percent of the cost to Texas.



The reason for this is that while health care costs, incarceration costs and other expenditures only *sometimes* apply to illegal immigrants, education is an entitlement that *all* immigrant children are eligible for. For a state perpetually wrangling over how to fund its schools, moreover, control of this cost is entirely out of the legislature's hands. A 1982 decision of the U.S. Supreme Court prohibits the state of Texas and other states from denying educational services to those who are in this country illegally.<sup>10</sup>

# Education Costs

## Primary and Secondary Education

Because reliable statistics are not kept on the number of illegal (or legal for that matter) immigrants in Texas schools, most past studies on this topic have tried to estimate the number. The most common estimation technique is to come up with some guess as to the number of illegal immigrants of school age and then multiply that number by the per student cost of educating a child.

This method is subject to two criticisms. First, not all children of illegal immigrants enroll in the public schools. And very little data exists to determine what proportion do.

Second, most published national statistics on the per-student cost of public education underestimate that cost, usually by omitting classes of administrative cost from the calculation.<sup>11</sup> Furthermore, there is an additional cost of bilingual education. Although we cannot automatically assume all bilingual costs are attributed to aliens, since some second, third and fourth-generation Americans in Texas also have limited English proficiency, a large portion, if not the majority of the costs, are attributable to immigrants.

The effect of the first objection would be to skew the data in an upward direction, and the latter two would both skew the data downward. Nonetheless, such an analysis provides the only available estimates of population.

Not only must we consider children who themselves are illegal. Because children born in this country are U.S. citizens regardless of the status of their parents, children born to illegal immigrant parents *after* they arrive are nonetheless representatives of the cost of illegal immigration, despite their legal status.

In a report on school costs, FAIR,<sup>12</sup> using an analysis of data from the Urban Institute<sup>13</sup> estimated a school age population of 1.5 million school-aged illegal immigrants nationwide, with an additional 2 million U.S. born children of illegal immigrants. Since approximately 15 percent of the illegal immigrant population resides in Texas, the respective state numbers, using Census Bureau percentages, would be 224,000 and 300,000. That represents about 11.6 percent of the student-age population of Texas as a whole for the children of illegal immigrants.

At a cost of \$7,136 per pupil<sup>14</sup>, Texas spends \$1.6 billion on the illegal immigrant children and an additional \$2.1 billion for their siblings, for a total of \$3.7 billion on the children of illegal immigrants.

It is also instructive to examine federal and state expenditures on programs that serve primarily immigrant populations. On the state level, the finance system provides extra dollars to students deemed Limited English Proficient (LEP) and low-income students who qualify for free or reduced lunch (known as “compensatory education”). Some, but not all of these students are children of immigrants. Some in fact, are native-born U.S. citizens who have nonetheless not mastered English after several generations in the U.S.

Although compensatory education includes a large percentage of native-born students, LEP is less so. In the case of LEP, the Urban Institute has estimated that 40 percent of the LEP students in the U.S. are foreign born.<sup>15</sup> Using conservative estimates,

about 30 percent of those students are illegal immigrants or their siblings. The cost to Texas, therefore is at least \$12 million a year. It is a significant cost, but not large enough to change the overall education costs dramatically.

This \$3.7 billion cost to the state represents about 10.5 percent of the entire budget of Texas school districts – and *wipes out* the entire federal portion of the state’s education budget, which in 2004 was \$3.6 billion.<sup>16</sup>

### ***Higher Education***

Unlike elementary and high school education, higher education collects and publishes real information. Universities report exactly how many foreign students are in their programs and their immigration status.

All public institutions of higher learning in Texas report their data to the Texas Higher Education Coordinating Board. The board has set up its own website <http://www.txhighereddata.org>, where voluminous statistical information about Texas public colleges and universities is kept.

### **In-state tuition for illegal immigrants**

In 2001, the Texas Legislature passed and Gov. Rick Perry signed House Bill 1403, a Democratic bill that nonetheless had wide bipartisan support. The bill allows illegal aliens who graduate from Texas high schools to receive in-state tuition, provided they graduated from a Texas high school and sign an affidavit that they will apply for permanent residency as soon as they are eligible.

The coordinating board tracks the number of students who get residency status through House Bill 1403 in its CBM database, but it does not release that information. The authors obtained that information through the Texas Public Information Act.

In fiscal year 2005, 3,150 illegal immigrants received in-state tuition at Texas four-year universities, and 8,300 illegal immigrants received in-state tuition at Texas two-year colleges. In general, most of the beneficiaries of House Bill 1403 are *not* located along the Texas-Mexico border. The University of Texas at Dallas had the most beneficiaries of the four-year schools, and Houston Community College led the beneficiaries among two-year schools.

### **Costing out the state educational benefits**

Higher education in Texas is funded by a series of complex formulas. These formulas are different for four-year universities than for two-year colleges.<sup>17</sup>

The state has formulas that pay for Instructions and Operations of campuses, infrastructure, teaching experience, and a small institution supplement. Additional funding comes from “special items,” are usually determined by politics, and a series of infrastructure endowments, such as the Available University Fund, that Texas universities get, as well as tuition.

In short, it is impossible to calculate exactly the per-student subsidy a student receives without knowing the exact course load a student takes. To calculate the cost to

the state attributable to immigration, the best estimate available is to take the average biennial appropriation per student and multiply it by the number of illegal immigrants receiving in-state benefits.<sup>18</sup>

In fiscal year 2003, the average biennial appropriation per full-time equivalent (FTE) student was \$7,112. In fiscal years 2004 and 2005, that amount was estimated by the state at \$6,960. Hence, a cost estimate is as follows:

### State subsidy for illegal immigrants at state universities

Fiscal year	HB 1403 students	Average state appropriation	Total
2003	1,670	\$7,112	\$11,877,040
2004	2,433	\$6,960	\$16,933,680
2005	3,150	\$6,960	\$21,924,000
		<b>Grand Total</b>	\$50,734,720

Foreign students at Texas universities who immigrate legally on student visas must, unlike their illegal counterparts, pay out-of-state tuition. The state does not produce per-student subsidy rates for out-of-state students. But given the dramatic rise in tuition nationally in recent times, it is likely that foreign students do not receive subsidies from state taxpayers. Legal immigrants pay their full cost. Illegal immigrants do not.

Two-year community colleges are funded differently than state universities – primarily through a local college district tax and tuition, and take fewer hours than regular college students. In fact, each community college student represents the equivalent cost of one-third of a full-time student. Taking those percentages, we can come up with a cost in community colleges.

In FY 2003, there were 4,021 illegal immigrants getting in-state tuition at Texas Community Colleges. Multiplying the resulting product times the per-FTE subsidy gives us an estimated subsidy for illegal immigration at Texas two-year colleges and universities of \$6,465,188 in Fiscal Year 2003.

Total subsidy received at Texas public community and technical colleges for illegal immigrants getting in-state tuition

Fiscal year	Number of HB 1403 students	Estimated HB 1403 FTEs	Subsidy per FTE	Total
2003	4021	1395.29	\$4633.58	\$6,465,188
2004	5949	1986.97	\$4635.66	\$9,210,917
2005	8300	2766.67	\$4622.61	\$12,789,236
			<b>Grand total</b>	<b>\$28,465,341</b>

*Financial aid*

Immigrants are also eligible, under some circumstances for financial aid. However, most illegals are not. Generally, only persons who have permanent residency or who have been granted asylum are eligible for most federal financial aid programs.<sup>19</sup>

The state of Texas has a variety of student aid programs.<sup>20</sup> However, while it is possible that illegal immigrants receive state-funded financial aid, most programs require students to meet the federal financial aid qualifications, which would eliminate immigrant eligibility.

Here again, however, the State of Texas does not disseminate statistics on the immigration status of financial aid recipients. As with secondary education, we know that there must be a cost, but it is nonetheless very difficult to calculate an exact cost of financial aid provided to illegal immigrants.

## Total Education Costs to Texas of Illegal Immigration

Item	Costs
<b>Elementary and Secondary</b>	
Non-citizen children of illegal immigrants (224,000)	\$1.605 billion
Citizen children of illegal immigrants (300,000)	\$2.141 billion
Total school aged children of illegal immigrants	<b><u>\$3.746 billion</u></b>
<b>Higher Education</b>	
State colleges and universities	\$21.9 million
Community and technical colleges	\$12.6 million
Total higher education	<b><u>\$34.5 million</u></b>
Total Education Costs	<b><u>\$3,780,500,000</u></b>

# Human Services

Although welfare reform has made dramatic reductions in the eligibility of immigrants for entitlement benefits, a corresponding decrease in the welfare rolls has not been achieved.

The 1996 welfare reform law, Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), stripped most immigrants of their eligibility for various welfare and other entitlement programs. Prior to that act, non-citizens were eligible for such programs as Aid to Families with Dependent Children (AFDC), Food Stamps, Supplemental Security Income and Medicare – without restriction. However, with the passage of PRWORA, Congress tightened eligibility requirements on non-citizens and there has been an overall drop in the number of immigrants using social services.

Nonetheless, immigrants still use welfare benefits at higher rates than native citizens. In Texas, it is estimated that 30.6 percent of immigrant households (418,000) received welfare benefits in 2004.<sup>21</sup> This includes Temporary Assistance to Needy Families (formerly AFDC), Supplemental Security Income, food stamps, public/subsidized housing or Medicaid. In comparison, only 18 percent of native headed households (1.22 million) received welfare benefits in 2004.

One reason for these numbers is grandfathering. Legal immigrants who resided in the U.S. before Aug. 22, 1996 remain eligible for many social services. Qualified immigrants in most circumstances include: refugees, asylum seekers, Cuban and Haitian immigrants. In addition, immigrants who are veterans or on active military duty and their families, battered spouses who qualify under the Violence Against Women Act, victims of a severe form of trafficking like slavery and legal permanent residents with 40 qualifying quarters of work are eligible.<sup>22</sup>

Another reason for high immigrant use of welfare programs is that immigrants are also much more likely to live in poverty. In Texas, 29.5 percent of immigrants live in poverty compared to only 13.1% of native citizens.<sup>23</sup> There are even more immigrants living in what is called “near poverty” which is defined as having an income of less than 200 percent of the poverty threshold. According to the Center for Immigration Studies, 59.5 percent of immigrants and their children live in poverty or near poverty in Texas, compared to 32.2 percent of natives and their children.<sup>24</sup>

The socio-economic status of immigrant families in Texas is directly related to the level of educational attainment. In Texas, 46 percent of immigrants older than 18 do not have a high school diploma compared to only 12.6 percent of natives.<sup>25</sup> Consequently, it is not surprising that a higher proportion of the immigrant population compared to natives in Texas receives state and federal assistance through social service programs.

## **A look at a few entitlement programs:**

*Temporary Aid to Needy Families.* TANF is a block grant program that provides cash assistance to recipients. With the passage of PRWORA, states were given the option to bar Legal Permanent Residents (LPR) who were in the state before Aug. 22, 1996 from receiving TANF benefits if they were not currently receiving benefits. However, Texas chose to continue to allow LPRs to receive benefits.

If Legal Permanent Residents received TANF benefits before Aug. 22, 1996, they are eligible to continue receiving benefits. LPRs who entered the country after the enactment of PRWORA are barred from receiving TANF benefits unless they become U.S. citizens. Exceptions from this rule include the qualified immigrants described earlier.

There are varying estimates on how many immigrants use social services in Texas. The Urban Institute estimates that 10,000 non-citizen families received TANF in 2000 (6,700 legal and 3,300 undocumented). The study points out that immigrants are more likely to remain on welfare than U.S. citizens.<sup>26</sup>

The Governor's Office on Immigration & Refugee Affairs estimates that 5,687 legally admitted aliens received TANF in 2002.<sup>27</sup> However according to the House Ways & Means Committee Green Book, 8,305 adult non-citizens received TANF benefits in FY 2000-01.<sup>28</sup>

The state pays about 30 percent of the cost of TANF, while the federal government pays the rest. For 2002, the state cost for illegal immigrants on TANF was around \$1.65 million, the federal costs, \$3.5 million. The costs for *legal* recipients of TANF were double that amount.<sup>29</sup>

*Food Stamps.* Non-citizens who are eligible to receive Food Stamps include the same population that are eligible for TANF. The Food Stamp Program also accepts individuals under age 18 or 65 and older. Approximately 117,000 non-citizens in Texas received Food Stamps in FY 2004.<sup>30</sup> Non-citizens make up 5.2 percent of Texas Food Stamp recipients, for a cost of \$107.4 million. The benefits are 100 percent federally funded, so there is minimal cost to the state.<sup>31</sup>

*Supplemental Security Income (SSI).* SSI is a federal cash assistance program for the blind, aged and disabled individuals who are low-income. The requirements are the same as for other programs. In 2004, 60,716 non-citizens received SSI in Texas. There were 472,347 total SSI recipients. Non-citizens make up 12.9 percent of the SSI recipient population. SSI is a federally funded program.<sup>32</sup> There is minimal or no cost to the state for this program.

## Health Care

After education, health care is the single biggest cost that Texas bears due to illegal immigration. But beyond the economic costs are the uncountable burdens placed on an already stressed health care system, with their potential effects on the health and well-being of all Texans.

Immigrants' – legal and illegal – use of health care in the U.S. is heavily debated. Almost all research has shown a large cost to the system from immigrants. Nonetheless, there are dissenters. A study in the *American Journal of Health* in 2005 discounted immigrants as a cost-driver in the U.S. health care system.<sup>33</sup> The authors cite costs that show that the average immigrant receives half as much health care as the average native citizen. Those numbers, however, are disputed by researchers like Stephen Camarota at the Center for Immigration Studies, who said the sample is not representative and the conclusions do not follow from the data.

Such studies are also belied by the Texas data, however, which show a heavy footprint of aliens in the health care system. Despite some successes of welfare reform in eliminating immigrants from entitlement programs, immigrants still have limited access to those programs.

One of the biggest costs, however, is in emergency room care. Because of federal law – and pragmatism – no one checks immigration status at the emergency room door. Additionally, policymakers fear that even asking about immigration status will scare immigrants with life-threatening conditions from seeking treatment.

When an immigrant without private health insurance shows up at an emergency room, one of two things happens. Either the federal government covers the procedure through the emergency Medicaid program, or the hospital absorbs the uncompensated cost. Because of the high cost of emergency room visits, these can be staggering.

### **Uncompensated costs to Texas hospitals and emergency Medicaid**

Trauma hospitals across the country absorb many of the costs for indigent care, whether for aliens or U.S. citizens. While some of the costs are reimbursed by the federal government's Disproportionate Share (DSH) funding, the remainder of funds are a loss to hospitals, and result in overcrowding, diversions to other hospitals, and increased cost to the paying patients.<sup>34</sup>

Although tracking hospital costs, as we shall see, is difficult, most estimates show a profound impact. The Texas Hospital Association reported that in 2002, the costs incurred by hospitals to treat undocumented aliens was \$393 million.<sup>35</sup> That cost does not include legal non-citizens, which is a population almost twice as large.

Not all hospitals are impacted the same. Some are hit much harder, including those on the border. Brownsville Medical Center, for example, spends \$500,000 a *month* on health care for illegal immigrants.<sup>36</sup> South Texas Health System, just west of Brownsville, spends \$9 million a year for care in its two hospitals.<sup>37</sup> Inner city hospital systems spend even more – \$50 million for the Harris County Hospital District (Houston).

Some of that cost is reimbursed DSH. Additionally, Texas was awarded a grant of \$46 million to cover immigrant costs through the 2003 Medicare Prescription Drug bill. Still, those funds aren't even enough to cover Harris County, let alone the entire state. And the funds come with limits. Regardless of the length of a patient's stay, the federal money will only cover two days' treatment.

To help cover some of these costs to hospitals, Texas provides funds through a program called Emergency Medicaid, which, as the name implies, covers mostly emergency room visits.

An offshoot of traditional Medicaid, Emergency Medicaid doesn't contain any citizenship restrictions like those imposed on Medicaid through the welfare reform act. Because of this, immigrants represent a much higher percent of the costs. According to the Health and Human Services Commission, Texas spends just over \$300 million a year on average for emergency Medicaid for non-citizens, of which at least a third – \$100 million – is attributable to illegal immigrants.<sup>38</sup> Because the funds come out of its pool of money for traditional Medicaid, higher use of Emergency Medicaid decreases the funding the state has available to traditional Medicaid.

Due to matching formulas, Texas pays 40 percent of all Medicaid costs, and the federal government picks up 60 percent.

When the United States General Accounting Office in 2004 study took a look at spending for Emergency Medicaid,<sup>39</sup> it found that in every state the GAO studied but one, Emergency Medicaid – in which immigrants can participate – was increasing faster than traditional Medicaid – in which new immigrants cannot. The GAO found some surprising results:

“Although states are not required to identify or report to [the Centers for Medicaid Services] their Medicaid expenditures specific to undocumented aliens, several states provided data or otherwise suggested that *most* of their emergency Medicaid expenditures were for services provided to undocumented aliens.” (emphasis added).

Furthermore, in five of the ten states, GAO reported, one half of emergency Medicaid expenses were for labor and delivery for pregnant women. This is a very large cost, as we shall shortly see.

Although a true accounting of the costs of illegal immigrants to health care facilities in Texas remains difficult amid a lack of information on the scope of the problem, the GAO concluded that the new federal funds available to hospitals could act as an incentive to those hospitals to collect more reliable information on that population.

### **Impact of Welfare reform on health care availability**

While the role of immigrants in emergency Medicaid appears to be increasing, traditional Medicaid is a different story. Because welfare reform limited access to those already on the program in 1996 or those who have already been in the U.S. for at least five years, the pool of *new* applicants for Medicaid has substantially decreased. Initial numbers showed substantial declines. Between 1995 and 1999, the number of children enrolled in Medicaid and CHIP dropped by eight percentage points. The number of immigrant children covered under Medicaid fell by 190,000.<sup>40</sup>

Nonetheless, Texas still spends \$108 million for illegal aliens in the Medicaid program, including those grandfathered.<sup>41</sup> PRWORA gave states the option to allow new immigrants to qualify for Medicaid after five years of residence in the country, but Texas has so far not passed legislation allowing that.

Not all health care costs of immigration, however, can be judged by limiting the scope of review to *aliens* on Medicaid. As we have seen in education, many of the “costs” are from U.S. citizen children of immigrants. Children born to illegal alien parents are U.S. Citizens and are often eligible for coverage and are therefore not reflected among the immigrant statistics. This number is around 300,000, though how many actually utilize such services is another question that cannot be accurately answered until better data is recorded by the state.

Statewide, Medicaid rolls in Texas has been growing rapidly, and in one area in particular, the growth has been astounding. In 2004, the majority – 52 percent – of all births in Texas were paid for by Medicaid. This is a large factor in the costs of immigration because pregnancy is covered under the umbrella of Emergency Medicaid, which is open to all immigrants regardless of status.

We can assume that immigrants likely take advantage of this in numbers *at least* proportional to their population and birth rate. The reason for this is that birth is a non-elective procedure which also confers citizenship status on the child. When one further considers that immigrants in Texas account for 59 percent of the increase in the uninsured

in Texas, it becomes clear that they, in fact, have even more incentive than U.S. citizens to use Emergency Medicaid to pay for childbirth.

In 1997, the U.S. General Accounting Office sought to get some statistics on illegal alien births through Medicaid.<sup>42</sup> At that time, the GAO found that there were 24,000 Medicaid-funded births to illegal alien mothers in Texas, which represented a doubling of the births from only three years before. Although no such study has been conducted recently, the population of illegal immigrants in Texas has approximately doubled since that date.

In fact, with birth costs between \$3,000-\$4,000 based on most estimates, Texas could spend as much as \$144-\$200 million on births alone. The fact that this number is in fact larger than almost all estimates of the *entire* usage of emergency Medicaid by illegal immigrants, should give us pause. The most likely explanation is that some of those costs are *not* being borne by emergency Medicaid, but are instead represented in the hospitals' uncompensated care. Or, of even more concern, illegal immigrants not *legally* eligible for traditional Medicaid, may in fact be getting it through fraud or lack of oversight.

Either way, it is clear that births are the portion of emergency Medicaid costs for illegal immigrants. Again, this is an area of public policy where clarity is lacking – precisely because of a bureaucratic culture that discourages record-keeping on the residency status of patients. As with education, the state and its hospitals have selectively put on blinders in this one narrow issue of health care – while simultaneously recording copious statistics on every other area.

Although the future of Medicaid, because of PRWORA, includes fewer recipients, the costs for each case will likely continue to increase as a result of the overall increase of health care. Additionally, Emergency Medicaid will continue to grow in usage as long as the population of immigrants expands and access is not curtailed. Furthermore, the population still on Medicaid through the grandfathering clauses of PRWORA will become more expensive as they age. Although the elderly only represent 11 percent of Medicaid beneficiaries, they represent 36 percent of the costs.<sup>43</sup> Since studies have shown large numbers of immigrants continue to lack health insurance even after they become citizens, many of these grandfathered recipients will remain on Medicaid for years to come.

### **Children's Health Insurance Program**

The Children's Health Insurance Program (CHIP) is a separate health care entitlement that covers children whose families are just outside of the income restrictions of Medicaid. Whereas Medicaid can be assumed to have a sizeable number of clients grandfathered under PRWORA, the Children's Health Insurance Program (CHIP) is different. It would seem that because eligibility is limited to children under 18, the pool of those eligible for grandfathering is limited to those children who were younger than 8 in 1995 and will continue to drop as children reach the age of maturity. However, because immigrant children born in the U.S. are considered citizens – as many as three out of five immigrant children – these children will continue to be eligible for CHIP. No numbers are available for the number on CHIP who are children of immigrant parents, but most experts believe it to be a sizeable portion of the \$700 million program.

Following welfare reform, non-citizen children of immigrants were cut off from CHIP. However, Texas chose to continue to provide services by forgoing federal funds through a special program called Immigrant Children's Health Insurance, at a cost of \$18.1 million a year. Many of these children would have previously been enrolled in Medicaid or regular CHIP. However, prior to 1996, Texas would have received federal matching funds for these children. For CHIP, the match is a generous 3-1.

Immigrant CHIP, however, does not pull down federal funds. Thus if Texas were to re-direct those funds to citizen children under regular CHIP, the state would draw down an additional \$54.3 million from Washington.

### **Children With Special Health Care Needs**

One program in which immigrants have a very profound effect on Texas health care expenditures is the Children With Special Health Care Needs (CSHCN) program.

CSHCN is a supplemental health care program designed to assist indigent children with extraordinary or chronic health care problems which are too expensive to treat in the traditional Medicaid system. Due to the nature of the program, a small number of patients incurs a great deal of cost.

The only requirement for residency for the program is that the child lives in the United States and the parents state their intention to remain. They do not have to be legal residents – though the children are supposed to be. However, the state's requirement for eligibility is based on self-reporting, so there is no independent verification of the veracity of these statements.

According to the Texas Department of State Health Services, in December, 2005, there were 1,452 non-citizens on the program, who represented 68.82 percent of all clients, and 78.9 percent of the total cost, or \$29.9 million per year.<sup>44</sup> That's over three quarters of the budget for the entire program that is spent on non-Americans.

### **Preventative health care programs**

For other health care programs, Texas does not keep any representative numbers. However, immigrant use of all social services has been estimated by Camarota. As previously mentioned, he found that about 30.6 percent of the immigrant population uses entitlement programs in Texas. Using those numbers, the cost for other medical entitlements could be estimated in theory, although the actual numbers could vary widely from program to program.

Additionally, the state funds a number of programs which do not have individual clients, such as preparedness and prevention programs. Immunization, infectious disease prevention and education programs, and others are a cost to all Texans. Immigrants living in Texas are beneficiaries of such programs, and at least as likely to be struck by such diseases as Americans. In some cases – particularly in the case of tuberculosis – immigrants from Mexico are at a statistically higher risk because of the prevalence of that disease in their home country.

## Total Health and Human Services Costs to Texas

Item	Costs	
	(State)	(Federal)
<b>Health and Human Services</b>		
Temporary Assistance to Needy Families	\$1.65 million	\$3.5 million
Medicaid	\$108 million	\$166.5 million
Emergency Medicaid	\$100 million	\$154.2 million
Immigrant CHIP	\$6 million	
Children With Special Health Care Needs	\$9.9 million	\$15.3 million
Federal reimbursement	(\$46 million)	\$46 million
Uncompensated care to illegals (Absorbed by hospitals)	\$393 million	
<b>Total Health care costs</b>	<b>\$572.5 million</b>	<b>\$385.5 million</b>

## Criminal Justice

Illegal immigrants in Texas who commit crimes also represent a huge cost to Texas. In a 1994 study, “Alien Offenders in the Texas Correctional System,” and in subsequent reports, the Texas Criminal Justice Policy Council (CJPC) took a look at criminal aliens.<sup>45</sup> The findings showed that alien offenders are almost twice as likely to be convicted of violent crimes than non-alien.

Estimating the complete costs of these offenders, however, is problematic. The state keeps a precise count of all alien inmates (legal and illegal), but requires prisoners to self-identify, which calls into question how accurate the number is, since illegal immigrants who report their status accurately could face deportation. According to the Texas Department of Criminal Justice (TDCJ), there were 10,254 offenders claiming foreign citizenship in Texas prisons in 2005.

The number is likely low. Although the overall immigrant proportion of Texas as a whole is 15 percent, TDCJ’s number only represents 6.8 percent of the prison population – a statistical improbability, especially given income and education levels of immigrants, which are historically accurate indicators of the likelihood to commit crime.

Additionally, half of the state’s prison population is Hispanic and 87 percent of the criminal aliens in Texas are Hispanic. Assuming that non-citizen Hispanics are not dramatically less likely than citizen Hispanics to commit a crime, the real number of criminal aliens would likely be around 23,000, of which 8,000 would be illegals.<sup>46</sup>

In 1994, the CJPC study estimated that the 3,125 immigrants in Texas prisons at that time, as well as another 1,343 immigrants backlogged in county jails cost the state \$74.3 million per year. The study was based on cost for those inmates based on total time served. Reducing that to an annual number, the cost was \$63.6 million (for all non-citizens).

Moving forward to 2005, the numbers have gone up dramatically. While the actual cost per day to house prisoners has gone down slightly (it is now \$40.06 per day), that

decrease is swamped by the massive increase in the alien prison population. Using the same methodology with today's numbers, and accounting for the statistically more likely population estimate of 23,000, the cost comes to \$336 million for all non-citizens, of which \$117 million is for illegal aliens. The Federation for American Immigration Reform, in a separate study using a different methodology, found the number around \$150 million.

Another applicable cost is jail construction. The CJPC in 1994 found an additional \$150 million by including in the cost to construct new jails that would house that year's immigrant population. Although this is a one-time cost, it throws light on just how big the problem is. For Texas to build enough prisons to house today's immigrant population alone, the cost would be \$750 million.<sup>47</sup>

Even if such a facility had a lifespan of 30 years before renovation, the cost would still work out to \$25 million a year, not including upgrades and debt service, which in the unique world of prison construction, are very high. Texas *is* paying these costs today – \$55 million on new construction and repair of facilities each year, of which, it seems likely, a good portion is for illegal immigrant inmates.

Lest one argue that these costs are exaggerated, one might bear in mind that these costs do not include the cost of trials, public defenders and appeals. An estimate of these costs is impossible, because they vary widely from case to case, but clearly when one is dealing with a population as chronically trapped in poverty as illegal immigrants, public defenders and defaults on assessed court fines are considerably higher than those of the average Texan.

Against all of these costs, the federal government has provided only \$17 million to Texas to pay for illegal immigrant incarceration, plus another \$9 million to counties. Even that number is falling, putting increased burden on the state.<sup>48</sup> In 2002, the U.S. Department of Justice provided twice as much funding through the same program.

### **Alien offender costs to counties**

Even on the county level, the \$9 million from the federal government only scratches the surface on costs. Counties in Texas incur costs of their own beyond state costs, particularly those on the border and in major urban centers.

A 2001 study by the Border Counties Coalition found that Texas border counties alone spend \$23.3 million a year in law enforcement, criminal justice and healthcare for alien offenders.<sup>49</sup> This number only includes illegal aliens and not legal resident non-citizens, as the above numbers for the state do. Counties report that they are reimbursed for less than 12 percent of their costs for illegal aliens.

Additionally, counties are on the hook for much of the costs of providing free defense counsel for the poor, which was \$138 million in 2004.<sup>50</sup> That number includes \$11 million of state reimbursements. Although there is no data to tie a percentage of that cost to non-citizens, income and earnings data from immigrants would suggest they represent a greater proportion than their population percentage. Moreover, indigent defense is available to all, regardless of citizenship status. Additionally, minor costs are incurred in the parole system, through parole diversions, and in the state's expenditures for special needs offenders.

## Total attributable Criminal Justice Costs to Texas

Item	Costs
Incarceration	117 million
Prison construction	\$25 million
Other criminal justice costs	\$3 million
Federal reimbursements (State portion only)	(\$26 million)
<b>Total criminal justice costs</b>	<b><u>\$119 million</u></b>

**Notes:** Unknowable costs include county incarceration costs, prosecution/appeals costs for illegal immigrant criminals

## Labor and Wages

### **Are illegal immigrants taking away jobs from American workers?**

If so, that is not just a loss to those displaced workers, but a clear cost to the State of Texas and its taxpayers. According to Economist Donald Huddle of Rice University, 248,500 low-skill Texas workers were displaced from their jobs in 1996 due to illegal immigrant workers.

Huddle defined the displacement rate as the number of American and legal immigrant workers who are not able to work per 100 undocumented workers who have jobs. In a separate study, Huddle calculated the displacement rate for low-skilled U.S. citizens at 23 percent.<sup>51</sup>

The displaced Texas workers cost the state \$1.37 billion in unemployment insurance, Medicaid, AFDC, Food Stamps, and lost tax payments in 1996.<sup>52</sup> Huddle forecasted the displacement costs to total \$1.53 billion in 2006.

In a separate study, Huddle analyzed the effects of the Immigration and Naturalization Service's operation called "Project Jobs." Over a five day period in 1982, 400 INS and border patrol agents apprehended 5,440 undocumented workers from targeted job sites in nine metropolitan cities including Dallas and Houston.

At the time, the nation's unemployment rate was 10 percent. The INS wanted to make the case that illegal aliens were working for more than minimum wage and that those jobs could be made available to unemployed Americans and LPRs.

Huddle's analysis shows that seven U.S. workers, on average, applied for each job vacated by an illegal alien due to the INS raids.<sup>53</sup> The jobs paid, on average, 45 percent higher than the minimum wage.

After the raids, Huddle's team found that 60 percent of vacant jobs left by the apprehended illegal aliens were filled with U.S workers that had heard about the job openings from the newspaper and the INS raids. The remaining 40 percent were filled by undocumented workers. The study determined that American workers did indeed take similar jobs in scope and pay of those held by illegal aliens.

In addition, Huddle conducted three micro field surveys on job displacement due to immigration in Houston in 1983, 1985 and 1990. He found the displacement rate partly dependent upon the ups and downs of the business cycle, wage rates and unemployment levels. In 1983, when unemployment was 10.2 percent in Houston, the net displacement rate was 53.1 percent. By 1990, the unemployment rate dropped to 5.2 percent and the displacement rate fell accordingly to 22.4 percent because American workers “became more choosy about jobs.”<sup>54</sup>

### **Does immigration depress wages?**

George Borjas estimated the impact of the influx of immigration between 1980 and 2000 on the wages of U.S. citizens. Borjas found that immigration during this period increased the labor supply of working men by 11 percent.<sup>55</sup> As a result, the wage of the average native worker decreased 3.2 percent. The wages of native workers with little education (high school dropouts) fell by 8.9 percent.

The results are not specific to Texas and the relevant costs are hard to estimate. However, Borjas’ study paints a picture of how immigration affects the wages of lower income Americans.

### **Businesses benefit from ready supply of immigrant labor.**

As stated previously, there are direct and indirect social costs of immigration on the Texas economy. However, businesses benefit from employing low-skilled immigrants at low-wages. With a ready supply of immigrant labor, businesses can hold down their labor costs. Camarota argues that unskilled Mexican immigration acts as a subsidy for employers who use low-wage labor.<sup>56</sup>

The business lobby argues that they need to employ immigrants because most Americans will not work certain kinds of jobs. However, economists like Borjas argue that low-skilled American workers are willing and able to work at some of the traditional “Mexicanized” jobs like agriculture and farming, but only if the wages were higher.

## **Immigrant Taxes to Texas**

Calculating the tax revenues governments generate from immigrants is inherently difficult. Many illegal immigrant laborers work in an underground economy, and those who work above-board do so only through deceptive means, such as the use of fake social security numbers. Of the taxes that *are* paid, however, the majority go to the federal government, while the costs of immigration are born in great part by the states. Some illegal immigrants pay income tax, as well as social security tax – according to one estimate, up to \$7 billion nationwide.<sup>57</sup>

All of this, however, is meaningless to Texas. While Texas has a higher proportion of the illegal immigrant population than most states – 14.9 percent of all U.S. immigrants – the tax revenues, with the exception of a few immigration-related grants, are distributed equally among the states, regardless of immigrant population.

In Texas, there is no income tax, and the majority of the burden of state government comes from property taxes and sales taxes. Immigrants pay the former, but at a lesser rate

since they are primarily renters, not owners of homes. Immigrants also pay the sales tax, but presumably at a slightly lower percentage than non-immigrants due to their lower income and the high percentage of their salaries – in some cases as much as one-third – which are wired to their home countries and therefore are not reflected in sales taxes. As for use taxes, such as the gasoline tax, the benefits are presumed to be eliminated by the service being used, for which the tax pays. Since they are intended – at least in theory – to be neutral, they were not considered on either side of the cost/benefit equation.

So what is the benefit to Texas from the taxes of illegal immigrants?

As with any other immigration-related statistics, lack of clear data forces researchers to use estimates, which allows for the introductions of bias. Pro-immigration groups generate lower numbers for the costs of immigration, generate *higher* numbers for the tax benefits. Groups seeking to curb immigration do the opposite.

One figure which blends the two is an update by FAIR of the 1994 Urban Institute numbers.<sup>58</sup> Adjusting the conservative 1994 estimate of \$202 million for the increase in immigrant population and inflation, FAIR came up with a tax income for Texas from both sales taxes and property taxes, of \$965 million. Those numbers hold up fairly well after further review.<sup>59</sup>

Clearly, there is a benefit, but weighed against costs that are over four and a half times as large, illegal immigration in Texas is a losing proposition. With a net cost of \$3.5 billion – not including many known expenses whose costs are impossible to measure, Texas' fiscal soundness will continue to be jeopardized by what amounts to a giant unfunded mandate from the federal government. With an explosion of illegal immigration at ever-expanding numbers, this gap in the Texas budget will only continue to widen. As the tax benefits of high-skilled, educated, English-speaking workers are weighed against those of low-skilled, poorly-educated, non-English-speaking workers, the problem will further exacerbate the fiscal problems of a state wrestling with the problems of school finance and the increasing costs of health care.

## Reflections on Findings

The costs to Texas of illegal immigration ultimately fall on the people of the Lone Star State. In recent years, the state's political landscape has been focused on skyrocketing property tax rates which pay for funding the state's schools. Texans have complained bitterly of such property taxes. However, the cost of illegal immigration comes out to \$739 for each household of native-born in Texans – a cost almost as large the \$890 median school property tax that Texans so vehemently protest. As another way of looking at it, each illegal immigrant costs the state almost \$2,333 a year.

Nonetheless, there is a silver lining to the dark cloud of Texas immigrant costs. That is the Welfare Reform Act of 1996. This bipartisan solution to the nation's welfare crisis has prevented this \$3.5 billion hole in the Texas budget from exploding still further. While there is a good possibility that this study's estimate of Medicaid, food stamps and AFDC costs are low due to the incalculable cost of fraudulent claims by non-citizens on those programs, the costs to the state would certainly be much higher if non-citizens had direct access to those entitlement programs. Illegal immigration's cost to Texas' budget is a crisis. Without welfare reform, it would be a disaster.

Solving this problem is difficult, and is, to the eternal chagrin of state lawmakers, largely in the hands of the federal government to enforce existing immigration laws.

But while Washington, D.C. buzzes about amnesty and closing the border, the State of Texas shouldn't be bashful about facing up to its responsibilities. And for once, the state should consider that the people the state is ultimately responsible to are the taxpayers.

The first step is to stop hiding and obfuscating data. A free country and a Republican form of government are predicated on a free flow of information. Regardless of their political leanings, voters *need* accurate and reliable data on their government and how it spends their tax dollars to make informed decisions. When it comes to illegal immigration, they don't have that. Although there is a cost to collecting such data, it is minimal next to the cost of ignorance.

For a state like Texas – which collects voluminous, comprehensive (privacy advocates would say excessive) statistics and data about every *other* facet of the population, state expenditures, and government services – to refuse to collect data in this one critical area is inexcusable. It is equivalent to using high-tech satellites to map the surface of the earth to the nearest foot – then to mark off a vast, crucial section of the planet with a dark, hazy shadow and the evasive phrase “Here be monsters.”

But Texans aren't interested in fairy tales. While bureaucrats in Austin may be afraid of answering the questions, Texas taxpayers have consistently demanded to know – only to be frustrated by a perpetual parade of elected officials – on a bipartisan basis – who refuse to demand accountability.

Only when state and federal bureaucrats step aside and let accurate and adequate data be collected, can the true scope of the problem be grasped. That would pave the way for a true solution to the burdens of illegal immigration – a solution based on reasoned policy and open and frank debate, instead of just emotion. Only with an accurate map of the Texas budget that includes data on illegal immigrants can the people of Texas know the true size of the “monster” hiding in the Texas budget – and just what its appetite really is.

*William Lutz and Christine DeLoma of the Lone Star Foundation contributed research to this report.*

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<sup>1</sup> U.S. General Accounting Office. *Illegal Aliens: National Net Cost Estimates Vary Widely*. July, 1995.

<sup>2</sup> Texas Education Code, Section 42.006

<sup>3</sup> Texas Education Agency. PEIMS Data Standards. Page 3.59.

<sup>4</sup> Texas Education Code, Section 42.006

<sup>5</sup> Tom Bower, *Traffic safety effort aimed at immigrants*, San Antonio Express-News, Nov. 25, 2005.

<sup>6</sup> Inter-American Development Bank. *Remittances from the U.S. to Latin America, 2004*.

<sup>7</sup> Federation for American Immigration Reform, *The Costs of Illegal Immigration to Texans*. April 6, 2005.

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<sup>8</sup> Pew Hispanic Center, *Size and Characteristics of the Unauthorized Migrant Population in the U.S.* March 7, 2006. Available at <http://pewhispanic.org/reports/report.php?ReportID=61>

<sup>9</sup> Dr. Donald Huddle, *The Net Costs of Immigration to Texas: The Facts, the Trends and the Critics*. 1996

<sup>10</sup> *Plyler v. Doe* 457 U.S. 202 (1982).

<sup>11</sup> See *The Lone Star Report* May 31, 2002 for a more detailed description of the Texas Public School Finance System and the shortcomings of published per-student costs of education.

<sup>12</sup> Federation for American Immigration Reform. "Breaking the Piggy Bank: How Illegal Immigration is Sending Schools into the Red." June, 2005. Available at [http://www.fairus.org/site/PageServer?pagename=research\\_researchf6ad](http://www.fairus.org/site/PageServer?pagename=research_researchf6ad)

<sup>13</sup> Michael Fix and Jeffrey S. Passel, "U.S. Immigration – Trends and Implications for Schools." The Urban Institute, January, 2003. Available at [http://www.urban.org/UploadedPDF/410654\\_NABEPresentation.pdf](http://www.urban.org/UploadedPDF/410654_NABEPresentation.pdf)

<sup>14</sup> U.S. Department of Education, National Center for Educational Statistics, Common Core of Data, "National Public Education Financial Survey," 2002-03.

<sup>15</sup> Ibid.

<sup>16</sup> Texas Education Agency, Division of Performance Reporting, "Snapshot Pocket Edition, 2004-2005 Texas Public School Statistics. Available at <http://www.tea.state.tx.us/perfreport/pocked/2005/pocked0405.pdf>

<sup>17</sup> The description here is a summary of state funding formulas. The Legislative Budget Board has produced a more detailed treatment of the subject, from which most of this description is taken. See Legislative Budget Board. *Financing Higher Education in Texas: A Legislative Primer*. Second Edition. Jan. 2005. Available at [http://www.lbb.state.tx.us/Education/Higher/HigherEd\\_FinancingPrimer\\_2ndEd\\_0105.pdf](http://www.lbb.state.tx.us/Education/Higher/HigherEd_FinancingPrimer_2ndEd_0105.pdf), last visited Dec. 27, 2005.

<sup>18</sup> The figures for students availing themselves of HB 1403 benefits is total number of students, while per-student appropriations is given on an FTE basis. This could lead to a slight overestimate of the costs involve, since the state does not disseminate figures on course-loads taken by HB 1403 students.

<sup>19</sup> U.S. Department of Education website. [http://studentaid.ed.gov/students/publications/student\\_guide/2005-2006/english/important-terms.htm#eeligible\\_noncitizen](http://studentaid.ed.gov/students/publications/student_guide/2005-2006/english/important-terms.htm#eeligible_noncitizen), last visited Dec. 30, 2005.

<sup>20</sup> Chapter 56 of the Texas Education code establishes almost all state financial aid programs and contains the eligibility standards.

<sup>21</sup> Camarota, Steven, *Immigrants at Mid-Decade: A snapshot of America's Foreign-Born Population in 2005*, Dec. 2005, p23.

<sup>22</sup> Governor's Office of Immigrant and Refugee Affairs, *New Americans in Texas*, 2002, pp 41-43.

<sup>23</sup> Camarota, Steven, *Immigrants at Mid-Decade: A snapshot of America's Foreign-Born Population in 2005*, Dec. 2005, p22.

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<sup>24</sup>Ibid.

<sup>25</sup> Camarota, Steven, *Immigrants at Mid-Decade: A snapshot of America's Foreign-Born Population in 2005*, Dec. 2005, p22.

<sup>26</sup> Urban Institute, *Immigrants and TANF: A Look at Immigrant Welfare Recipients in Three Cities*, Oct. 2003, Occasional Paper Number 69.

<sup>27</sup> Governor's Office of Immigrant and Refugee Affairs, *New Americans in Texas*, 2002, p 44.

<sup>28</sup> House Ways & Means Committee, *2004 Green Book*.

<sup>29</sup> Based on percentages from a study by [Karen C. Tumlin](#) and [Wendy Zimmermann](#), "Immigrants and TANF: A Look at Immigrant Welfare Recipients in Three Cities." The Urban Institute. October, 2003. The percentage of illegal immigrants receiving TANF were then multiplied into the formula provided by the Texas Health and Human Service Commission on a per-household basis.

<sup>30</sup> The Office of Analysis, Nutrition & Evaluation, *Characteristics of Food Stamp Households: Fiscal Year 2004*, Nutrition Assistance Program Report Series, Report No. FSP-05-CHAR, p77..

<sup>31</sup> Using the statewide average of 2.6 people per household for food stamps.

<sup>32</sup> *SSI Annual Statistical Report, 2004*

<sup>33</sup> Sarita Mohanty, "Health Care Expenditures of Immigrants in the United States: A Nationally Representative Analysis." *American Journal of Public Health*, 2005. p. 95.

<sup>34</sup> DSH funding attributable to immigrants, legal or otherwise, are impossible to calculate because the numbers of U.S. citizens who are also a source of non-reimbursed trauma care is high, and the data to break the two groups out separately are not available.

<sup>35</sup> Gary Martin, *Senators addressing health care on border*. San Antonio Express News, March 5, 2003.

<sup>36</sup> FAIR, *The Sinking Lifeboat: Uncontrolled Immigration and the U.S. Healthcare System*.

<sup>37</sup> Hernan Rozemberg, *Hospitals glad to get immigrant health aid*. San Antonio Express-News, May 11, 2005

<sup>38</sup> Information provided via E-mail from Stephanie Goodman, Texas Department of Health and Human Services, December 2, 2005, stating a cost of \$310 million in 2003 and \$296 million in 2004 for non-citizens. Estimate of one-third of cost attributable to illegal immigrants is based on average usage shown in other areas of health care entitlement programs, as well as background information provided by hospitals and other health care professionals.

<sup>39</sup> U.S. General Accounting Office. *Highlights: Undocumented Aliens – Questions Persist about Their Impact on Hospitals' Uncompensated Care Costs*

<sup>40</sup> Center for Budget Policy Priorities. *Health Coverage for Legal Immigrant Children*, Oct. 10, 2000.

<sup>41</sup> Texas Governor's Office of Immigrant and Refugee Affairs, *New Americans in Texas*, 2002, p. 44.

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<sup>42</sup> U.S. General Accounting Office. Letter to the Honorable Elton Gallegly, U.S. Representatives. May 30, 1997. Available at <http://archive.gao.gov/paprpdf1/158747.pdf>

<sup>43</sup> Texas Health and Human Services Commission, *Texas Medicaid in Perspective*, June, 2004. p. 4-7.

<sup>44</sup> Information provided via E-mail by Fawn Escalante, Texas Department of State Health Services, Dec. 23, 2005.

<sup>45</sup> Texas Criminal Justice Policy Council, *Alien Offenders in the Texas Correctional System*. August 15, 1994.

<sup>46</sup> Arguing against this methodology is the fact that many immigrants are deported after their sentence, which would reduce the recidivism rate among alien offenders. A counter argument, however, is that non-citizen offenders are statistically more likely to receive prison sentences instead of parole than the citizen population.

<sup>47</sup> Based on an \$250 million cost for a 2,750-bed unit, of which Texas would need three. Numbers provided by Michelle Lyons of the Texas Department of Criminal Justice via e-mail, Dec. 29, 2006.

<sup>48</sup> U.S. Department of Justice, *State Criminal Alien Assistance Program Payment List*, available at <http://www.ojp.usdoj.gov/BJA/grant/05SCAAP.pdf>.

<sup>49</sup> U.S./Mexico Border Counties Coalition, *Illegal Immigrants in U.S. Border Counties: Costs of Law Enforcement, Criminal Justice and Emergency Medical Services*, February, 2001.

<sup>50</sup> Texas Association of Counties, *Uncontrollable Costs*. 2005.

<sup>51</sup> Huddle, Donald, *Immigration and Jobs: The Process of Displacement*, NPG, May 1995.

<sup>52</sup> Huddle, Donald, *The Net Costs of Immigration to Texas*, Carrying Capacity Network, p19, 1999?

<sup>53</sup> Huddle, Donald, *Immigration and Jobs: The Process of Displacement*, NPG, May 1995

<sup>54</sup> Ibid.

<sup>55</sup> Borjas, George, *The Labor Demand Curve is Downward Sloping: Reexamining the Impact of Immigration on the Labor Market*, *The Quarterly Journal of Economics*, p1370, Nov. 2003.

<sup>56</sup> Camarota, Steven, *Immigration from Mexico: Assessing the Impact on the United States*, Center for Immigration Studies, July 2001, p10.

<sup>57</sup> Porter, Eduardo. 2005. "Illegal Immigrants Are Bolstering Social Security with Billions." *New York Times*, April 5.

<sup>58</sup> Federation for American Immigration Reform, *The Costs of Illegal Immigration to Texans*. April 6, 2005.

<sup>59</sup> The U.I./FAIR methodology used a 60/40 percentage split on property and sales taxes. Using the IRS estimates of annual sales tax for Texans in the income bracket that most immigrants would likely fall into results in a calculation of \$452 million for illegal immigrant sales tax expenditures, which would lead to a total tax income from illegal immigrants of \$1.13 billion. However, this amount does not account for money that is remitted to the immigrants' home countries *before* it can be spent, and is likely high.