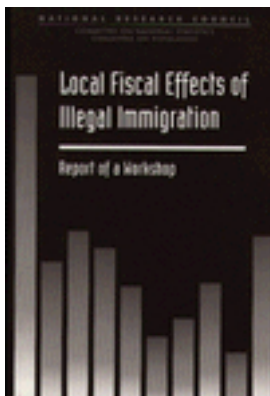


## Free Executive Summary



### Local Fiscal Effects of Illegal Immigration: Report of a Workshop

Barry Edmonston and Ronald Lee, Editors; Committee on National Statistics, National Research Council

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## Introduction

The recent level of illegal immigration to the United States has increased debates about the effect of these immigrants on the cost of public services, and states have begun to enact policies that limit the public services available to illegal immigrants. The central issues are how many illegal immigrants reside in particular local areas and states and their effect on public expenditures and revenues and the economy in general. In 1994 California approved Proposition 187, which denies funding to illegal immigrants and their children for basic public services.<sup>1</sup> Seven states (Arizona, California, Florida, Illinois, New Jersey, New York, and Texas) have requested federal reimbursement for the costs of illegal immigrants.

Empirical studies through 1991 on the impact of immigration on government budgets were reviewed by Rothman and Espenshade (1992), but several important studies have been published since then. For the workshop, six studies were selected for analysis. The six case studies focused on one specific aspect of the complex question of the demographic, economic, and social effects of immigration: the net public services costs of illegal immigrants to selected geographical regions. These analyses are concerned primarily with two types of estimates: the number of illegal immigrants and the per capita costs of public services.

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<sup>1</sup>Implementation of Proposition 187 was almost immediately stayed, with a preliminary injunction on December 14, 1994, issued by U.S. District Judge Mariana Pfaelzer. As of September 1996 there had been no change in the status of Proposition 187.

For their review of the case studies, the participants were asked to keep the following questions in mind:

1. What key questions was the study addressing?
2. What important questions were not raised in the study or were inadequately answered?
3. Available case studies are usually based on current budget effects. Is this an appropriate approach as opposed to, for instance, a life-cycle framework?
4. Is it appropriate to include infrastructure capital costs when estimating the fiscal effects of public services? If so, how should the costs be included?
5. Is it appropriate to include costs for the use of quasi-public infrastructure, such as roads, which typically have low marginal costs, when estimating fiscal effects?
6. Case studies usually present point estimates for illegal immigration and for associated costs per immigrant: What is known about the range of estimates and the desirability of taking alternative estimates into account?
7. Available case studies limit fiscal impacts to revenues and costs within the state or local area: Is it important to include revenues and costs for the federal government and to take intragovernmental transfers into account?
8. What assumptions underlying the methodology for each study?

In addition to these specific questions about the case studies, several broad research questions were posed by workshop participants to guide thinking about the conceptual basis for the case studies. Workshop discussion did not answer these questions, but suggested that further thinking was required in order to provide a better common basis for reviewing case studies. First, what public program costs and government expenditures should be considered in studies of the costs of illegal immigrants? The costs of providing services varies across cities and states, even for some national programs. Second, how should variations in individual use of programs be included in the analysis? Many studies assume a common usage pattern for residents, although the costs of services varies in relation to such factors as poverty, presence of school-age children, and health status. Third, to what extent does illegal immigration affect costs and revenues for local and state governments? If illegal immigrants were not residents of an area, what costs and revenues would change? Some costs may be direct, such as an illegal immigrant in jail; some are secondary, such as an illegal immigrant who brings a legal immigrant child, who enrolls in school. Fourth, what is the appropriate time perspective for viewing the fiscal effects of illegal immigration? Although available case studies use current-year data, there are situations for which the time perspective should be the long-run effects of immigration. A related fifth question is whether fiscal analysis studies should include static comparisons (over an annual budget) and longitudinal comparisons (over a lifetime).

This report summarizes the workshop presentations and discussions. The first section describes the six case studies reviewed by workshop participants. The next section provides summaries of the discussions on selected state and local fiscal effects, including those on education, health care, incarceration and criminal justice, and revenues. The last section presents participants' suggestions of priorities for research and data collection.

# Local Fiscal Effects of Illegal Immigration

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## Report of a Workshop

Barry Edmonston and Ronald Lee, editors

Committee on National Statistics  
Committee on Population

Commission on Behavioral and Social Sciences and Education

National Research Council

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This report has been reviewed by a group other than the authors according to procedures approved by a Report Review Committee consisting of members of the National Academy of Sciences, the National Academy of Engineering, and the Institute of Medicine.

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**1994-1995**

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- JOHN HAAGA, *Director*

## WORKSHOP PARTICIPANTS

RONALD LEE (*Chair*), Department of Demography, University of California, Berkeley  
FRANK BEAN, Population Resource Center, University of Texas  
ANNE BRIDGMAN, Board on Children and Families, National Research Council and Institute of Medicine  
ALICIA CACKLEY, Health, Education, and Human Services Division, U.S. General Accounting Office  
THOMAS DOWNES, Department of Economics, Tufts University  
THOMAS ESPENSHADE, Office of Population Research, Princeton University  
CYNTHIA FAGNONI, Health, Education, and Human Services Division, U.S. General Accounting Office  
ED FERNANDEZ, Bureau of the Census, U.S. Department of Commerce  
JOHN GEWEKE, Department of Economics, University of Minnesota  
MICHAEL HOEFER, U.S. Commission on Immigration Reform  
DAVID HOWELL, U.S. Commission on Immigration Reform  
WILLARD MANNING, Institute for Health Services Research, University of Minnesota  
DAVID MONK, Department of Education, Cornell University  
SUSAN FORBES MARTIN, U.S. Commission on Immigration Reform  
DAVID NIELSEN, Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Health and Human Services  
DEBORAH PHILLIPS, Board on Children and Families, National Research Council and Institute of Medicine  
SARAH ROSENBAUM, Center for Health Policy Research, George Washington University  
RAFAEL SERRANO, Center for Health Policy Research, George Washington University  
ANDREW SHERRILL, Health, Education, and Human Services Division, U.S. General Accounting Office  
MICHAEL TEITELBAUM, Alfred P. Sloan Foundation  
ROBERT WARREN, Immigration and Naturalization Service, U.S. Department of Justice  
RUTH WASEM, Congressional Research Service  
KAREN WOODROW-LAFIELD, U.S. Commission on Immigration Reform  
  
BARRY EDMONSTON, *Study Director*, Committee on National Statistics  
CANDICE EVANS, *Project Assistant*, Committee on National Statistics  
KAREN FOOTE, *Research Associate*, Committee on Population  
JOHN HAAGA, *Director*, Committee on Population  
CAROL PARSONS, *Consultant*, Committee on National Statistics  
MIRON STRAF, *Director*, Committee on National Statistics



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## Preface

The U.S. Commission on Immigration Reform was established by the Immigration Act of 1990 to examine the impact of immigration policy on localities and on the nation as a whole, including effects on social, economic, and community relations; population size and characteristics; and the environment. The commission has nine members, with the chair appointed by the President and the other eight members appointed by Congress.<sup>1</sup> The commission issued its first interim report in September 1994 and will issue its final report in 1997. The interim report (U.S. Commission on Immigration Reform, 1994) recommended in principle that there should be federal aid to some states and local areas because of the effect of illegal immigration on public service costs. It noted, however, that “weak data make it difficult to determine the extent of [the] burdens of the net fiscal impact of illegal immigration (p. 25),” and further acknowledged the need for a “concerted effort to develop better data on such effects, with impact assistance provided only to the extent that actual net costs are accurately identified (p. 26).”

At the request of the commission, the Committee on National Statistics and the Committee on Population held a workshop in October 1994 to review six recent case studies that assess the net fiscal impact of illegal immigration on state and local public services. The workshop was in response to the commission’s recommendation for further investigation of the available data and analysis and of whether they have been used in developing reliable estimates of the net costs

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<sup>1</sup>Barbara Jordan served as the commission’s chair until her death in January 1996.

of providing public services to illegal aliens and their children. Specifically, workshop participants were asked to consider: assumptions about estimates of the number and characteristics of illegal immigrants, assumptions about estimates of the fiscal effects of selected public services for illegal immigrants, and assumptions about the possible employment displacement effect of illegal immigrants on residents. The workshop participants did not attempt to provide new estimates of fiscal effects, but rather to elucidate the main problems with current empirical studies, as well as strategies for improving the data, methods, and analyses on fiscal effects.

The two committees assembled a group of experts from a variety of related disciplines, including demography, economics, sociology, health care studies, education, and specialists in several immigration topics, joined by representatives from various government agencies and nonprofit research organizations. Those attending the workshop participated as individuals, not as representatives of their respective agencies or organizations.

The workshop was chaired by Ronald Lee, chair of the Committee on Population. Barry Edmonston served as the key staff organizer for the workshop, and Candice Evans skillfully handled the administrative duties. Carol Parsons, serving as a consultant to the Committee on National Statistics, took notes at the workshop and worked with Barry Edmonston to prepare an initial draft report. Deborah Carr, a consultant to the Committee on National Statistics, assisted with report preparation, and Michele Conrad ably guided the report from preparation through review and publication. The report also benefited from the editorial skills of Eugenia Grohman. The directors of our committees, Miron Straf and John Haaga, provided key oversight of the activity. We thank all of them, and the workshop participants, for their efforts on this important topic.

Norman M. Bradburn, *Chair*  
Committee on National Statistics

Ronald D. Lee, *Chair*  
Committee on Population