



PERFORMANCE AUDIT REPORT

Illegal Immigrants: Reviewing Studies That Have Assessed Their Economic Impact

**A Report to the Legislative Post Audit Committee
By the Legislative Division of Post Audit
State of Kansas
November 2008**

Legislative Post Audit Committee

Legislative Division of Post Audit

THE LEGISLATIVE POST Audit Committee and its audit agency, the Legislative Division of Post Audit, are the audit arm of Kansas government. The programs and activities of State government now cost about \$13 billion a year. As legislators and administrators try increasingly to allocate tax dollars effectively and make government work more efficiently, they need information to evaluate the work of governmental agencies. The audit work performed by Legislative Post Audit helps provide that information.

We conduct our audit work in accordance with applicable government auditing standards set forth by the U.S. Government Accountability Office. These standards pertain to the auditor's professional qualifications, the quality of the audit work, and the characteristics of professional and meaningful reports. The standards also have been endorsed by the American Institute of Certified Public Accountants and adopted by the Legislative Post Audit Committee.

The Legislative Post Audit Committee is a bipartisan committee comprising five senators and five representatives. Of the Senate members, three are appointed by the President of the Senate and two are appointed by the Senate Minority Leader. Of the Representatives, three are appointed by the Speaker of the House and two are appointed by the Minority Leader.

Audits are performed at the direction of the Legislative Post Audit Committee. Legislators

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DO YOU HAVE AN IDEA FOR IMPROVED GOVERNMENT EFFICIENCY OR COST SAVINGS?

The Legislative Post Audit Committee and the Legislative Division of Post Audit have launched an initiative to identify ways to help make State government more efficient. If you have an idea to share with us, send it to ideas@lpa.state.ks.us, or write to us at the address above.

You won't receive an individual response, but all ideas will be reviewed, and Legislative Post Audit will pass along the best ones to the Legislative Post Audit Committee.

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November 12, 2008

To: Members, Legislative Post Audit Committee

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This report contains the findings, conclusions, and recommendations from our completed performance audit, *Illegal Immigrants: Reviewing Studies That Have Assessed Their Economic Impact*.

The report also contains appendices showing the Pew Hispanic Center's estimates of the illegal immigrant population for each state, and a bibliography of studies we found that provide background or discuss the economic impact of legal and illegal immigration.

We would be happy to discuss the findings or any other items in the report with any legislative committees, individual legislators, or other State officials.

A handwritten signature in black ink that reads "Barbara J. Hinton". The signature is written in a cursive, flowing style.

Barbara J. Hinton
Legislative Post Auditor

Get the Big Picture

Read the sections and features:

1. **Executive Summary** - an overview of the questions we asked and the answers we found.
2. **Conclusion and Recommendations** - appear in boxes at the end of the report sections. They also are referenced in the Executive Summary.
3. **Agency Response** - is included as the last Appendix in the report.

Helpful tools for Getting to the Detail

- In many cases, an “**At a Glance**” description of the agency or program appears within the first few pages of the main report.
- **Side Headings** point out key issues and findings.
- **Charts and Tables** found throughout the report help tell the story of what we found.
- **Narrative text boxes** can highlight interesting information, or provide detailed examples.
- Appendices include additional supporting detail, along with the **Scope Statement** and **Agency Response(s)**.

EXECUTIVE SUMMARY
LEGISLATIVE DIVISION OF POST AUDIT

Overview of Illegal Immigration

Recent estimates show that about 12% of the population in the United States was foreign-born. *The United States allows certain foreign-born individuals to live in this country legally. These include legal permanent residents, temporary residents, refugees, and those seeking asylum. Legal immigrants represent about 25 million (or 8%) of the approximately 300 million people living in the United States.* page 3

The Pew Hispanic Center estimates approximately 12 million of the immigrants living in the United States are illegal. *The Pew Hispanic Center is a widely used source for estimates of the number of illegal immigrants living in the United States. According to their estimates, the number of illegal immigrants in the United States has grown dramatically since the early 1990s, reaching an estimated 12.4 million by 2007. The Center estimates that between 40,000 and 70,000 illegal immigrants resided in Kansas as of 2005.* page 4

About half of the illegal immigrants originally entered the country legally. *Many entered legally for travel, work, or study but overstayed their temporary visas. A little over half of the illegal immigrants, however, entered illegally by evading immigration inspectors and border patrol agents. Over half of the illegal immigrants are estimated to come from Mexico, and most are fairly young, less-educated, and earn less than the average citizen family.* page 5

Congress and state legislatures have considered or enacted many laws to restrict benefits for illegal immigrants. *Over the past 20-plus years, the federal government has tried to restrict benefits available to illegal immigrants. Various federal acts imposed sanctions on employers who knowingly hire illegal immigrants, increased border patrol agents, and mandated verification of citizenship to determine eligibility for programs. States proposed a record number of laws in 2007 that affected illegal immigrants on such topics as providing better identification to obtain driver's licenses, employment, and public benefits.* page 6

Kansas has passed three laws in recent years affecting illegal immigrants and their access to State programs or services. One law allowed illegal immigrants to pay in-State college tuition at the State's universities and community colleges. The other two laws required applicants to provide applicable documents to obtain driver's licenses and be eligible for State Children's Health Insurance coverage.

Question 1: What Have Studies Shown About the Costs of Benefits and Services Provided to Illegal Immigrants, and About the Tax Revenues or Other Benefits Illegal Immigrants Provide?

Studies agree that illegal immigrants increase education, healthcare, and criminal justice costs, but that they also pay taxes. page 9
The primary categories in which illegal immigrants can increase government costs are K-12 education, emergency Medicaid services, other public health services, and incarceration. However, researchers commonly assume that about half of the illegal immigrant workers pay income taxes, and all immigrants pay sales, property, and other taxes that help offset some of the costs they incur.

The studies we reviewed have mixed findings about whether the costs of illegal immigrants outweigh the revenues they generate. page 10
Nearly all the studies have limitations or differences that make them difficult to compare. For instance, studies may include only a portion of costs or revenues, define the population differently, or cover different levels of government. The two most comprehensive studies we reviewed estimated that the combined state and local costs exceeded the revenues associated with illegal immigrants. One of these studies, published by the Texas Comptroller’s Office, also used a complex economic model to measure the economic impact on Texas if the illegal immigrant population were removed. It concluded the effects on the Texas economy would be negative.

We found relatively little Kansas-specific information about costs and revenues attributable to illegal immigrants. page 16
Officials from several State agencies told us that although they have the authority to ask program participants if they are here legally, they generally don’t ask. For example, because the Department of Education is required to provide education services regardless of the child’s immigration status, they don’t inquire about students’ legal status. However, agencies that are required by federal law to determine the applicants’ legal status for program eligibility purposes do so. For example, Kansas Health Policy Authority officials told us they verify citizenship and identity documents for Medicaid applicants.

Question 1 Conclusion. page 19

Question 2: What Have Studies Shown About the Impact of Illegal Immigration on Labor Costs and the Job Markets?

The literature suggests illegal immigrants mostly compete for jobs in a few industries. page 20
Illegal immigrants accounted for about 5% of the civilian labor force in 2005. The Kansas Department of Labor estimates that between 2% and 4% of the Kansas workforce is comprised of undocumented workers. Illegal immigrants have a high presence in many low-skill or low-education occupations such as farming, cleaning, construction, and food preparation.

Studies generally show illegal immigrants negatively affect wages in low-skill occupations. *The studies can differ because some look at different time periods, some look at all immigrants, while others use different economic assumptions. Key findings from the six studies we reviewed showed the following:* page 20

- *Hiring illegal immigrants negatively affects the wages of low-skilled or least-educated native-born workers and immigrants who've been in the country for longer periods of time.*
- *The immigrant workforce has no impact, or at times a positive effect, on the wages of higher-skilled native-born workers.*

Studies also show illegal immigrants negatively affect job opportunities for low-skilled workers. *Key findings from the four studies we reviewed showed the following:* page 24

- *Native-born workers facing the most competition from immigrants (legal and illegal) are those in low-paying jobs, young adults, and high school dropouts.*
- *As the share of the job market held by illegal immigrants goes up, the unemployment rate of native-born citizens also goes up.*
- *U.S. citizens are willing to take jobs in the same occupations in which immigrants have a large presence.*
- *Immigrants tend to go where the jobs are or where other immigrants already are present.*

Kansas-specific information about the impact of illegal immigration on Kansas' wages and job markets is scarce. *The Kansas universities, the Department of Labor, and Kansas labor unions and associations we contacted didn't have specific studies or data on the effects of illegal immigration in Kansas related to the job market and wages.* page 26

Question 2 Conclusion. page 26

These appendices can be found in the full report:

APPENDIX A: Scope Statement page 27

APPENDIX B: Estimated Number of Illegal Immigrants in All 50 States and the District of Columbia page 29

APPENDIX C: Bibliography page 30

This audit was conducted by Katrin Osterhaus, Nathan Ensz, Alex Gard and Brad Hoff. Leo Hafner was the audit manager. If you need any additional information about the audit's findings, please contact Katrin Osterhaus at the Division's offices. Our address is: Legislative Division of Post Audit, 800 SW Jackson Street, Suite 1200, Topeka, Kansas 66612. You also may call us at (785) 296-3792, or contact us via the Internet at LPA@lpa.state.ks.us.

Illegal Immigrants: Reviewing Studies That Have Assessed Their Economic Impact

In recent years, officials in many states have expressed concern about the federal government's failure to adequately enforce the country's immigration policies. Research groups recently have estimated that between 8 million and 20 million illegal immigrants are living in the United States. The most common estimates tend to be about 12 million.

A number of studies have been conducted of the impact of illegal immigration nationally and in some other states. Legislators have expressed an interest in knowing what these studies generally have shown about the costs of services provided to the illegal immigrants, as well as the amount of tax revenues they likely generate. This information can help legislators better understand the likely economic impact of illegal immigrants on Kansas, as well as the impact of legislation they may be considering.

This performance audit answers the following questions.

- 1. What have studies shown about the cost of benefits and services provided to illegal immigrants?**
- 2. What have studies shown about the revenues or other benefits illegal immigrants provide to offset the cost of services they receive?**
- 3. What have studies shown about the impact of illegal immigration on labor costs and job markets?**

To answer these questions, we conducted a search of recent literature on the topic of illegal immigration. We reviewed the more recent studies—those conducted since 2000—to identify what they say about the costs and revenues attributable to illegal immigrants, and to identify any findings related to impacts on labor costs and markets. In addition, we contacted Kansas universities, State agencies, and organizations such as the Kansas Association of Counties and the League of Kansas Municipalities to determine whether they had any Kansas-specific information that would help us answer the audit questions. Finally, we contacted a number of labor unions to determine whether they had any information about the impact of illegal immigrants on wages or job markets in Kansas.

A copy of the scope statement for this audit approved by the Legislative Post Audit Committee is included in *Appendix A*. For reporting purposes, we've combined the first two questions into one.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In this audit, we were tasked to summarize the currently available information on the economic impact of illegal immigration available. To the extent possible, we tried to select studies that were current and appeared to have reasonably sound methodologies. Nevertheless, the reader should keep in mind that the findings we report are those of the researchers whose studies we've included in our detailed review, and not findings based on original audit work conducted by Legislative Division of Post Audit. Our findings begin on page 9, following a brief overview.

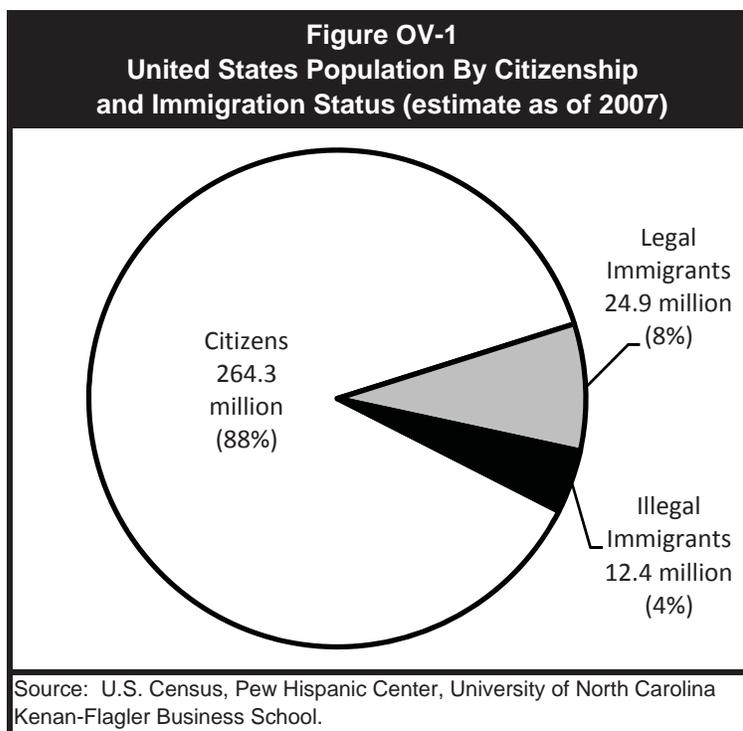
Overview of Illegal Immigration

Recent Estimates Show That About 12% of the Population in the United States Was Foreign-Born

The United States allows a certain number of foreign-born individuals to live in this country legally. The Immigration and Customs Enforcement agency, under the Department of Homeland Security, is the federal agency responsible for controlling immigration. Based on federal requirements, the agency has annual limits regarding the number of immigrants it can authorize to be here legally. Categories of immigrants that are here with the knowledge and permission of the federal government include:

- **Legal permanent residents:** These individuals receive immigrant documentation, commonly referred to as “green cards,” and are able to become naturalized citizens within three-to-five years. This is the largest group of non-citizen immigrants in the United States.
- **Temporary residents:** These are foreign-born individuals who have been admitted to the United States for a temporary period, but haven’t attained permanent residency. This group mostly consists of people who are in the United States on a temporary work or student visa.
- **Refugees and those seeking asylum:** These are foreign-born individuals who have been granted legal status due to a “well-founded” fear of persecution in their home countries. After a one-year waiting period, these immigrants generally are eligible for legal permanent residency.

As shown in *Figure OV-1*, immigrants represent about 37 million, of the approximately 300 million people living in the United States.

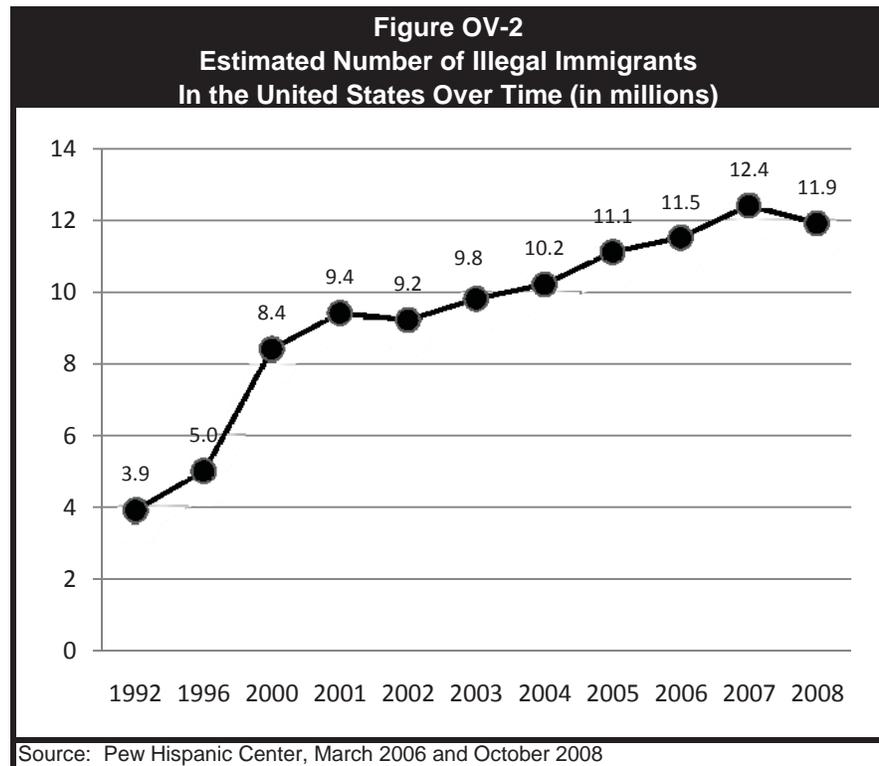


The Pew Hispanic Center Estimates Approximately 12 Million of the Immigrants Living in the United States Are Illegal

The Pew Hispanic Center is a widely used source for estimates of the number of illegal immigrants living in the United States. The Center is one of eight projects operated by the Pew Research Center in Washington D.C., which describes itself as a “fact tank” rather than a think tank. According to its website, the Pew Research Center doesn’t make policy recommendations; it collects information and disseminates it to the public in an understandable and analytical way.

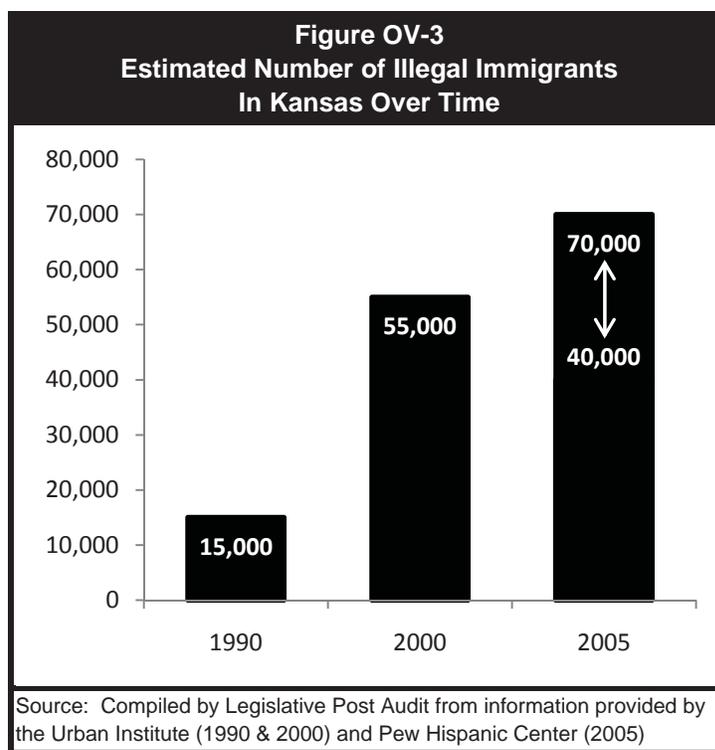
The bulk of the Pew Research Center’s funding is provided through the Pew Charitable Trusts, an independent non-profit organization. The Center is solely responsible for its own surveys, reports, and findings. To help ensure independence and impartiality, a wall of separation is maintained between the Trusts and the Center.

According to the Pew Hispanic Center, the number of illegal immigrants in the United States has grown dramatically since the early 1990s, reaching an estimated 12.4 million by 2007. The most recent information the Pew Hispanic Center has published shows that the growth in the number of illegal immigrants has slowed, and actually declined slightly to 11.9 million, as shown in **Figure OV-2**.



The Pew Hispanic Center estimates that between 40,000 and 70,000 illegal immigrants resided in Kansas as of 2005. Because the Pew Hispanic Center didn’t have State-specific estimates for earlier years, we compared the Center’s current estimates to prior

year estimates for Kansas made by the Urban Institute. As shown in **Figure OV-3**, the number of illegal immigrants currently thought to be living in Kansas has increased nearly four-fold since 1990.



Appendix B shows recent estimates of illegal immigrants across all 50 states and the District of Columbia. The six states with the largest population of illegal immigrants are California, Texas, Florida, New York, Arizona, and Illinois.

About Half the Illegal Immigrants Originally Entered the Country Legally

The Department of Homeland Security estimates that the illegal immigrant population is comprised of:

- **Illegal immigrants who entered the country with inspection:** These individuals either had visas for travel, work, or study-abroad programs, but overstayed the temporary visas (estimated at 4 million to 5.5 million), or had border-crossing cards that allowed them to be in the United States temporarily, but they stayed here illegally after their permits expired (estimated at 250,000 to 500,000).
- **Illegal immigrants entering the country without inspection:** These individuals evaded immigration inspectors and border patrol agents, and are estimated to make up between 6 million and 7 million of all illegal immigrants currently in the country.

Over half of the illegal immigrants in this country are estimated to come from Mexico, and most are fairly young, are less-

educated, and earn less than the average citizen family. The Pew Hispanic Center and the Office of Immigration Statistics within the Department of Homeland Security have compiled the following demographic and economic estimates about the illegal immigrant population:

- Over half (56%) of the unauthorized population is from Mexico, 22% come from Latin America, 13% come from Asia, and nearly 10% come from Europe, Canada, Africa, and other countries
- Nearly half (49%) are adult males, 35% are adult females, and the remaining 16% are children
- 64% of the children whose parents are illegal immigrants were born in this country
- The median age of illegal immigrants is 30 for males and 31 for females
- The average illegal immigrant family has 2.3 members
- 15% of illegal immigrants have a college degree compared to 30% of the U.S.-born population
- Illegal immigrant workers make up 30% of the nation's foreign-born population
- Illegal immigrant workers make up nearly 5% of the nation's labor force
- The average annual illegal immigrant family income is \$27,400 (The average annual U.S.-born family income is \$47,700)

Congress and State Legislatures Have Considered Or Enacted Many Laws To Restrict Benefits for Illegal Immigrants

As discussed in a 2007 study published by the Iowa Policy Project, “the role and impact of undocumented immigrants in the United States economy has been a major topic of debate for the last 30 years peaking at certain points, one of which is now.” As pointed out by this and other studies, much of the debate surrounding the issue of undocumented immigration is emotional and contentious.

Over the past 20-plus years, the federal government has tried to restrict benefits available to illegal immigrants. Here's a list and short description of the main federal laws dealing with illegal immigration in the United States:

- **1986 – Immigration Reform and Control Act (IRCA):** The Act imposed sanctions on employers who knowingly hire illegal immigrants, mandated monitoring of employers, and expanded border enforcement. It also created two amnesty programs, one for those who had worked for at least 90 days in certain agricultural jobs, and second for those who had been in the country continuously since 1982. Together, these two amnesty programs resulted in about 2.7 million undocumented residents becoming lawful permanent residents. The Act also required Immigration and Naturalization Services (INS) to establish the Systematic Alien Verification for Entitlements program (SAVE). This

program allows various levels of government to verify the immigration status of non-citizen applicants for public benefits.

- **1996 – Illegal Immigration Reform and Immigrant Responsibility Act (IIRIRA):** The Act increased the number of border patrol agents, set new guidelines for border enforcement, and reduced government benefits available to illegal immigrants. The Act also established the Citizen Attestation Verification Pilot Program that allowed employers and social service agencies to check the eligibility of prospective employees or applicants for social services.
- **1996 – Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Welfare Reform Act):** The Act created a distinction between qualified and unqualified immigrants and established that, with certain exceptions, unqualified immigrants weren't allowed to receive federal, state, or local public benefits, such as Medicare, Medicaid, Food Stamps, Supplemental Security Income, Temporary Assistance to Needy Families, unemployment assistance, certain housing, and other programs. Furthermore, the Act required agencies to verify citizenship, and to use the SAVE program to determine benefit eligibility for non-citizen applicants.
- **2005 – Real ID Act of 2005:** The Act required states to obtain additional verification, including a birth certificate, proof of address, Social Security number, and government-issued photo identity documents before issuing a driver's license. States must comply with this mandate by December 31, 2009.
- **2005 – Federal Deficit Reduction Act:** The Act prohibited states from being reimbursed by the federal government for providing Medicaid benefits to individuals who didn't provide satisfactory documents verifying their citizenship in the United States. It also specified allowable documentation agencies must receive to certify citizenship or nationality for the Medicaid application process, which went into effect July 1, 2006.

States proposed a record number of laws in 2007 that affected illegal immigrants. Legislation introduced in states across the nation was wide-ranging, and included such topics as identification/driver's licenses, employment, law enforcement, and public benefits. *Figure OV-4* on the next page summarizes the number of bills considered or passed by the states in 2007, as compiled by the National Conference of State Legislatures.

Kansas has passed three laws in recent years affecting illegal immigrants and their access to State programs or services. One of these laws allows illegal immigrants to pay in-State tuition rates for higher education, while the other two laws are designed to verify an individual's citizenship status and identity before granting certain privileges or benefits.

- **2004 – In-State college tuition for students without lawful immigration status (K.S.A. 76-731a):** Under this law, an illegal immigrant is eligible to pay in-State tuition and fees, as long as the individual has attended a Kansas high school for three years, graduated

**Figure OV-4
Summary of Immigration-Related Topics In State Legislation (2007)**

Main Topics	Number of Bills Introduced	Number of States	Number of Laws Enacted	Number of States
Identity/Driver's Licenses/Other Licenses	259	47	40	30
Employment	244	45	29	20
Law Enforcement	165	37	16	9
Resolutions	162	37	50	18
Public Benefits	153	40	33	19
Health	147	32	14	11
Education	131	34	22	17
Miscellaneous	116	34	14	12
Human Trafficking	83	29	18	13
Voting	53	23	0	0
Omnibus/Comprehensive Measures	29	8	1	1
Legal Services	20	12	3	3
Total	1,562	50	240	46

Source: National Conference of State Legislatures, January 2008.

from a Kansas high school, and filed paperwork to begin the process of becoming a U.S. citizen.

- **2007 – Driver’s License Security Act:** As mandated by the federal government, the Act requires any individual requesting a driver’s license to prove U.S. citizenship or lawful presence, Kansas residency, and proof of identity. A combination of acceptable documents might be necessary, such as a birth certificate, a valid social security number, a federal or State income tax return, a passport, or green card.
- **2008 – Healthcare Reform Act:** The Act requires the Kansas Health Policy Authority to verify the citizenship of applicants for the State Children’s Health Insurance Program. However, the Legislature didn’t provide additional funding to do so, and the Authority hasn’t begun enforcing this legislation because of the anticipated backlog of applications that would result. Officials told us they currently are discussing this issue with legislators.

Quick Links to Immigration Information

Numerous organizations put together information on illegal immigrants in the United States each year. Below are some of these organizations we found to provide particularly useful background information on this topic.

- The Pew Hispanic Center provides information about unauthorized immigrants’ size, origin, demographic, economic, and labor force characteristics. The Center’s website is: <http://www.pewhispanic.org>
- The Department of Homeland Security, particularly its Immigration and Customs Enforcement agency, its Office of Immigration Statistics, and its Division of U.S. Immigration and Customs Enforcement, provides information about the U.S. immigration law and how the Department enforces those laws, it defines legal and illegal immigrants, and it publishes statistics on the number and flow of immigrants over time. Useful websites include: <http://www.dhs.gov>, <http://www.ice.gov>, and http://www.dhs.gov/about/structure/editorial_0875.shtm
- The National Conference of State Legislatures published an Immigrant Policy Project on recent state bills or laws regarding immigrants. The report is available at <http://www.ncsl.org/print/immig/2007Immigrationfinal.pdf>

Question 1: What Have Studies Shown About the Costs of Benefits And Services Provided to Illegal Immigrants, and About The Tax Revenues or Other Benefits Illegal Immigrants Provide?

ANSWER IN BRIEF: *Studies we reviewed generally agree that the main areas where illegal immigrants increase governmental costs are education, healthcare, and criminal justice. The studies also suggest that the vast majority of those costs are borne at the state and local level. They also agree that illegal immigrants pay sales, property, and some income taxes that offset a portion of the costs governments incur. Beyond that, the results produced are very mixed because individual studies have focused on different levels of government, or have considered only part of the costs or part of the revenues attributable to illegal immigrants.*

The two most comprehensive studies we reviewed showed that, for state and local governments combined, the estimated costs attributable to illegal immigrants outweighed the revenues those immigrants provided. On the other hand, one of the two studies took the analysis one step further and concluded that removing all illegal immigrants from the Texas economy would have a multi-billion dollar negative impact. State agencies in Kansas generally haven't tried to identify specific costs and revenues attributable to illegal immigrants. These and related findings are discussed in more detail in the sections that follow.

Studies Agree That Illegal Immigrants Increase Education, Healthcare, and Criminal Justice Costs, But That They Also Pay Taxes

As described in the Overview, Congress has enacted several laws aimed at restricting or prohibiting illegal immigrants' access to many services that U.S. citizens can receive. For instance, they aren't eligible for Medicare, Medicaid, Social Security, unemployment benefits, Food Stamps, or Temporary Assistance for Needy Families.

The primary categories in which illegal immigrants can increase government costs are the following:

- **K-12 Education**—The 14th Amendment of the U.S. Constitution provides that no one in the United States can be denied equal protection under the law. In *Plyler v. Doe (1982)*, the U.S. Supreme Court ruled that a Texas law—which prohibited local school districts from using state funds to educate undocumented immigrant children—violated that equal protection provision. As a result of that ruling, states can't deny access to public education to immigrant children, whether they are here legally or illegally.
- **Emergency Medicaid Services**—Medicaid is a joint federal- and state-funded program that covers the cost of medical services for individuals who meet certain categorical and poverty criteria. Federal law prohibits illegal immigrants from accessing most Medicaid services. However, the law allows them to receive Medicaid benefits for life-threatening

emergencies (except for organ transplants), and for childbirth, provided the individual meets all other Medicaid eligibility criteria.

- **Public Health**—Illegal immigrants are eligible to receive health benefits necessary to protect the public health and safety, including treatment for communicable diseases, vaccinations, services such as mental health services, disability assistance, or substance abuse assistance.
- **Criminal Justice**—Illegal immigrants impose law enforcement and judicial costs when they're arrested for a crime. Typically, local jails and state prisons housing illegal immigrants pay for the costs associated with the illegal immigrants' incarceration (a small portion of those costs are reimbursed through a federal awards program).

Illegal immigrants pay a number of taxes and fees that help offset some of the costs they incur. It's been widely reported that illegal immigrants holding jobs in the United States avoid paying taxes on the income they generate, because employers often pay them in cash and there's no record of their employment. However, several studies we reviewed assumed that as many as 50% of the illegal immigrants employed in this country are working "on the books" through the use of fake or stolen identities. As a result, those workers would have income taxes, Social Security taxes and Medicare taxes withheld from their wages, and their employers would pay federal and state unemployment and other taxes on their behalf.

In addition, illegal immigrants pay sales taxes, property taxes (as part of the rent they pay), and excise taxes on items such as cigarettes, alcohol, and gasoline. Finally, they may pay a number of miscellaneous user fees and fines such as hunting and fishing license fees, or court fees. Most studies we reviewed didn't try to estimate the amount of revenue governments derive from the smaller sources of revenue such as miscellaneous user fees.

The Studies We Reviewed Have Mixed Findings About Whether The Costs of Illegal Immigrants Outweigh The Revenues They Generate

Studying the fiscal impacts of illegal immigrants is difficult for a number of reasons. First and foremost, the hidden nature of the population makes it difficult to accurately determine how many illegal immigrants live in this country. Nonetheless, many studies have been done on different topics related to illegal immigration. We considered a wide range of studies and articles. **Appendix C** contains a bibliography of the information we reviewed for this audit.

We tried to narrow our list to studies that looked specifically at costs and tax revenues associated with illegal immigrants, that were relatively recent, and that appeared to have reasonably sound methodologies for estimating costs and revenues. In addition, we contacted experts in the field to help us identify which of the studies seemed to be most credible.

That process yielded 12 studies that are presented in *Figure 1-1*, starting on the next page. The figure is organized so that the more-comprehensive studies appear first, followed by those that consider only part of the costs or revenue streams. We want to remind the reader that the findings shown for specific studies in that figure are those of the researchers and aren't based on any audit work conducted by Legislative Post Audit.

Nearly all the studies have limitations or differences that make them difficult to compare. Some of the factors that can affect the outcome of the studies are as follows:

- **Studies often look at different costs or revenues** – Some studies include only a portion of the applicable costs, such as medical or educational costs, while others include all the major cost areas.
- **The time frame of the study matters** – Some studies indicate that results can be different if the impact of illegal immigrants is examined over the longer term. Most studies, on the other hand, use a one-year period.
- **The population studied isn't always defined the same way** – For example, some studies look only at illegal immigrants, while others look at all immigrants, regardless of their legal status. Some studies don't include the costs of U.S.-born children of illegal immigrants (because they are U.S. citizens), while others may choose to include those costs.
- **Studies can cover different levels of government** – Some studies look at a combination of federal, state, and local costs, while others consider only one level of government.
- **State and local governments can vary widely in the services they provide and how their taxes are structured.** This can make it difficult to apply the results of studies from one state to another, even if the estimated illegal immigrant population were the same. For example, Texas has no state income tax. Instead it relies more heavily on unavoidable taxes such as sales and property taxes. Therefore, the revenues Texas estimates it collects from illegal immigrants may be different from states relying more heavily on income taxes as a source of revenue.

The two most comprehensive studies we reviewed estimated that the combined state and local costs exceeded the revenues associated with illegal immigrants. Those studies were done by the Texas Comptroller and the Bell Policy Institute in Colorado. They generally included the broadest array of costs and tax revenues at the state and local levels.

- **The study by the Texas Office of the Comptroller concluded that, when state and local costs and revenues were combined, the revenues covered only about 81% of the costs incurred by illegal immigrants.** The study showed that revenues covered 133% of estimated costs at the state level. However, that was more than offset by a shortfall at the local level, where revenues covered only 37% of the costs. This study estimated a number of state and local revenues from illegal immigrants, including sales, property, and excise taxes and other

**Figure 1-1
Summary of Studies Regarding the Economic Costs and Revenues of Illegal Immigrants**

Name of Study, Author, and Date Published	Jurisdiction	Estimated Number of Illegal Immigrants and (Source)	Types of Revenues Included	Amount of Revenues	Types of Costs Included	Amount of Costs	Ratio of Revenues/ Costs (a)	Do Revenues Exceed Costs?	Caveats and Observations
Most comprehensive studies reviewing both costs and revenues									
Undocumented Immigrants in Texas: A Financial Analysis of the Impact to the State Budget and Economy Texas Comptroller's Office (December 2006)	Texas	1.4 million to 1.6 million (Pew Hispanic Center)	Federal: Not Included	State: Consumption tax, Utility tax, Lottery revenue, Court costs and fees, Miscellaneous fees and taxes, Property tax	State: \$1.6 billion	Federal: Not Included State: K-12 Public education, Higher education, Healthcare, Law enforcement	State: 1.33	State: Yes	This study classified school property tax as a state revenue even though it is assessed at the local level. As a result, state revenues could be overstated and local revenues could be understated.
			Local: Sales tax, Property tax	Local: \$513 million	Local: Healthcare, Law enforcement	Local: 0.37	Local: No		
			Total: \$2.1 billion	Total: \$2.6 billion	Total: 0.81	Total: No			
(1) Costs of Federally Mandated Services to Undocumented Immigrants in Colorado (2) State and Local Taxes Paid in Colorado by Undocumented Immigrants Colorado Bell Policy Center (June 2006)	Colorado	225,000 to 275,000 (Pew Hispanic Center)	Federal: Not Included	State: Sales tax, Income tax	State and Local: \$159 million to \$194 million	Federal: Not Included State: K-12 Public education, Emergency medical care, Prison costs	State and Local: 0.71 to 0.86 (b)	State and Local: No	This study acknowledged that the costs associated with emergency medical care are overstated, because undocumented immigrants included all non U.S. citizens (legal & illegal).
			Local: Sales tax, Property tax	Local: \$159 million to \$194 million	Local: K-12 Public education, Emergency medical care, Prison costs	Local: \$224.9 million	Local: No		
			Federal: Social Security, Medicare	Federal: \$50.3 million to \$77.8 million	Federal: Not Included	Federal: Not Included	Federal: No		
Undocumented Immigrants in Iowa: Estimated Tax Contributions and Fiscal Impact Iowa Policy Project (October 2007)	Iowa	55,000 to 85,000 (Pew Hispanic Center)	State: Sales tax, Excise tax, Property tax, Income tax, Unemployment	State: \$42 million to \$64.9 million	State: K-12 Public education, Medical costs, Prison costs	State: \$53.7 million to \$80.7 million	State: 0.78 to 0.80	State: No	This study included federal revenues (Social Security and Medicare), but not federal costs, which would overstate the amount of revenues to costs.
			Local: Not Included	Local: \$92.3 million to \$142.7 million	Local: Not Included	Local: Not Included	Local: Not Included		
			Total: \$92.3 million to \$142.7 million	Total: \$53.7 million to \$80.7 million	Total: 1.72 to 1.77	Total: Yes			

Name of Study, Author, and Date Published	Jurisdiction	Estimated Number of Illegal Immigrants and (Source)	Types of Revenues Included	Amount of Revenues	Types of Costs Included	Amount of Costs	Ratio of Revenues/ Costs (a)	Do Revenues Exceed Costs?	Caveats and Observations
Most comprehensive studies reviewing both costs and revenues (continued)									
Immigrants in Arizona: Fiscal and Economic Impacts Udall Center for Studies in Public Policy- University of Arizona (October 2007)	Arizona	500,000 (Pew Hispanic Center)	Federal: Not Included	State: \$1.49 billion	Federal: Not Included	State: \$1.23 billion	State: 1.21	State: Yes	This study measured the impact of all non-citizens (legal and illegal individuals). Only a portion of the estimated costs & revenues is attributable to illegal immigrants and it's unclear whether those revenues would still exceed costs.
			State: Sales tax, Business Tax, Income tax, Property tax, Other taxes	Local: Not Included	State: K-12 Public education, Uncompensated care, State Medicaid, Corrections	Local: Not Included			
Less comprehensive studies reviewing both costs and revenues									
Undocumented Immigrants in New Mexico: State Tax Contributions and Fiscal Concerns New Mexico Fiscal Policy Project (May 2006)	New Mexico	40,000 to 55,000 (Immigration and Naturalization Service and Pew Hispanic Center)	Federal: Not Included	State and Local: \$47.1 million to \$69.3 million	Federal: Not Included	State and Local: \$49.1 million to \$67.4 million	State and Local: 0.96 to 1.03	State and Local: Break-even	This study only looked at state and local costs for K-12 education. Other large costs such as medical and criminal justice costs aren't included.
			State: Sales tax, Income tax	Local: Sales tax, Property tax	State: K-12 Public education	Local: K-12 Public education	Federal: Not Included		
Undocumented Workers: Impact on Missouri's Economy Missouri Budget Project (June 2006)	Missouri	35,000 to 65,000 (Pew Hispanic Center)	Federal: Not Included	State: \$29 million to \$57 million	Federal: Not Included	State: \$17.5 million to \$32.6 million	State: 1.66 to 1.75	State: Yes	This study only looked at state costs for K-12 education. Other large costs such as medical and criminal justice costs aren't included.
			State: Sales tax, Property tax, Income tax	Local: Not Included	State: K-12 Public Education	Local: Not Included			

Name of Study, Author, and Date Published	Jurisdiction	Estimated Number of Illegal Immigrants and (Source)	Types of Revenues Included	Amount of Revenues	Types of Costs Included	Amount of Costs	Ratio of Revenues/ Costs (a)	Do Revenues Exceed Costs?	Caveats and Observations
Studies reviewing only revenues, not costs									
Fiscal Facts: Tax Contributions of Virginia's Undocumented Immigrants The Commonwealth Institute (February 2008)	Virginia	250,000 to 300,000 (Pew Hispanic Center)	Federal: Social Security, Medicare	Federal and State: \$379 million to \$453 million					This study didn't look at the costs incurred by illegal immigrants. As a result, revenues aren't offset by costs.
			State: Sales tax, Income tax, Property tax, Unemployment						
Undocumented Immigrants in Georgia: Tax Contribution and Fiscal Concerns-- Georgia Budget and Policy Institute (January 2006)	Georgia	228,000 to 250,000 (Immigration and Naturalization Service and Pew Hispanic Center)	Local: Not Included	State and Local: \$215.6 million to \$252.5 million					This study didn't look at the costs incurred by illegal immigrants. As a result, revenues aren't offset by costs.
			Federal: Not Included						
Studies reviewing only costs, not revenues									
Estimating the Cost to the County of San Diego, California of Services Delivered to Undocumented Immigrants During FY 2006--John R. Weeks and David M. Eisenbert (September 2007)	San Diego, California	192,654 (Pew Hispanic Center Adjusted)			Federal: Not Included	State: Not Included	Local: Law enforcement, Public safety, Medical services, Mental health, Social services, Parks and recreation	Local: \$101.5 million	This study didn't take into consideration the revenues generated by illegal immigrants. As a result, costs aren't offset by revenues.
The Impact of Illegal Immigration on Minnesota: Costs and Population Trends-- Department of Administration (December 2005)	Minnesota	80,000 to 85,000 (Urban Institute)			Federal: Healthcare	State: K-12 Public education, Healthcare, Public safety, Incarceration	Local: Not Included	Federal and State: \$148 million to \$188 million	This study didn't take into consideration the revenues generated by illegal immigrants. As a result, costs aren't offset by revenues. Also included in total costs is \$39.4 million spent for K-12 education of legal children of illegal immigrants.
A Review of the Public Education Costs of Undocumented Children-- Utah Legislative Auditor General (May 2007)	Utah	75,000 to 100,000 (Pew Hispanic Center)			Federal: Not Included	State: K-12 Public education	Local: K-12 Public education	State and Local: \$54.9 million to \$85.4 million	This study didn't look at the revenues generated by illegal immigrants. As a result, costs aren't offset by revenues.
(a) If the ratio is less than 1, costs exceed revenues. If the ratio is more than 1, revenues exceed costs. (b) This ratio was computed by Legislative Post Audit by combining the results of the two studies conducted by the Bell Policy Center on revenues and costs on illegal immigrants in the State of Colorado. Source: LPA analysis of other studies conducted by other states.									

fees such as utilities, lottery, and state park fees. It included various state and local costs for education, healthcare, and incarceration. Overall, this was the most comprehensive study we saw.

- **The Bell Policy Center's results for Colorado showed that state and local revenues only covered 71% to 86% of the costs of providing services to illegal immigrants.** In 2006, the Center produced two studies on the financial impact of illegal immigrants in Colorado. One study estimated revenues in the form of state sales and income taxes, and local sales and property taxes. The second study estimated state and local costs for K-12 public education, emergency medical care, and incarceration. We combined the results from these two studies to arrive at the percentages of costs covered by revenues.

Although the Texas Comptroller's Office found that state and local costs exceed revenues from illegal immigrants, it estimated that removing the illegal immigrant population would affect the Texas economy negatively. The study went beyond just tallying up costs and revenues. It also included some sophisticated economic modeling to estimate what the impact on the state's economy would be if all 1.4 million illegal immigrants in Texas were removed. The study concluded that removing the estimated illegal immigrants would result in:

- **A \$17.7 billion decline in gross state product:** This is the broadest measure of the value of all goods and services produced within a state. That decline represented 2.1% of Texas' gross state product in 2005 (using 2000 as a base year).
- **An \$18.5 billion decline in personal income:** That would represent a decline of about a 2.6% for Texas as a whole. In addition, it estimated disposable income would drop by 2.8%.
- **A 2.3% drop in employment:** The study found Texas' workforce would decrease by 6.3%, representing slightly less than the percentage of the workforce estimated to be made up of illegal immigrants, which would lead to a noticeable tightening in labor markets. According to the study, employment would drop by 2.3%.

Two studies that included only state-level costs reached opposite conclusions. Those studies were conducted by the Iowa Policy Project and the University of Arizona. Although these studies included a wide range of costs and revenues, one thing that distinguishes them from the Texas and Colorado studies mentioned earlier is that they didn't look at local-level impacts.

- **The study by the Iowa Policy Project found that the state's revenues from illegal immigrants covered only about 78% to 80% of the associated costs.** This study included state income, sales, property, excise and other taxes. On the cost side, the study included state education, medical, and incarceration costs.
- **The study by the University of Arizona found that revenues from non-citizens exceeded costs.** It identified \$1.5 billion in estimated state revenues attributed to non-citizens and \$1.2 billion in estimated

costs. By looking at “non-citizens,” this study included those who are in the country both legally and illegally, so the population studied is somewhat broader than just illegal immigrants.

The fact that one study looked only at illegal immigrants and the other study defined its population as non-citizens could contribute to the difference in the findings. Other factors affecting the findings could be differences in the types of taxes levied in each of those states.

The remaining studies in *Figure 1-1* didn’t try to estimate all major costs and revenues, but they can provide insight into the magnitude of some of the costs and benefits associated with illegal immigrants.

We Found Relatively Little Kansas-Specific Information About Costs and Revenues Attributable to Illegal Immigrants

We contacted officials from policy and research, economics, or social sciences departments of the six Regents’ universities, Washburn University, and the University of Kansas Medical Center. None of those officials were aware of any studies on the economic effects of illegal immigrants on Kansas.

We interviewed officials from nine State agencies we thought likely to provide services to illegal immigrants. We also surveyed officials from 87 other State agencies to find out whether they had collected any data on illegal immigration (41 State agencies responded). Most of the agencies we talked to, or who responded to our survey, didn’t have specific information about costs or revenues attributable to illegal immigrants in Kansas.

Some of the State agencies did, however, have information about people participating in programs that are likely to include illegal immigrants. *Figure 1-2*, on the next page summarizes that information. We didn’t conduct testwork to verify the accuracy of these data.

The Kansas Health Policy Authority was the only agency that had information with costs attached to it. The Authority reported almost \$4.4 million in State expenditures for Medicaid emergency services for fiscal year 2008. According to reports they provided to us, about 4,200 legal and illegal immigrants received these services (most of which related to childbirth). Although the Authority doesn’t track details for each group, officials told us it’s reasonable to assume the majority of the recipients were illegal immigrants.

Officials from several of the State agencies told us that although they have authority to ask program participants if they are here legally, they generally don’t ask. Officials cited a number of reasons for not asking about immigration status. For example, Department of

**Figure 1-2
Indicators of Illegal Immigration In Kansas Programs**

State Agency	Information on Illegal Immigration Indicators	Percent of Total Population Served
For the most part, the numbers shown in this figure aren't a count of illegal immigrants. Rather, the groups cited may include illegal immigrants as a subgroup.		
Department of Education	For the 2007-08 school year, 34,630 K-12 students enrolled in English as a Second Language (ESL) education program.	454,099 students (7.6%)
Board of Regents	For the 2007-08 school year, 243 students applied for in-State tuition at Kansas higher education institutions under K.S.A. 76-731(a). This statute allows non-citizen students to enroll as State residents for tuition and fee purposes when certain criteria are met.	172,460 students (0.1%)
Kansas Health Policy Authority	In fiscal year 2008, the State served 4,152 legal and illegal immigrants under the Medicaid <u>emergency</u> provisions, at a State cost of about \$4.4 million . Officials told us that it's likely most of the recipients are illegal.	306,401 consumers (1.4%)
Department of Corrections	In September 2008, 227 inmates were being investigated by the federal Immigration and Customs Enforcement agency for citizenship status or had a citizenship status that hadn't been resolved.	8,639 inmates (2.6%)
Juvenile Justice Authority	As of October 2008, 25 undocumented youth are in the custody of the Commissioner of the Juvenile Justice Authority.	1,803 juvenile offenders (1.4%)
Department of Labor	In calendar year 2007, 180 non-U.S. citizen unemployment claims were denied in 2007.	156,000 unemployment claims (0.1%)
Department of Revenue	16,718 tax returns were filed with an Individual Taxpayer Identification Number (ITIN) in calendar year 2006. An ITIN is used by individuals who don't have a Social Security number, aren't designated as authorized to work in the United States, or haven't established an immigration status. Using an ITIN doesn't necessarily mean that an individual is an illegal immigrant.	1,311,670 tax returns (1.3%)
Source: LPA summary of unaudited information submitted by State agencies.		

Education officials told us that asking about immigration status could cause more harm than good. That's because they have to provide education services regardless of the child's immigration status. They were concerned that asking questions may cause some parents to keep their children out of school for fear that they would be reported to authorities. Department of Health and Environment officials voiced some of the same concerns.

Figure 1-3, on page 18 shows the responses of the nine State agencies, when we asked whether they attempt to determine the immigration status of the people they serve.

**Figure 1-3
Summary of What Selected State Agencies Do To Determine Individuals' Legal Status**

State Agency	Actions Taken To Verify Legal Status
Agencies that <u>don't</u> ask individuals about their legal status	
Department of Education	Department officials told us as a general rule school districts don't inquire about the legal status because they want to ensure illegal immigrants use the public K-12 education programs for which they're eligible.
Board of Regents	Board officials stated each institution designs its application independently, and they're not aware of institutions requiring this information.
Department of Health & Environment	Department officials told us that legal status isn't an eligibility requirement for public health programs and therefore, information about legal status isn't requested of applicants or participants.
Department of Revenue (taxes)	The Department hasn't taken specific actions to determine the legal status of income tax filers because all individuals, legal or illegal, are required to file income tax returns with the Department.
Agencies that <u>do</u> ask individuals about their legal status	
Department of Social and Rehabilitation Services	SRS officials told us applicants for Food Stamps or Temporary Assistance to Needy Families must provide the same citizenship and identity documentation as the federal government requires for Medicaid. Applicants who say they are non-citizens are checked against the federal Systematic Alien Verification for Entitlements (SAVE) system to determine if they still may be eligible for benefits. According to SRS officials, their staff has reviewed thousands of Food Stamp and Temporary Assistance for Needy Families cases, and found only a small fraction of incorrect benefit determinations. They also told us federal staff have performed quality control reviews of 6,700 cases since 2004 and identified only three errors. Some services the Department funds are provided at the local level. For example, the Department contracts with 27 Community Mental Health Centers across the State. During this audit, the Department surveyed these centers on our behalf and found that only two, out of 20 who responded, required proof of citizenship before providing services to an applicant. SRS officials told us that legal status isn't an eligibility requirement for public health programs such as mental health services.
Kansas Health Policy Authority	Authority officials told us their staff verify categorical and income requirements and follow federal citizenship and identity documentation requirements for Medicaid. For the State Children's Health Insurance Program (SCHIP), staff currently rely on individuals' application forms to indicate whether they are citizens. They told us they currently don't have the necessary funding to comply with State law requiring them to <u>verify</u> the legal status of applicants for this program. However, staff told us they use the federal SAVE system to check whether non-citizen applicants for Medicaid or the Children's Health Insurance Program may be eligible for benefits.
Department of Labor	The unemployment application requires individuals to indicate whether they are citizens or not. Officials told us that for those indicating they are citizens, no additional steps are taken to verify that status. For applicants indicating they aren't citizens, officials told us they use the SAVE system to check whether they still may be eligible for unemployment benefits.
Department of Revenue (drivers licenses)	According to the 2007 Drivers License Security Act, individuals who request a driver's license must provide their legal name, documents proving their identity, and their social security number. In addition, new applicants must show proof of lawful presence if they don't have a social security number. A recent internal audit of the Driver License Bureau revealed inconsistencies in the examiners' understanding of the Act, as well as a lack of uniformity in enforcing these requirements.
Juvenile Justice Authority	Juvenile Justice Authority officials told us they inquire about the legal status of juveniles in their custody to determine whether certain federal funds such as Medicaid or foster care funds might be available. Based on interviews with the youths, and if records aren't already available, staff may try to locate a birth certificate or other documents to verify their legal status.
Department of Corrections	Corrections officials told us they interview individuals coming into their custody to establish whether incarcerated individuals are foreign-born and if they appear to be here illegally. Information on foreign-born individuals is shared with the Immigration and Customs Enforcement agency to find out how to process the individual after sentencing (e.g. deportation proceedings). Officials also submit incarceration information on criminal aliens to the federal government to receive reimbursements for a portion of their costs.

Source: LPA interviews with selected State agencies and review of applicable agency documents.

As might be expected, agencies that are required by federal law to determine the applicants' legal status for program eligibility purposes ask about immigration status, but others do not. Also, the Department of Corrections tries to establish the legal status of individuals in their prisons in order to collaborate with the federal Immigrations and Customs Enforcement agency on the final disposition of prisoners after their sentencing period ends.

Conclusion:

The number of comprehensive studies that have been done to look at costs and revenues attributable to illegal immigrants is too few to allow us to make any definite conclusions about whether they result in a net gain or loss for state and local governments. A few things do, however appear to emerge from the studies that have been done: In general, state and local governments do bear the brunt of the costs of services provided to illegal immigrants because there are few federal benefits that immigrants can receive. Additionally, many of the costs that states incur are unavoidable, because they are tied to K-12 education which the U.S. Supreme Court has ruled must be provided. States and local governments won't really know the true costs associated with illegal immigrants unless better systems are put in place to determine who they provide services to, and what the associated costs are.

Question 2: What Have Studies Shown about the Impact of Illegal Immigration on Labor Costs and the Job Markets?

ANSWER IN BRIEF: *Studies we reviewed identified several industries such as farming, cleaning, and construction, in which illegal immigrants are most likely to be employed. Most labor-cost studies we found reviewed the effects of all immigrants (legal and illegal) and tended to agree they had a negative impact on wage rates for low-skilled, low-wage jobs for the native-born population. Some studies indicated the impact on wages in higher-skilled occupations was non-existent or, in some cases, somewhat positive.*

Our review of four studies of the impact on job markets tended to produce similar results – showing negative effects on job opportunities for low-skilled native-born workers, teenagers and high-school dropouts. Kansas universities and the Department of Labor generally haven't tried to study the effect illegal immigrants have on wages or the labor market in Kansas. These and related findings are discussed in more detail in the sections that follow.

The Literature Suggests Illegal Immigrants Mostly Compete For Jobs in a Few Industries

Data compiled by the Pew Hispanic Center shows that illegal immigrants accounted for about 5% of the civilian labor force in 2005, or about 7.2 million out of 148 million workers. In testimony the Kansas Department of Labor presented to the Senate Federal and State Affairs Committee early in 2008, it estimated that between 2% and 4% of the Kansas workforce is comprised of undocumented workers. The Department indicated it based those estimates on available data from the Pew Hispanic Center for the State.

According to the Pew Hispanic Center's statistics, illegal immigrants make up a large share of all workers in a few occupational categories: farming, cleaning, construction, and food preparation. **Figure 2-1** shows the 15 specific occupations that have the highest share of illegal immigrants.

As this figure shows, illegal immigrants have a high presence in many industries that often are considered low-skill or low-education occupations.

Studies Generally Show Illegal Immigrants Negatively Affect Wages In Low-Skill Occupations

We found only one study that looked exclusively at the impact of illegal immigrants on wages. That study was issued by the Federal Reserve Bank of Atlanta in June 2008. To supplement our review of the impacts immigrants have on wages, we included five other studies that looked at the entire immigrant population—both legal and illegal. We thought those studies could provide useful information since fully one-third of the total immigrant population is thought to be illegal.

Figure 2-1 Illegal Immigrant Share of Selected Occupations			
Occupation	Total Workers	Illegal Immigrant Workers	
		Number	Share
Total Civilian Labor Force (with an occupation)	148,615,000	7,255,000	5%
Insulation workers	56,000	20,000	36%
Miscellaneous agricultural workers	839,000	247,000	29%
Roofers	325,000	93,000	29%
Drywall installers, ceiling tile installers, and tapers	285,000	79,000	28%
Helpers, construction trades	145,000	40,000	27%
Butchers and other meat, poultry, and fish processors	322,000	87,000	27%
Pressers, textile, garment, and related materials	83,000	21,000	26%
Grounds maintenance workers	1,204,000	299,000	25%
Construction laborers	1,614,000	400,000	25%
Brickmasons, blockmasons, and stonemasons	198,000	49,000	25%
Dishwashers	367,000	85,000	23%
Helpers -- production workers	64,000	15,000	23%
Maids and housekeeping cleaners	1,531,000	342,000	22%
Graders and sorters of agricultural products	74,000	16,000	22%
Painters, construction and maintenance	768,000	167,000	22%

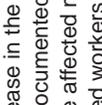
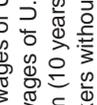
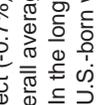
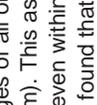
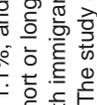
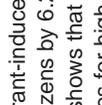
Source: LPA summary of Pew Hispanic Center tabulations of their March 2005 population survey. Shown here are the top 15 occupations with at least 50,000 workers in which illegal immigrant workers share at least four times the national average (5%)

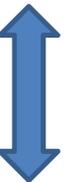
Figure 2-2, starting on page 22 provides summary information about each of those six studies.

Some of the key findings included in those studies are:

- **Hiring illegal immigrants negatively affects the wages of low-skilled or least-educated native-born workers.** The Federal Reserve Bank of Atlanta's study concluded that, looking across all industries, a 1% increase in the share of undocumented workers reduces the wages of documented workers by 6%. The study also found that for specific industries the effect can be larger. For example, the study concluded a 1% increase in the share of undocumented workers in the construction industry reduces the wages of documented workers by 26%. Two of the other studies also found that the size of the immigrant labor force decreases wages for least-educated native-born workers by between 0.7% and 1.1%.
- **One of the groups whose wages are most negatively affected by new immigrants (legal or illegal) are immigrants who've been in the country for longer periods of time.** Two separate studies conducted by the National Bureau of Economic Research had this finding. The most recent of those studies concluded that in the short-run, hiring new immigrants reduces the wages of immigrants who came before them by about 6%. An earlier study in 2006 found that the wages of previous immigrants declined by 19% on average because of immigration.
- **Hiring immigrants has no impact, or at times a positive effect, on the wages of higher-skilled native-born workers.** Several studies

Figure 2-2
Summary of Studies on the Effects of Immigration on Wages

Name of Study, Author and Date Published	Geographic Scope	Immigrant Group Studied	OVERALL FINDINGS	Synopsis of Bottom Line Findings
<p>"The Labor Market Experience and Impact of Undocumented Workers" Julie L. Hotchkiss and Myriam Quispe-Agnoli (Federal Reserve Bank of Atlanta) (June 2008)</p>	<p>State of Georgia</p>	<p>Illegal Immigration Only</p>	<p style="text-align: center;"> NEGATIVE IMPACT</p>	<p>1. The wages of documented workers are reduced in industries that employ undocumented workers. 2. A 1% increase in the share of undocumented workers can be expected to reduce earnings of documented workers by 6% across all industries. However, some industries are affected more negatively than others. A 1% increase in the share of undocumented workers causes the earnings of documented workers in the construction industry to decrease 26%. 3. Employers who hire undocumented workers likely have strong wage-setting power due to the limited employment opportunities of undocumented workers. This causes wages to decrease in the labor market.</p>
<p>"Immigration and National Wages: Clarifying the Theory and the Empirics" Gianmarco I.P. Ottaviano and Giovanni Peri (National Bureau of Economic Research) (July 2008)</p>	<p>Nationwide</p>	<p>General Immigration</p>	<p style="text-align: center;">  POSITIVE AND NEGATIVE IMPACTS</p>	<p>1. Over the short term (less than 10 years), immigration has a small negative effect (-0.7%) on wages of U.S.-born workers without a high school degree, and on the overall average wages of U.S.-born workers (-0.4%). 2. In the long term (10 years or more), immigration has small positive effects on wages of U.S.-born workers without a high school degree (0.3%), and on the overall average wages of U.S.-born workers (0.6%). 3. New immigrants have decreased the wages of previous immigrants by about 6%.</p>
<p>"Rethinking the Effects of Immigration on Wages" Gianmarco I.P. Ottaviano and Giovanni Peri (National Bureau of Economic Research) (July 2006)</p>	<p>Nationwide</p>	<p>General Immigration</p>	<p style="text-align: center;">  POSITIVE AND NEGATIVE IMPACTS</p>	<p>1. Legal and illegal immigration decreases wages for less-educated U.S.-born workers by 1.1%, and wages of all other U.S.-born workers by 0.7% to 3.4% after adjustments (short or long-term). This assumes U.S.-born citizens aren't completely substitutable with immigrants, even within the various education groups. 2. The study also found that the wages of previous immigrants (foreign born workers) declined by 19% on average because of immigration. Immigrants with a college degree saw a 24% decrease in wages. 3. Over a 14-year period, the wage gap between U.S.-born college graduates and high school dropouts has increased by 33%, but immigration only explains 5% of this increase. In addition, immigration actually lessened the wage gap between U.S.-born college and high-school graduates.</p>
<p>"A Comparative Analysis of the Labor Market Impact of International Migration: Canada, Mexico, and the United States" Abdurrahman Aydemir and George J. Borjas (National Bureau of Economic Research) (June 2006)</p>	<p>Canada, Mexico, and the U.S.</p>	<p>General Immigration</p>	<p style="text-align: center;"> NEGATIVE IMPACT</p>	<p>This study included three countries United States, Canada, and Mexico. Findings specific to the United States were: 1. An immigrant-induced 10% increase in labor supply reduces annual earnings of U.S.-born citizens by 6.2%, and reduces the proportion of time worked by 2.5%; 2. Evidence shows that immigration accounts for 20-40% of the real wage decline in low-skill wages for high-school dropouts in the United States; 3. The gap between the earning power of skilled and less-skilled workers has widened because a higher proportion of immigrants are low-skilled workers compared to the rest of the population; and 4. Between 1960 and 2000, immigration to the U.S. increased the number of low-skilled workers at a rate faster than other workers.</p>

Name of Study, Author and Date Published	Geographic Scope	Immigrant Group Studied	OVERALL FINDINGS	Synopsis of Bottom Line Findings
<p>"Is the New Immigration Really So Bad?" David Card (The Economic Journal) (November 2005)</p>	<p>Nationwide</p>	<p>General Immigration</p>	<p style="text-align: center;"> NO SIZEABLE IMPACT</p>	<p>1. Data and statistical analysis suggest there is little correlation between the wages of native-born workers and the fraction of immigrants who are high school dropouts entering the labor market.</p>
<p>"Immigration and the U.S. Economy: Labor-Market Impacts, Illegal Entry, and Policy Choices" Gordon H. Hanson, Kenneth F. Scheve, Matthew J. Slaughter, and Antonio Spilimbergo (“Immigration and the Welfare State: A Report for the Fondazione Rodolfo Debenedetti,” Preliminary Draft (June 2001)</p>	<p>Nationwide</p>	<p>General Immigration with Some Focus on Illegal Immigration Separately</p>	<p style="text-align: center;"> NO SIZEABLE IMPACT</p>	<p>1. Estimates from other studies show that for every 10% increase in the proportion of immigrants in a region, wages of U.S.-born citizens decrease by 0-1%.</p> <p>2. Aside from the low-educated U.S.-born citizen worker, studies have found no strong evidence that immigration affects wages of any other group of worker.</p> <p>3. Studies looking at California and Texas have shown no correlation between border enforcement rates and wages in high-immigrant industries. There is also no evidence that an increase in border enforcement positively affects the wages of workers with low-education levels.</p> <p>4. Because enforcement of U.S. borders against illegal immigration has only small wage effects, it follows that illegal immigration may not depress wages in U.S. border markets.</p> <p>5. Decreasing Mexican wages causes more illegal immigration than increasing U.S. wages.</p> <p>6. The federal government's efforts at border enforcement have been inconsistent over time and don't appear to have reduced the number of illegal immigrants. Further, far more resources are spent on border enforcement than on employer monitoring, and the federal government often seems reluctant to apply laws banning employment of illegal immigrants likely because of political pressures from employers.</p>

Source: LPA summary of studies on the effects of immigration on wages.

showed that hiring immigrants, including illegal immigrants, didn't adversely affect the wages of higher-skilled native-born workers. In addition, two studies published by the National Bureau of Economic Research found that hiring illegal immigrants actually had a small positive effect on the wages of higher-skilled workers, ranging from 0.6% to 3.4%.

The reader should keep in mind several important caveats when considering the results of these studies:

- **The studies looked at different time periods.** Studies that looked at shorter time periods tended to have more negative results than those studies that looked at longer periods of time.
- **The studies that looked at all immigrants tended to show less-negative effects on wages.** That's because legal immigrants typically are more educated, and generally aren't competing for jobs in the lower-skilled job categories where most illegal immigrants are found.
- **The studies used different economic assumptions.** For example, earlier studies didn't account for growth in an industry's capacity that can occur when cheaper labor is available. Such growth may create more demand for workers, which may mitigate the negative effects earlier studies have found immigrants to have on wages. More recent studies often modified their research to account for this factor.

***Studies Also Show
Illegal Immigrants
Negatively Affect
Job Opportunities For
Low-Skilled Workers***

Like the studies on wages, most of the studies we found that looked at the impact of immigrants on labor markets focused on all immigrants rather than just illegal immigrants. We identified four more-recent studies that looked at the effect of immigrants on labor markets. Those studies are summarized in *Figure 2-3*.

Some highlights from those studies are as follows:

- **Native-born workers facing the most competition from immigrants (legal and illegal) are those in low-paying jobs, young adults, and high school dropouts.** One study concluded that the probability of employment decreases for these groups when the immigrant labor force increases. In general, studies we reviewed for this question indicated that workers whose skill sets are more similar to those of illegal immigrants face greater competition for their jobs when compared with workers who have vastly different skill sets.
- **As the share of the job market held by illegal immigrants goes up, the unemployment rate of native-born citizens goes up.** One study published by the Center for Immigration Studies found a significant correlation between the share of illegal immigrants and the native-born unemployment rate across 22 major occupations.
- **U.S. citizens are willing to take jobs in the same occupations in which immigrants have a large presence.** According to one study, the overwhelming majority of workers in almost all of 473 occupations were native-born. The study indicates the job market isn't segmented between jobs that are done almost exclusively by immigrants and jobs done exclusively by native-born individuals. The researchers use these

**Figure 2-3
Summary of Studies on the Effects of Immigration on the Labor Market (a)**

Name of Study, Author and Date Published	Immigrant Group Studied	OVERALL - Job Market Impact	Synopsis of Bottom-Line Findings
<p>"The Impact of New Immigrants on Young Native-Born Workers" Andrew Sum, Paul Harrington, and Ishwar Khatiwada (Center for Immigration Studies) (September 2006)</p>	<p>General Immigration with Some Focus on Illegal Immigration Separately</p>	<p> NEGATIVE IMPACT</p>	<p>1. For every 1% increase in the state labor force due to immigration, there is a 1.2% decrease in the probability that teens and young adults will be employed. This negative (and statistically significant) effect is even more pronounced for males, in-school youths, less-educated youths, and black youths without a high school diploma. 2. Between 2000 and 2005, the number of young (16-34) native-born citizen male workers declined by 1.7 million; the number of new male immigrant workers increased by 1.9 million. 3. 56% of the rise in employment between 2000-2005 was attributable to growth in employment of illegal workers.</p>
<p>"Dropping Out: Immigrant Entry and Native Exit From the Labor Market, 2000-2005." Steven A. Camarota (Center for Immigration Studies) (March 2006)</p>	<p>General Immigration with Some Focus on Illegal Immigration Separately</p>	<p> NEGATIVE IMPACT</p>	<p>1. Between 2000 and 2005, labor force participation declined for adult native dropouts or high-school degree natives, due to a combination of more unemployment and individuals not working or looking for work. 2. As the share of the job market held by immigrants goes up, the unemployment rate for less-educated native workers goes up, at a statistically significant level. 3. As the share of <u>illegal immigrants</u> across occupations goes up, the native unemployment rate in those occupations goes up, at a statistically significant level. 4. An analysis of 473 separate occupations shows almost no jobs in which a majority of workers are immigrants, let alone illegal immigrants. This indicates the job market isn't segmented between jobs that are done exclusively by immigrants and jobs that are exclusively native.</p>
<p>"Is the New Immigration Really So Bad?" David Card (The Economic Journal) (November 2005)</p>	<p>General Immigration</p>	<p> NEGATIVE IMPACT</p>	<p>1. Data and statistical analysis suggest immigration has a small negative impact on employment opportunities of low-skilled native-born individuals when studying local labor markets.</p>
<p>"Does Immigration Reduce Imbalances Among Labor Markets or Increase Them? Evidence From Recent Migration Flows." William R. Keeton and Geoffrey B. Newton (Federal Reserve Bank of Kansas City) (October 2005)</p>	<p>General Immigration</p>	<p> NO SIZEABLE IMPACT</p>	<p>1. Immigrants' choice of settling in particular labor markets can either increase or decrease the imbalances among labor markets. 2. Immigrants tended to gravitate to markets that could be expected to experience strong growth in labor demand. Additionally, evidence exists to show immigrants settle where similar immigrants already are located. 3. Natives tended to stay out of labor markets that could be expected to experience high immigration. 4. The study concludes that the impact of immigration on the geographic allocation of labor is neither as harmful as immigration opponents sometimes suggest, nor as beneficial as immigration supporters sometimes claim.</p>

Source: LPA summary of studies on the effects of immigration on the labor market.
(a) All four studies used nationwide data

findings to counter the argument that immigrants only do jobs that native-born workers don't want.

- **Immigrants tend to go where the jobs are, or where other immigrants already are present.** A study by the Federal Reserve Bank of Kansas City reviewed immigration and its impact on labor markets across hundreds of large and small metro areas throughout the United States. It found immigrants tend to gravitate towards areas where there's an expectation for job growth. The study also found immigrants go where similar immigrants have settled before. Lastly, the study found that native-born and established immigrants move away from areas experiencing increases in new immigration.

Kansas-Specific Information About The Impact of Illegal Immigration on Kansas' Wages and Job Markets Is Scarce

We asked officials in all the public universities in Kansas and the Kansas Department of Labor whether they had collected information or conducted any studies on the effects of illegal immigration in the State of Kansas related to the job market or wages. None reported having specific studies or data.

We also contacted officials from six labor unions. Those officials told us they weren't aware of Kansas-specific studies. Some of them expressed concern about some of the same issues pointed out in studies summarized earlier in this report, including a potential decrease in the wages of native-born workers in low-skill jobs, loss of job opportunities for less-educated workers, and lost revenues from illegal immigrants being paid in cash without having taxes withheld from their wages.

Conclusion:

It's not surprising the studies have found that the presence of illegal immigrants negatively affects the wages and employment opportunities for low-wage or low-skill jobs. Anytime more competition for a fixed number of jobs is introduced to a specific industry, it stands to reason that wages will tend to go down, and the number of people in that industry who are unemployed will tend to go up. In Kansas, it is clear that those most affected are likely to be low-skilled workers in industries such as meat packing, construction trades, agriculture, and the hospitality industry.

APPENDIX A

Scope Statement

This appendix contains the scope statement as revised by the Legislative Post Audit Committee on September 17, 2008, and originally approved by the Legislative Post Audit Committee for this audit on April 29, 2008. The audit was requested by Representative Nile Dillmore.

Revised SCOPE STATEMENT

Illegal Immigrants: Reviewing Studies That Have Assessed Their Economic Impact

In recent years, officials in many states have expressed a great deal of concern about the federal government's failure to adequately enforce the country's immigration policies. Research groups estimate that currently there are between eight million and 20 million illegal immigrants in the United States. The most common estimates tend to be about 12 million.

Studies have shown that illegal immigrants can be costly to the taxpayers in three main areas: education, health care, and law enforcement. For example, the federal No Child Left Behind Act mandates that schools improve the performance of low-income students and those who aren't fluent in English. Increasing numbers of poor, non-English speaking immigrant students adds significantly to the cost of education. Also, many illegal immigrants don't have health insurance, and so they often rely on hospital emergency rooms for basic medical care, which is more costly and often has to be written off by the hospitals because of the recipient's inability to pay.

A number of studies have been conducted of the impact of illegal immigration nationally and in some other states. Legislators have expressed an interest in knowing what these studies generally have shown about the costs of services provided to the illegal immigrants as well as the amount of tax revenue they likely generate. This information can help legislators better understand the likely economic impact on Kansas as well as the impact of legislation they may be considering.

A performance audit of this topic would answer the following questions.

- 1. What have studies shown about the cost of benefits and services provided to illegal immigrants?** To answer this question we would identify reliable studies of this topic that have been conducted in recent years. In addition, we would contact officials from the Urban Institute, the Pew Center for Hispanic Studies, the Center for Immigration Studies, the Federal Reserve System, and others to make sure we haven't overlooked any recent studies that are considered important and credible. We would review and summarize the results of those studies to identify what they have shown about the costs associated with illegal immigration for all levels of government. In addition, in the time available, we would contact various State agencies and other organizations such as the Kansas Medical Society, the Kansas Hospital Association, the Kansas Peace Officers Association, and the Kansas Sheriffs Association to learn about and gather any information they may have assembled about costs of illegal immigrants that are specific to Kansas.

2. **What have studies shown about the revenues or other benefits illegal immigrants provide to offset the cost of services they receive?** To answer this question, we would use the same sources that are used for question one, and determine what they show about the tax revenues or other benefits illegal immigrants provide.
3. **What have studies shown about the impact of illegal immigration on labor costs and the job markets?** To answer this question, we would review and summarize the results of recently conducted studies that have estimated the impact of illegal immigration on labor costs and the job market. In addition, we would contact officials from the Department of Labor, labor union representatives, employer representatives, or others to determine what studies they may have conducted about the impact of illegal immigrants on labor costs and the job market that may be specific to Kansas.

Estimated time to complete: 4-6 weeks

APPENDIX B

Estimated Number of Illegal Immigrants in All 50 States and the District of Columbia

This appendix contains a table that categorizes the estimated number of illegal immigrants in all 50 states as well as the District of Columbia. The chart was originally prepared by Jeffrey Passel for an April 2006 Pew Hispanic Center fact sheet.

State	Estimated Number of Illegal Immigrants	State	Estimated Number of Illegal Immigrants
California	2,500,000-2,750,000	Oklahoma	50,000-75,000
Texas	1,400,000-1,600,000	New Mexico	50,000-75,000
Florida	800,000-950,000	Kansas	40,000-70,000
New York	550,000-650,000	South Carolina	35,000-75,000
Arizona	400,000-450,000	Missouri	35,000-65,000
Illinois	375,000-425,000	Nebraska	35,000-55,000
Georgia	350,000-450,000	Kentucky	30,000-60,000
New Jersey	350,000-425,000	Alabama	30,000-50,000
North Carolina	300,000-400,000	Mississippi	30,000-50,000
Virginia	250,000-300,000	Arkansas	30,000-50,000
Maryland	225,000-275,000	Louisiana	25,000-45,000
Colorado	225,000-275,000	Idaho	25,000-45,000
Washington	200,000-250,000	Rhode Island	20,000-40,000
Massachusetts	150,000-250,000	Hawaii	20,000-35,000
Nevada	150,000-200,000	Delaware	15,000-35,000
Pennsylvania	125,000-175,000	Washington D.C.	15,000-30,000
Oregon	125,000-175,000	New Hampshire	10,000-30,000
Tennessee	100,000-150,000	Alaska	<10,000
Michigan	100,000-150,000	Wyoming	<10,000
Ohio	75,000-150,000	South Dakota	<10,000
Wisconsin	75,000-115,000	Maine	<10,000
Minnesota	75,000-100,000	Vermont	<10,000
Utah	75,000-100,000	North Dakota	<10,000
Connecticut	70,000-100,000	Montana	<10,000
Indiana	55,000-85,000	West Virginia	<10,000
Iowa	55,000-85,000		

Source: Pew Hispanic Center Fact Sheet, April 2006

APPENDIX C

Bibliography

This appendix contains a bibliography of the studies we reviewed in our efforts to help answer the questions presented by this audit. Studies that seemed most germane to the audit issues were reviewed in more depth than the studies that seemed less germane. This bibliography isn't exhaustive of all the studies available on the topic of illegal immigration. The first category contains studies we used in our report. The second category contains other studies we reviewed but chose not to use. Both categories are further listed in alphabetical order.

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