

**The Net Fiscal Costs of
Low-skilled and Illegal Immigration
for the U.S. Taxpayer**

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Introduction

The cost of government benefits and services received minus the total taxes paid by a household equals the *net fiscal balance* of the household. Households that pay more in overall taxes than they receive direct and means-tested benefits, education, and population-based services are *net tax contributors*. Households that receive benefits and services in excess of the taxes they pay are *net tax consumers*.

On average, individuals with lower levels of education are more likely to generate fiscal deficits, receiving more in government benefits than they pay in taxes. This is true for both U.S. born and foreign born persons. This is relevant for immigration policy because immigrants, on average, have lower education levels than U.S. born citizens. For example, 40% of adult illegal aliens lack a high school degree compared to 6% of U.S. born adults.

High skill immigrants with a college degree or more (including legal immigrants and illegal aliens) pay significantly more in taxes than they receive in benefits. In aggregate, these individuals will generate some \$13 trillion in fiscal surpluses over their lives. However, these fiscal surpluses are almost completely offset by the fiscal deficits of immigrants with lower education levels. Immigrants with some college or less (including legal immigrants and illegal aliens) will generate \$12.5 trillion in net fiscal costs over their lifetimes. Overall, immigration does not significantly contribute to the fiscal solvency of the United States because the positive fiscal contributions of higher skill immigrants are counter-balanced by the large fiscal costs of lower skill immigrants.

Illegal or unauthorized aliens are persons who reside in the nation unlawfully; they have entered and reside in the country without legal permission or have entered the country on a temporary visa and have remained here after its expiration. The current net fiscal cost of illegal aliens in the U.S. is between \$84 and \$94 billion per year. This means that illegal aliens receive \$84 to \$94 billion more in government benefits and services than they pay in total taxes.

The Biden administration has enormously increased the flow of illegal aliens into the U.S. In the past two years, an additional 4.5 million illegal aliens have entered the U.S. and taken up residence in the nation. This tidal wave of illegal immigration is primarily the result of Biden policies that deliberately encourage, expedite and enlarge huge illegal flows into the U.S. rather than deterring them.

Following new border policies imposed by the Biden administration, the net inflow of new illegal aliens entering the country has most likely increased the total illegal aliens population to an estimated 14 million. If current trends continue, there will be 19 million illegal aliens residing in the U.S. in 2028. The net fiscal cost of those illegal aliens will be at least \$127 billion per year.

The left continues to press for amnesty for illegal aliens. Using figures from the National Academies of Science, the net life-time fiscal cost of current illegal aliens following amnesty would be between \$3.8 and \$4.2 trillion (in 2022 dollars).

Immigration obviously increases the Gross Domestic Product but most of this increase goes as wages to the immigrant workers themselves. An increase in GDP due to immigration does not mean there is an increase in the per capita income of U.S. The real economic test of any immigration policy is whether it makes current lawful residents better off by raising their after-tax incomes. Both low skill immigration and illegal immigration in general harm current citizens and lawful residents by placing substantial added burdens on U.S. taxpayers.

The Net Fiscal Cost of Lower Skill Households

Lower skill U.S. born citizens, legal immigrants and illegal aliens all impose large net fiscal costs on U.S taxpayers.¹ Net fiscal costs occur when the cost of the total government benefits and services received by a group exceeds the total taxes paid by the group. This imbalance creates a net fiscal deficit which must be paid by others in society.

In calculating the net fiscal balance of legal immigrants, illegal aliens and U.S. born citizens, four types of government benefits and services are relevant. These are:

- Direct benefits such as Social Security, Medicare, unemployment insurance, and workmen's compensation.²
- Means-tested welfare benefits – Means-tested benefits are available only to poor and lower income persons. There are over 90 of these programs which, at a cost of over \$1.2 trillion per year, provide cash, food housing, medical and services to roughly 80 million low income Americans. Major programs include: Medicaid, Food Stamps, the refundable earned income tax credit, public housing, Supplemental Security Income and Temporary Assistance to Needy Families.
- Public education – At an average annual cost over \$15,000 per pupil, these services are largely free or heavily subsidized for low income parents.³
- Population-based services – police, fire, highways, parks and similar services. As the National Academy of Sciences has explained in its studies on the fiscal cost of immigrants,

¹ The net cost estimates in this paper represent preliminary figures.

² Illegal aliens do not currently receive Social Security or Medicare benefits but would receive them following amnesty.

³ The average pupil cost equals total public expenditure for elementary and secondary schools divided by national enrollment. See Tables 1 and 13 Census, Annual Survey of School Finances, 2019 Public Elementary-Secondary Education Finance Data, <https://www.census.gov/data/tables/2019/econ/school-finances/secondary-education-finance.html>

these services generally have to expand as new immigrants enter a community; someone has to bear the cost of that expansion.⁴

Public goods such as national defense and scientific research are not included in the calculation.

While households receive large scale benefits and services from government, they also pay taxes to government. The most important taxes at the federal government level are the personal income tax, Federal Insurance Contribution Act (FICA) taxes for Social Security and Medicare, corporate profit taxes, and federal excise taxes. At the state and local level, the most important taxes are property taxes, income taxes, and general and selective sales taxes. For the calculation to be accurate all taxes paid by a household, both direct and indirect, should be included.

The Vast Redistributive State

The debate about the fiscal consequences of illegal and low skill immigration is hampered by a number of misconceptions. Few lawmakers really understand the current size of government and the scope of redistribution. Government is far larger and more expensive than most imagine. In 2019, before the COVID pandemic, federal, state and local governments spent \$5.76 trillion on direct benefits, means-tested aid, education, and population-based services. Across the whole population (including U.S. born citizens, legal immigrants and illegal aliens), the average household received \$44,800 in government benefits and services.⁵ Households headed by persons without a high school degree got considerably more, perhaps as much as \$65,000 per household.⁶

The cost of government benefits and services received minus the total taxes paid by a household equals the *net fiscal balance* of the household. Households that pay more in overall taxes than they receive in direct and means-tested benefits, education and population-based services are *net tax contributors*. Households that receive benefits and services in excess of the taxes they pay are *net tax consumers*.

The governmental system is highly redistributive. Households with higher earnings tend to be *net tax contributors*. On average, well educated workers earn more income. For example, immigrants

⁴ See the discussion of “congestible goods” in The National Academy of Sciences, *The New Americans: Economic, Demographic, and Fiscal Effects of Immigration*, National Academy Press, United States of America, 1997, p. 303. See also National Academies of Sciences, Engineering and Medicine, *The Economic and Fiscal Consequences of Immigration*, National Academies Press, Washington D.C., 2017, pp.344-345. <https://nap.nationalacademies.org/catalog/23550/the-economic-and-fiscal-consequences-of-immigration>

⁵ The estimate represents total federal state and local expenditures for 2019 before the COVID pandemic. The estimate excludes spending on public goods, interest payments on government debt, and federal grants in aid to state governments. The average benefit per household figure equals the \$5.76 trillion spending figure divided by the number of households reported by the Census Bureau.

⁶These figures include legal immigrant households including both naturalized citizens), household of U.S. born citizens and illegal alien households and households of U.S. born citizens.

with a college education (who are overwhelmingly legal immigrants) pay enough in taxes to fund the government benefits and services their families receive while generating a fiscal surplus that can be used for other government purposes. By contrast, less educated households, on average, are *net tax consumers*; the benefits they receive exceed the taxes they pay; these households generate a “fiscal deficit” that must be financed by taxes from other households or by government borrowing. This is largely true irrespective of whether the household is headed by a citizen born in the U.S., a legal immigrant, or an illegal alien.

Education Levels of Foreign Born Immigrants and Native-born Citizens

Immigrants tend to impose higher fiscal costs on society because, on average, they have lower education levels than U.S. born citizens. Table 1 shows the education levels of adults in three groups. The first is U.S. born citizens. The second group covers all foreign born adults including: former immigrants who have been naturalized, legal immigrants and illegal aliens. The third group is a sub-group of the second group: it includes only illegal aliens.

The three groups differ considerably in the share of adults with very low levels of education. Among native born adults, only 6% lack a high school degree. Among all foreign born, the number is 22.4% and among illegal alien adults it rises to 40%. Individuals with this low level of education tend to generate high fiscal deficits, receiving more government benefits and paying less in taxes.

Table 1

**Adult Educational Attainment for U.S. born,
All Foreign born, and Illegal Aliens**

| | U.S. born | All Foreign born | Illegal Aliens |
|-----------------------------------|-----------|------------------|----------------|
| Year | 2021 | 2021 | 2019 |
| Educational Attainment | | | |
| Less than high school | 6.0% | 22.4% | 40.0% |
| High school diploma or equivalent | 28.3% | 25.9% | 27.0% |
| Some college | 27.5% | 15.4% | 14.5% |
| BA degree | 24.1% | 20.9% | 18.5%* |
| More than BA | 14.1% | 15.4% | |

Note: Native and all foreign born figures are for persons 25 and older. Illegal alien figures are for persons over 18. * includes those with education above BA.

Sources: U.S. Census Bureau, Educational Attainment in the United States: 2021, table 2.
Center for Migration Studies, Estimates of Undocumented and Eligible-to-Naturalize Populations by States

The figures in table 1 measure education levels before the explosive growth of illegal immigration over the last two and a half years (as discussed below).⁷ The dramatic surge in border crossing will almost certainly increase the share of less educated illegal aliens in the U.S., thereby increasing net fiscal costs.

Table 2

Net Fiscal Impact of Foreign Born Adults by Educational Level: 2021

| Education Level | Adult Foreign Born Persons Age 25 and Over (in thousands) | Percent of Adult Foreign Born Population Age 25 and Over | Net Life Time Fiscal Deficit or Surplus per Foreign Born Adult in 2022 dollars | Total Combined Net Life Time Fiscal Deficit or Surplus for All Foreign Born Adults In Billions of 2022 Dollars |
|-----------------------------------|--|--|--|--|
| Less than high school | 8,878 | 22.4% | -\$843,827 | -\$7,491 |
| High school diploma or equivalent | 10,257 | 25.9% | -\$459,298 | -\$4,711 |
| Some college | 6,104 | 15.4% | -\$74,769 | -\$456 |
| BA degree | 8,299 | 20.9% | \$523,386 | \$4,344 |
| More than BA Degree | 6,119 | 15.4% | \$1,441,983 | \$8,823 |
| Total | 39,657 | 100.0% | | |
| | | | Net Fiscal Impact | \$508 |

Sources: Census Bureau, Educational Attainment 2021, Table 2.

Fiscal cost data: Heritage Foundation calculations based on data from National Academy of Sciences data in *The Economic and Fiscal Consequences of Immigration*, 2017.

⁷ The figures on the table for native born and foreign born appear to have been collected in March of 2021.

National Academy of Sciences Confirms the High Cost of Low Skill Immigration

Some claim that lower skill immigrants do not produce fiscal burdens on U.S. taxpayers because they do not receive means-tested welfare. This is wrong in multiple respects. In reality, legal migrant households receive significantly more welfare, on average, than U.S. born households.⁸ In addition, the fiscal burden generated by lower skill legal immigrants is not principally due to means-tested welfare. Although the welfare benefits received are large, the combined benefits received from Social Security, Medicare, public education and population-based services are significantly larger. Even if the entire means-tested welfare state were abolished, lower skill immigrants would remain a substantial fiscal burden, receiving much more in government benefits and services than they pay in taxes.

An extensive study by the National Academies of Science (NAS), *The Economic and Fiscal Consequences of Immigration*, provides a fiscal analysis of the fiscal costs of immigrants along the lines described above. The analysis covers legal immigrants and illegal aliens and does not differentiate between the two. The NAS study confirms that immigrants (both legal and illegal) with low levels of education impose large fiscal burdens on U.S. taxpayers.⁹ According to NAS analysis¹⁰, over the course of a lifetime, an immigrant without a high school degree will receive some \$844,000 more in government benefits and services than he will pay in total taxes.¹¹ An immigrant with only a high school degree will receive \$459,000 more in benefits and services than he pays in taxes.¹²

It is sometimes argued that the fiscal costs of first-generation lower skill immigrants are irrelevant because their children, experiencing upward social mobility, will become strong net tax contributors generating strong fiscal surpluses that counteract the initial deficits of their parents.

⁸ Steven A. Camarota and Karen Zeigler, “63% of Non-Citizen Households Access Welfare Programs Compared to 35% of native households.” Center for Immigration Studies, December 2018. <https://cis.org/sites/default/files/2018-11/numbers-welfare-18.pdf>

⁹ National Academies of Sciences, Engineering and Medicine, *The Economic and Fiscal Consequences of Immigration*, National Academies Press, Washington D.C., 2017. <https://nap.nationalacademies.org/catalog/23550/the-economic-and-fiscal-consequences-of-immigration>

¹⁰ National Academies of Sciences, 2017, op. cit. The lifetime fiscal impacts of immigrants are shown on Table 8-12 Part 2 on pages 432-434. The figures in the table cover all immigrants both legal and illegal by education level. The NAS figures are presented as net present values in 2012 dollars. For purposes of this paper the net present value figures have been un-discounted and then adjusted for inflation into 2022 dollars. For a discussion of the net present value of immigration costs see Robert Rector and Jamie Hall, “National Academy of Sciences Report Indicates Amnesty for Unlawful Immigrants Would Cost Trillions of Dollars,” *Heritage Foundation Backgrounder*, No. 3175 | December 22, 2016. <http://thf-reports.s3.amazonaws.com/2016/BG3175.pdf>

¹¹ See National Academies of Sciences, Table 8-12 Part B on page 433. The NAS figures include both legal and illegal aliens. Net costs for illegal aliens alone would probably be about 15 percent lower. The figures given in the text of the present paper cover the NAS total impacts for immigrants aged 25 to 65 excluding public goods costs for immigrants without a high school degree and their immediate dependents in 2022 dollars.

¹² The total net fiscal cost of all illegal aliens over a life time would be around \$339,000 in constant 2022 dollars.

To the contrary, although the children of lesser skilled immigrants will attain more education than their parents, on average, even with this attainment, they will produce net fiscal deficits.¹³ The NAS figures used in this text, include both first- and second-generation costs; for lower skill immigrants both generations have a negative fiscal impact.¹⁴

Table 2 shows the results of the NAS study. The table shows that higher skill immigrants (with a college degree or higher) pay significantly more in taxes than they receive in benefits over the course of a lifetime. In aggregate, these individuals will generate some \$13 trillion in fiscal surpluses over their lives. In theory, these surpluses could be used for important social purposes such as reducing the national debt or funding defense. In reality, this will not happen because nearly all the fiscal surpluses generated by well-educated immigrants are offset by the nearly equivalent fiscal deficits generated by less educated immigrants. Immigration does not contribute to the fiscal solvency of the United States because the positive contributions of high skill immigrants are neutralized by the fiscal costs of low skill immigrants.

Moreover, the figures in table 2 do not include the mass surge in illegal immigration that occurred in the last two and a half years. That surge will increase the negative fiscal costs of immigration well above the figures in the table.

The Fiscal Cost of Illegal Aliens

As with the case of low-skill immigrants in general, some claim that illegal aliens do not produce fiscal burdens on U.S. taxpayers because they do not receive means-tested welfare. This is wrong in multiple respects. It is true that illegal aliens (in contrast to legal immigrants) do not, at present, have access to most means-tested welfare programs.¹⁵ They are also currently ineligible for Social Security and Medicare benefits. However, this does not mean that they do not receive government benefits and services.

Many illegal aliens have U.S.-born children; these children are eligible for the full range of government welfare and medical benefits. The children of illegal aliens are also fully eligible for free public education; the average cost of which is now roughly \$15,000 per year. And, of course, when illegal aliens live in a community, they use roads, parks, sewers, police, and fire protection; these services must expand to cover the added population or there will be “congestion” effects that lead to a decline in the service quality.¹⁶

¹³ Rector and Richwine, page 31.

¹⁴ National Academies of Sciences, table 8-12 on page 432.

¹⁵ However, the Biden administration and the left seek to create massive new welfare programs with full eligibility for illegal aliens. For example the Biden administration sought to create as massive new cash grant child allowance program costing around \$200 billion per year as part of its “Build Back Better Bill”. Millions of illegal aliens parents with U.S. born children would have been eligible for that credit.

¹⁶ National Academies of Science, 1997, op. cit. p. 303.

While illegal aliens do receive less government benefits and services than comparable U.S. citizens there is a second powerful factor that drives up the net fiscal costs of illegal aliens relative to the rest of the U.S. population: as noted, illegal aliens as a group have very low levels of education.

As table 1 showed, illegal aliens have low education levels relative to legal immigrants and native born individuals. Some 40% of adult illegal aliens lack a high school degree compared to 6% of native born adults. Roughly 30% of illegal alien adults have 8 years or less education. On average, illegal aliens receive at least two dollars in government benefits for each one dollar they pay in both direct and indirect taxes.¹⁷ The average illegal alien household has an annual fiscal deficit of around \$16,200.

The Explosive Growth of Illegal Immigration under Biden Administration

To determine the overall, net fiscal cost of illegal aliens it is important, first of all, to estimate the total number residing in the nation.¹⁸ This task has been made difficult by the rapid and enormous inflow of illegal aliens prompted by the new immigration and border policies of the Biden administration. In the slightly more than two years since Joe Biden assumed the presidency, some 4.5 million new illegal aliens have entered the nation and taken up residence. The breakout of this illegal alien inflow between January 2021 and March 2023 is as follows:

Released illegal entrants: 1.875 million. These are illegal aliens who have entered the country unlawfully, been apprehended by the Custom and Border Patrol and Office of Field Operations, but then deliberately released into the nation by the Biden administration.¹⁹

“Getaways”: 1.276 million. These are unlawful aliens that the border patrol observed crossing the border but were unable to apprehend.²⁰

¹⁷Robert Rector and Jason Richwine, “The Fiscal Cost of Unlawful Immigrants and Amnesty to the U.S. Taxpayer”, *Special Report* No. 133, May 6, 2013. P. 13. http://thf_media.s3.amazonaws.com/2013/pdf/sr133.pdf

¹⁸ This report uses the terms illegal aliens, unauthorized immigrants, illegal migrant, unauthorized migrant, illegal alien and unauthorized immigrant as synonyms.

¹⁹ Source illegal aliens released after apprehension: Andrew R. Arthur, “Biden Has Released Nearly 1.05 million SW Border Migrants into the U.S.: More people than Delaware, and 2,115 per day — not counting “got-aways” and unaccompanied kids,” Center for Immigration Studies, June 17, 2022, <https://cis.org/Arthur/Disclosures-Biden-Has-Released-Nearly-105-million-SW-Border-Migrants-US>. Using the data provided in that report, the current paper estimates that there were 1.049 million releases on the southwest border from Jan 2021 to May 30 2022. It assumes that releases subsequently continued at a rate of 2,115 per day. Releases on the northern land border are assumed to be 50% of encounters in that area.

²⁰ Andrew Arthur states, “Even those dismal apprehension numbers don’t tell the whole story, because they don’t include the almost 1.4 million illegal migrants who were detected entering illegally but who successfully evaded agents at the Southwest border under Biden, known colloquially as “got-aways”: at least 385,000 in FY 2023, according to Border Patrol Chief Raul Ortiz; 599,000 in FY 2022; and 389,155 in FY 2021.” Andrew R. Arthur, “Mayorkas Redefines — but Still Fails to Comply With — the ‘Operational Control’ Mandate,” Center for Immigrations Studies, March 31, 2023. <https://cis.org/Arthur/Mayorkas-Redefines-Still-Fails-Comply-Operational-Control-Mandate>

Undetected Entries without Inspection: 191,000. The Border Patrol estimates the number of undetected “entries without inspection” (EWI) on the border; these are individuals who are likely to have unlawfully crossed the border without being observed by the Border Patrol ²¹

Unaccompanied Minors: 320,000. These are individuals who claim to be minors and have entered the nation without legal authorization and without an accompanying adult.

CHNV Parole Program: 90,000. In January 2023 the Biden administration created a new “parole” program in which a combined 30,000 individuals per month from Cuba, Haiti, Nicaragua and Venezuela per month will be flown directly into the U.S bypassing border control and normal immigration procedures.²²

Longer-term Visa Overstays: 743,000. This category represents the inflow of temporary visa holders who have remained in the U.S. beyond their legal departure deadline for 12 months or longer.²³

Total Illegal Alien Inflows: 4.49 million. Summing the above figures shows that 4.49 million illegal aliens entered the nation from January 2021 through March 2023. Including the inflows from March through September 2023 would considerably raise these figures.

Current Number of Illegal Aliens: Two Estimates

The number of illegal aliens in the United States is periodically estimated by the Office of Immigration Statistics in the Department of Homeland Security.²⁴ These estimates use a

²¹ Border Patrol Chief testified that counting undetected border crossing would increase the “getaway” number by 10 to 20 percent. “Border Patrol Chief Raul Ortiz Testifies Before Homeland Security Committee In Texas” | U.S.A. Live CNN News 18. <https://www.youtube.com/watch?v=APlekTTMxRY> The number in the text is 15% of the getaway number.

²²White House FACT SHEET: Biden-Harris Administration Announces New Border Enforcement Actions January 5, 2023 <https://www.whitehouse.gov/briefing-room/statements-releases/2023/01/05/fact-sheet-biden-harris-administration-announces-new-border-enforcement-actions/>

²³ Estimated from Department of Homeland Security, Fiscal Year 2020 Entry/Exit Overstay Report March 30, 2020, https://www.dhs.gov/sites/default/files/publications/20_0513_fy19-entry-and-exit-overstay-report.pdf Table 7 in the report shows that in 2019, there were 324,593 persons who entered the country on temporary visas and remained at least 12 months beyond their departure date. The estimates in text assume that some 330,000 similar individuals entered in both 2021 and 2022 and a proportionate number entered in 2023.

²⁴ Bryan Baker, “Estimates of the Unauthorized Immigrant Population Residing in the United States: January 2015–January 2018, *Population Estimates*, January 2021, Department of Homeland Security, Office of Immigration Statistics, January 2021, https://www.dhs.gov/sites/default/files/publications/immigration-statistics/Pop_Estimate/UnauthImmigrant/unauthorized_immigrant_population_estimates_2015_-_2018.pdf (Accessed April 6, 2022)

sophisticated analytic technique called the residual method.²⁵ This procedure has three steps. First, the number of foreign born persons appearing annual Census surveys is determined. Second, the correct number of legal immigrants and naturalized citizens who should reside in the U.S is estimated. Third, once this estimate the legal foreign born population is made, any additional foreign-born persons appearing in annual Census surveys are deemed to represent the illegal migrant population. (Note: this system assumes that nearly all illegal aliens will respond to annual Census surveys and will be included in Census data.)²⁶

A number of non-governmental groups such as the Center for Immigration Studies, the Center for Migration Studies and the Pew Research Center use variants of this method.²⁷ The most recent and thorough count of illegal aliens has been completed by Steven Camarota, Director of Research at the Center for Immigration Studies.

Estimate #1: Low Estimate of Illegal alien Population Using data from the monthly Census Current Population Survey, Camarota finds there were 10.22 million illegal migrants in the U.S. on January 2021 when President Biden took office.²⁸ By February of 2023, the number had risen to 12.5 million.²⁹ Thus, in the first two years of the Biden administration, the number of illegal migrants in the U.S. increased by 2.3 million.

Census data thus reflect a rapid and dramatic increase in illegal immigration. But these numbers fall far short of the inflow figures presented above. In part, that is because the figures presented above are simple migrant inflows while Camarota's Census figures measure the *net increase in the illegal migrant population*. The net increase in this population equals the illegal migrant inflow minus attrition in the prior illegal population base. Attrition occurs when individuals in the original stock of illegal migrants: die; voluntarily emigrate; are deported; or are converted to legal immigrants. The net increase in the illegal population will always be lower than the simple illegal migrant inflows.

²⁵ Robert Warren, Democratizing Data about Unauthorized Residents in the United States: Estimates and Public-Use Data, 2010 to 2013. *Journal of Migration and Human Security*, Volume 2 Number 4, 2014, pp.305-328. <https://journals.sagepub.com/doi/pdf/10.1177/233150241400200403> (accessed April 6, 2023).

²⁶ It is further important to understand note that this system uses numbers from the annual Census population numbers from the American Community Survey or Current Population Survey. These surveys do not provide actual counts of persons in the U.S. They are stratified, weighted surveys using a priori targets for total population and population sub-groups by age, race and location. To a considerable degree, these surveys “assume their conclusions”. These surveys will not respond quickly or accurately to an unanticipated large scale influx of illegal aliens.

²⁷ The Heritage Foundation employed this method in Robert Rector and Jason Richwine, “The Fiscal Cost of Unlawful Immigrants and Amnesty to the U.S. Taxpayer”, Special Report No. 133, May 6, 2013. http://thf_media.s3.amazonaws.com/2013/pdf/sr133.pdf

²⁸ See Steven A. Camarota and Karen Zeigler, “Estimating the Illegal alien Population Using the Current Population Survey” Center for Immigration Studies, March 29, 2022, p. 2. . <https://cis.org/Report/Estimating-Illegal-Immigrant-Population-Using-Current-Population-Survey>

²⁹ Camarota and Zeigler op. cit. estimated that the number of illegal migrants in January 2022 was 11.35 million. In private communication with the author, Camarota reports that his estimate for February 2023 was 12.5 million.

Even with this caveat, Camarota’s Census-based estimate of two million added illegal migrants in the last two years appears to fall well below the figures in table 1 which are based on DHS administrative data. This shortfall is a recurring problem. The DHS Office of Immigration Statistics acknowledges this flaw in its estimation procedures: “...it can be difficult to reconcile components of the unauthorized population estimate with information gathered from DHS administrative data on enforcement [such as those presented in in the present testimony].”³⁰ At times, administrative data indicate report illegal inflows that are many times greater than Census-based estimates.³¹ This fundamental disconnect between statistical models and reality seems readily apparent during the current mass surge of illegal migrants.

Estimate #2: High Estimate of the Illegal Alien Population. A second estimate of the current number of illegal aliens residing in the U.S. can be generated by adding the inflow of 4.49 million in shown above to the January 2021 base of 10.22 million illegal aliens. This would indicate a population of 14.7 million illegal aliens. This figure, however, would be invalid because it assumes no attrition in the base illegal population. Although precise numbers are not available, it is likely that attrition reduced the base population by perhaps 700,000 over two years.³² This would leave a residual of around 14 million illegal aliens at present.

Overall, we have two estimates of the current illegal alien population: a lower estimate of 12.5 million and a higher estimate of 14 million. Both estimates show a dramatic increase in illegal immigration since Biden took office.

Current Net Cost of Illegal Aliens

Using the lower population estimate of 12.5 million illegal aliens, provided above, the current net fiscal cost of those immigrants is around \$84 billion per year. This means they receive \$84 billion more in government benefits and services than they pay in total taxes.³³ The figure \$84 billion is so large it is difficult to grasp. In simple terms, to pay for \$84 billion in expenditures, government would need to raise the tax on gasoline by 62 cents per gallon.³⁴ Of course, government would never fund illegal immigration in this transparent way. In reality, these costs

³⁰ Baker, op. cit. p. 11.

³¹ Ibid.

³² DHS estimates that between 2015 and 2018, there was annual attrition of some 310,000 on a base population of roughly 11.4 million. 10 and

³³ Unless otherwise noted, the estimates in this paper are based on the estimates in Rector and Richwine, op. cit. The figures in that monograph have adjusted for inflation into 2022 dollars. The education level of illegal aliens has been raised in accordance with more recent figures calculated by the Center for Migration Studies op. cit. Finally the estimated total population of illegal migrants has been adjusted to match the low and high estimates given in this paper.

³⁴ In 2021, about 134.83 billion gallons of gasoline were consumed in the U.S. U.S. Energy Information Administration, “FREQUENTLY ASKED QUESTIONS (FAQS) How much gasoline does the United States consume?”

<https://www.eia.gov/tools/faqs/faq.php?id=23&t=10#:~:text=How%20much%20gasoline%20does%20the,8.80%20million%20barrels%20per%20day>. (Accessed March 20, 2023.)

are spread across a wide range of taxes or are funded by deficit spending that must be paid by future generations. Using the higher population estimate of 14 million unauthorized migrants, the current net fiscal cost would be \$94 billion per year.

Moreover, as noted, the illegal alien population has been growing rapidly following the changed border and asylum policies imposed by the Biden administration. If current trends continue, the illegal migrant population will grow explosively at 1 to 2 million incoming illegals each year. Assuming a current base of 14 million illegal immigration and an addition of 1.5 million new illegals each year, within five years there will be 19 million illegal aliens residing in the U.S.³⁵ They will impose a net cost on tax-payers at least \$127 billion per year (in 2022 dollars).

The Cost of Amnesty

The Biden administration and the left in Congress also continually press for amnesty for illegal aliens. Amnesty would entitle current illegal aliens to full benefits from all means-tested welfare programs, Social Security and Medicare. The NAS analysis provides estimates of the long-term net fiscal costs of immigrants by their education level. Analysis based on these NAS figures permits a rough estimate of the net fiscal costs of illegal aliens following amnesty. Analysis using the the NAS figures indicates that granting amnesty to 12.5 million current illegal aliens would impose estimated total lifetime net costs on the U.S. taxpayers of at least \$3.8 trillion dollars (in constant 2022 dollars).³⁶ Granting amnesty to 14 million illegal aliens would cost around \$4.2 trillion (in constant 2022 dollars).

These costs substantially understate real long-term costs of amnesty to the taxpayer because they cover only the costs of illegal aliens who are already present in the U.S. and do not cover the millions of future illegal aliens who will flow into the nation if current government policies are continued.

New York City Mayor Confronts Open Borders

The impact of the mass influx of new illegal immigration has led New York City Mayor Eric Adams to proclaim that open borders and the unending flow of “asylum seekers” is destroying New York city. The Mayor urged the federal government to declare “a state of emergency to manage the crisis at the border.”³⁷

Adams warns that the overwhelming influx of illegal aliens will force the New York to house and feed “average nearly 33,860 households nightly this fiscal year” with annual costs of more than

³⁵ This estimate assumes an annual attrition rate of 3% on the illegal population.

³⁶ For purposes of this estimate, the education levels of current illegal aliens were taken from the Center for Migration Studies, op. cit.

³⁷ New York City, Office of the Mayor, op. cit.

\$4.7 billion. The Mayor predicts the annual costs will rise to \$6.1 billion per year by FY2025.³⁸ The Mayor warned New York residents: “This is going to come to a neighborhood near you.Never in my life have I had a problem that I did not see an ending to. I don’t see an ending to this.....This issue will destroy New York City.....The city we knew we’re about to lose.”³⁹

Further Economic Effects of Immigration

Advocates of increased immigration often assert that all immigrants enlarge the economy or gross domestic product. They imply, from this, that all immigrants therefore boost the standard of living of U.S. citizens. While it is true that immigrants inherently increase the size of GDP, this does not mean that, in consequence, they raise the standard of living of current citizens. Immigrants have a different effect on GDP as an aggregate and on GDP per capita (which measures the standard of living of the U.S. populace).⁴⁰

For example, assume there is a factory with ten workers, each making \$40,000 per year. The total output of the factory is ten times \$40,000 or \$400,000. Another worker is added; he also is paid \$40,000. Because of the extra worker, the output of the factory expands to \$440,000. The extra worker has increased the total factory output by ten percent but the wages (or standard of living) of the initial workers remains unchanged. In this example the extra worker is equivalent to an immigrant, the factory output is equivalent to GDP and the wages of the initial workers are equivalent to the per capita GDP of current citizens. The fact that the total output of the factory has increased does not mean that the standard of living of the initial workers has improved.

As in the factory example, immigration increases the GDP, but it does not, generally, raise the per capita GDP or standard of living of current citizens. There is widespread agreement on this point in the field of economics. The National Academy of Sciences in another formal study of immigration, *The New Americans*, proclaimed:

Immigration will affect only the size of the economy: more GDP will be produced. The United States will be a bigger economy, but the average income of all its

³⁸ New York City, Office of the Mayor, *Updated Forecast Shows Crisis Could Cost City Total of More Than \$12 Billion Through July 2025, Absent State and Federal Support* <https://www.nyc.gov/office-of-the-mayor/news/583-23/as-city-nears-arrival-100-000-asylum-seekers-since-last-spring-mayor-adams-lays-out-updated#/0>

³⁹ [Mayor Eric Adams: Migrant Crisis "Will Destroy NYC," "We're Getting No Support On This National Crisis" | Video | RealClearPolitics](#)

⁴⁰ Derek Morgan, “How Heritage Is Studying the Costs of Immigration,” Daily Signal, April 23, 2013, , https://www.dailysignal.com/2013/04/23/how-heritage-is-studying-the-costs-of-immigration/?_ga=2.130219014.829928582.1545062330-1584603107.1544041763;

inhabitants will remain unchanged...[Increasing immigration]will not change the well-being of natives as measured by their per capita income...⁴¹

Harvard economist George Borjas, the nation's leading immigration economist, amplifies on this point. According to Borjas, immigrant workers (legal and illegal) "in the labor market makes the U.S. economy (GDP) an estimated 11 percent larger (\$1.6 trillion) each year." But of "the \$1.6 trillion increase in GDP, 97.8 percent goes to the immigrants themselves in the form of wages and benefits".⁴² In other words, while immigrants make the U.S. economic pie bigger, they consume nearly all of the increase through their own wages.

The "Immigration Surplus"

In general, the NAS report, *The Economic and Fiscal Consequences of Immigration*, shows that, other than a small number of scientifically educated immigrants, immigration produces little or no overall economic gain for U.S. born citizens but may cause a substantial shift in income from workers to business and capital owners.⁴³

According to the report, an "immigration surplus" potentially exists because, as immigrants enter the labor force, wages decline and returns to capital (such as interest and profits) increase by a slightly larger amount.⁴⁴⁴⁵ As the report puts it, "the more wages decline, the larger the surplus."⁴⁶ At its maximum value, the theory implies that the current stock of immigrant labor, at 16.5 percent of the total labor force, has "lowered wages by 5.2 percent," or roughly \$500 billion, for U.S. born workers, while raising the incomes of owners of business and capital by as much as \$554.2 billion.⁴⁷ The difference between the reduced wages and increased profits is "an immigration surplus of \$54.2 billion, representing a 0.31 percent overall increase in income that accrues to the native population."⁴⁸ Thus the model shows that the main impact of immigration is to redistribute income. In other words, since businesses can pay workers less, they make more of a profit.

⁴¹ National Research Council, *The New Americans: Economic, Demographic and Fiscal Effects of Immigration*, National Academy Press, Washington D.C. 1997, pp. 156-157.

⁴² George Borjas, "Immigration and the American Worker: A Review of the Literature," *Center for Immigration Studies*, April 2013, p. 1.

⁴³ Robert Rector, and Jamie Bryant Hall, "Does Current Immigration Economically Benefit Ordinary US Citizens?" *Daily Signal*, November 30, 2016, <https://www.dailysignal.com/2016/11/30/does-current-immigration-economically-benefit-ordinary-us-citizens/>

⁴⁴ Ibid.

⁴⁵ National Academies of Sciences, Engineering and Medicine, *The Economic and Fiscal Consequences of Immigration*, National Academies Press, op. cit. pp. 165-196.

⁴⁶ Ibid. p. 196.

⁴⁷ Ibid p.171.

⁴⁸ Ibid.

However, as the report notes, in the long run, the supply of capital is very likely to increase and the rate of return on capital will fall. This would mean the wage losses, capital income increases, and immigration surplus would eventually disappear.⁴⁹

Immigration and Technology Change

The NAS report also states that immigrants with high levels of technical and scientific education spur technological innovation which may “increase productivity of natives, very likely raising economic growth per capita.” The number of patents produced is used as a proxy for technological change.

It is true that immigrants with a college degree are twice as likely as U.S. born college graduates to obtain a patent. (This difference in patenting occurs because college educated immigrants are more likely to have degrees in science and technology than are college graduates born in the U.S.) However, only 12.4 percent of recent immigrants have a STEM (science, technology, engineering or math) degree, and only one third of those (or four percent of all immigrants) are employed in a STEM occupation.⁵⁰ Overall, less than one percent of immigrants produce patents.⁵¹ Thus the overwhelming majority of the millions of immigrants arriving in the U.S. each year are irrelevant to technological change and accompanying productivity increases.

Conclusion

The current population of illegal aliens imposes substantial net fiscal costs of between \$84 and \$94 billion per year on U.S. taxpayers. The border security and immigration policies established by the Biden administration have caused a dramatic and precipitate rise in the flow of illegal aliens into the U.S.

More than 4.5 million new illegal migrants have entered the U.S. and taken up residence since the start of 2021. If these policies remain in effect, the illegal alien population will continue to grow rapidly, reaching at least 19 million persons by 2028. Net fiscal costs would rise to at least \$127 billion per year.

⁴⁹ The immigration surplus theory should not be construed to mean that immigration will cause a permanent decline in wages. In the long term, the wage loss and immigration surplus will disappear. On the other hand, a disproportionate inflow of low skill workers is likely to permanently depress low U.S. born wage relative to high skill wages.

⁵⁰ Rector, Hall, op. cit.

⁵¹Historically, two percent of college educated immigrants have been granted a patent, compared to one percent of college educated U.S. born workers. Since some 36% of foreign born workers have a college degree or better, this implies that slightly less than one percent of foreign born workers receive patents. Jennifer Hunt and Marjolaine Gauthier-Loiselle,” How Much Does Immigration Boost Innovation?” *American Economic Journal: Macroeconomics*, April 2010, p 38.

In addition, the Biden administration has continually promoted amnesty for illegal aliens. This would lead to even greater future costs by giving present illegal aliens full eligibility to all welfare, Social Security benefits and Medicare. Analysis based on National Academies of Science figures indicate that amnesty of the current illegal alien population would impose long-term costs of around \$4.2 trillion (in 2022 dollars). These costs, however, would be only a small down payment as both current policies and amnesty will incentivize ever larger illegal alien inflows in future years.

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