

IMMIGRATION: THE REVENUE GENERATED

BY UNDOCUMENTED IMMIGRANTS

THESIS

Presented to the Graduate Council of
Texas State University-San Marcos
in Partial Fulfillment
of the Requirements

for the Degree

Masters of ARTS

by

Sylvia Gonzalez, B.A.

San Marcos, Texas
August 2008

COPYRIGHT

by

Sylvia Gonzalez

2008

ACKNOWLEDGEMENTS

I would like to take this opportunity to thank my committee members for their insight and guidance on this project. Thank you to my Committee Chair, Dr. Robert Gorman, for agreeing to undertake a leading role in this endeavor, to Dr. Theodore Hindson, my gratitude and appreciation for all your assistance in helping me continue this project and many thanks to Dr. William Stouffer for his encouragement, accessibility and beneficial guidance throughout this project.

This manuscript was submitted on June 19, 2008.

TABLE OF CONTENTS

	Page
ACKNOWLEDGMENTS	iv
LIST OF TABLES	vi
CHAPTER	
I. INTRODUCTION: IMMIGRATION	1
II. SEDUCED BY THE AMERICAN DREAM	7
III. REVENUE GENERATED BY UNDOCUMENTED IMMIGRANTS.....	17
Taxes Paid by Undocumented Immigrants	20
Remittances and the Underground Economy	29
IV. HEALTHCARE AND PUBLIC SERVICE CONCERNS.....	33
Economic Impact at the State and Federal Level.....	36
V. CONCLUSION.....	52
WORKS CITED	55

LIST OF TABLES

Table	Page
A.1 Main Reasons for Immigrating Among Undocumented Latino Adults in Four U.S. Cities, 1996-1997	35
A.2 Estimated State Revenues and Costs of Undocumented Immigrants	38
A.3 Estimated State Medicaid Expenditures for Undocumented Immigrants, 2000 and 2005.....	48

CHAPTER I

INTRODUCTION: IMMIGRATION

From the rhetoric in the political campaigns of 2008, regarding immigration flows into the United States, one would think of immigration as a new twenty-first century phenomenon; but it is not. The immigration and migration of individuals is a recurring phenomenon throughout human history in all parts of the world. In the Americas the period from 1492-1776 was full of migratory expeditions by Europeans in search of wealth and change. Migration to the Americas began and continued at a steady and undeterred pace; countries such as Britain, France and Spain were all collectively vying for new unconquered territory and personal freedoms with little regard for the ethnic groups that inhabited the land and thought of the land as their own territory; although the inhabitants themselves were products of previous migratory movements.

Hence, the ubiquity of issues related to immigration in the United States can best be described as cyclical occurrences. Immigration per se has not ended. What has occurred is that the era of undocumented migration has ended and new government migration policies have been enacted to control immigration between states. After World War I, governments acknowledged that tighter control over their borders was imperative in order to provide for the security of their citizens. In an effort to restrict immigration in and out of states, policies requiring visas and passports became the norm allowing states to gain

stricter control over movement of people across borders. In essence, migration from one country to another has not ended, the change that has occurred, is in the necessary immigration requirements to enter into a foreign state, hence, stricter immigration policies.

Native American groups that settled the Americas prior to European colonization were some of the first groups exposed and excluded from national immigration policies. In support of this, Donna R. Gabaccia contends that “the Articles of Confederation placed Indians firmly outside the nation, ignoring their status as natives of America...In determining Congressional representation for the new USA, the Constitution explicitly prohibited census takers from counting ‘Indians not taxed’ as part of the nation” (Gabaccia 2002, 59).

With this in mind, it should be noted, that as the United States matured and solidified its sovereignty in the Western Hemisphere attention shifted from those groups already settled within United States boundaries to outside foreign groups immigrating to the United States. The 1820s saw the first sizeable wave of Irish immigration to the United States, they were soon followed by the Germans and the Chinese in the 1850s and the European Jews and Italians by the end of the nineteenth century. Different from most emigrating groups were the Japanese who first sought to immigrate to the islands of Hawaii and then transition to the mainland in the late nineteenth and early twentieth century.

In contrast to the ethnic groups emigrating from Europe and Asia, Mexican and Spanish natives at one time settled and owned the territory now known as the Southwest region of the United States (Texas, California, New Mexico, Nevada and Arizona). Since

the arrival of Cortes in 1519, this territory had been a coveted piece of land for many centuries. “Just as the atmosphere of fifteenth-century Spain helped to mold the ruthless nature of the exploring Spaniards, so, too, did it shape their desire to find riches and amass fortunes” (Calvert and De Leon 1996, 10). The Spanish conquerors not only brought with them their desires for riches, they also brought with them European diseases that were foreign to the indigenous population causing numerous deaths and a decline in the population. As a result of the decline in the indigenous population due to disease, and factors such as the difference in weaponry sophistication, the Spanish conquerors managed to convert the indigenous territory into a Spanish colonial power. It was not until after the fall of the Spanish Monarchy, and as a result of the Napoleonic wars that Mexico was able to proclaim its independence in 1821.

Just as Mexico had declared its independence from Spain and had begun to establish itself as an independent nation, immigration to Mexico from the United States began to grow at a rapid pace. However, Americans were not willing to assimilate into the Mexican culture, they “did not arrive in Texas with open minds concerning the native Tejanos: their two-hundred year experience with ‘different’ peoples had so shaped their psyche that their immediate reaction was negative rather than positive” (De Leon 1982, 11). The separation in communities led to hostilities between Mexico and the United States eventually leading to the 1836 battle at the Alamo. This battle ultimately culminated into the Texas Revolution and resulted in Mexico losing control of its territory. Texas was annexed into the United States in 1845.

The annexation of Texas into the United States resulted in most Mexican and Spanish ethnic groups being considered United States citizens. However, many people of

Hispanic descent were excluded from nationalization and were considered immigrants to territory that at one time was familiar and full of familial nostalgia. Natives that at one time had been prominent community members in Mexico now found themselves occupying foreign land. In *The Tejano Community 1836-1900*, De Leon expands on this analysis by stating “Tejanos had come to live in world where just about everything from their skin color to their cultural ways evoked perverse racial responses” (1982, 22). Consequently, as a result of the annexation most native landowners found themselves overtaken by the Anglo upper-class elite.

As evidence from the migration of multiple diverse ethnic groups, immigration is obviously not a new twenty-first century phenomenon for the United States. Immigration has been and continues to be a perennial bureaucratic issue that reveals the complications associated with United States domestic and foreign policies. The immigration of ethnic groups cannot be considered a strictly modern issue, nor should the anti-immigration opposition or the attempts at immigration reform be considered new.

Though the history surrounding previous immigration reform and immigration opposition is critical to any immigration study, the focus of this paper is not to explore the disenfranchisement of certain anti-immigrant groups or policies, but to assess the economic impact of immigration at the state level. As a result, residual concerns such as tighter control over the United States borders, the potential threat to national security and the insidious propagandizing by the network media will not be explored or discussed. The intent is to note the limitations of the research and to specify the intent of this thesis.

The objective is to provide an impartial analysis of the revenue generated to state and federal budgets by undocumented immigrants. However, a calculated absence in the

research should be noted, the economic impact to private sector budgets will not be examined. This is a result of imprecise data regarding the number of undocumented immigrants in the local economy and the vastly variable estimates on consumption of goods at the local level versus local tax contributions. In the analysis, I will seek to determine to what extent immigrants generate revenue for state and federal governments on one hand, and on the other how undocumented immigrants may drain public budgets. Research to determine the economic impact of undocumented immigrants will consist of previous studies at the state and federal level. This thesis will include research based on data published by the United States Census Bureau, the United States Senate Congressional Budget Office (CBO), United States Congress General Accountability Office (GAO), Internal Revenue Service (IRS) and the United States Department of Commerce in quantifying the positive economic impact to the economy.

The research focuses on four main areas in determining the economic impact of undocumented immigrants. Chapter Two will discuss the seduction and allure of the American dream. The chapter will explore why immigrants choose the United States over other industrialized nations. Chapter Three examines the revenue generated by undocumented immigrants through the system of taxation. The chapter will highlight revenue generated from state sales and federal taxes with an emphasis on what groups actually benefit from the unrecognized windfall of these taxes.

Chapter Four will focus on the fiscal impact to healthcare, education and law enforcement agencies by undocumented immigrants. The chapter will conduct a parallel examination of the estimated costs to states for providing such services to undocumented immigrants; the examination will be coupled with a review of the revenue generated

through taxation as a possible recourse for off-setting state expenditures. Chapter Five will conclude the analysis and will discuss the fiscal impact undocumented immigrants have on states by way of the revenue they generate versus state and federal expenditures for the social services they utilize. Statistical information and data from a variety of sources will be the determinants on the economic impact of undocumented immigrants at the state and federal levels.

CHAPTER II

THE ATTRACTION OF THE AMERICAN DREAM

With the rapid growth of globalization, what draws immigrants to the United States? What are the factors that lure undocumented immigrants to risk incarceration and deportation? Does the seduction of the American dream entice immigration? “Will they become American, loyal to the ideals and habits and values that have historically held the nation together?” (Jacoby 2004, 5). “These are questions that are central to an understanding not just of the immigration flows of the last two decades but of the future influx from abroad, and of how American society will evolve and change in the coming centuries” (Clark 2003, 1). Simultaneously, there are numerous determinants that propel people to migrate to the United States instead of other industrialized nations. With this in mind, the central focus of this chapter is to explore the allure of the American dream and the factors that entice immigrants to pursue ‘their dreams’ in the United States.

How does one define the American dream? More central to this question is what factors contribute to immigrants pursuing the American dream? This last question has the potential of producing countless responses that are contingent on the individual asked, the economic condition of the individual and the personal intent of the individual. Still, for many immigrants, the United States offers hope, and the opportunity to contribute to

society while at the same time being a productive member of society. This is all coupled with the intent of obtaining economic stability and security.

Moreover, for many immigrants the American dream is perpetuated by factors out of the immigrant's control. For many immigrants the desire for economic and political stability forces them to pursue endeavors outside their homeland. Additionally, "there are push and pull factors that are at the nexus of immigration. Push factors include poverty, civil war, famine and political repression which propel people across frontiers" (Martinez 2004, 7). For instance, poverty, civil war and repression have been push factors that propel Haitians to seek stability and a sustainable source of income from their neighbor, the Dominican Republic and throughout the Caribbean and the United States.

Pull factors "refer to those economic and political forces that operate like a magnet drawing immigrants to the United States" (O'Neill 1992, 16). For example, pull factors include employment opportunities for immigrants, while benefiting the host state with cheap labor or the hope of participating and sharing in democratic beliefs. In spite of this, for most immigrants the pull factor is "the dream to do better...the dream of improving their lot, of doing better" (Clark 2003, 3). Douglas S. Massey reaffirms this by stating "just as before, today's immigrants come to the United States to work hard, get ahead and enter the American mainstream" (Jacoby 2004, 111).

Likewise, William A.V. Clark recognizes that "two elements are threaded through the American dream, a belief that there is a fair chance of succeeding and ample opportunities to do so. Everyone has a chance, the opportunities are there, and hard work will be rewarded" (2003, 4). Clark also acknowledges that despite the ample opportunities available, immigrants face "constraints and discrimination in the system

which prevent some from achieving their dreams...however, the enduring belief that effort will be rewarded is clearly a motivating force for so many of the new immigrants” (2003, 4). For the immigrant, the acknowledgment of unknown constraints such as deportation or incarceration do not serve as a deterrent, especially when there is the possibility of earning a potential wage; the ultimate goal.

The United States seemingly offers some immigrants a chance to achieve success both at an economic and personal level. Immigrants with geographical propinquity to the United States gain entry into the United States more often and at higher rates than immigrants from Europe and Asia. The geographical location of the United States is an important factor for those considering immigrating as a result of push and pull factors in an immigrant’s homeland. However, for some immigrants who cross the Pacific or Atlantic Ocean and are able to endure the long arduous journey from their homeland, reaching the United States only half fulfills their quest for success.

Min Zhou recounts the following responses from Asian immigrants on why they selected the United States for emigration: “When asked what they expect of life in America, these new immigrants say they want to be like average Americans. They want to find high-paying jobs, own their homes, raise children who are more educated and prosperous than themselves and enjoy a secure retirement” (Jacoby 2004, 143). Much like the Asian response, Pete Hamill, a child born to Irish immigrants, recalled why his mother who arrived from Belfast in 1929 sought refuge in the United States, “It was the simple promise: here everything is possible, if only you work” (Jacoby 2004, 175).

In *Immigrants and the American Dream*, Clark expands on his discussions and research with immigrants and their preference for the United States over other

industrialized nations. The motivation professed by an Italian immigrant is simple and to the point, “If I am to be frank, then I shall say that I left Italy and came to America for the sole purpose of making money...America was the land of opportunity” (2003, 3). The common theme of America as a source of opportunity and wealth is reiterated by a young female Mexican hairdresser who discusses her decision to seek out the United States, “There were few prospects for improvement, and in the end it is the elusive search for improvement that is at the heart of the dream” (Clark 2003, 3). Thus, the pull factor of obtaining economic rewards is inherently tied to hard work which resonates within immigrant communities.

Furthermore, pull factors are not ideologically specific; they traverse across gender, age and race classifications. Rubén Martínez writes of two eighteen year old athletes from the Dominican Republic who establish themselves as the top prospects for the Los Angeles Dodgers; José García and Ricardo Rodríguez. Both young men dream about baseball in America and the large salaries that come with playing the game. Yet their utopian vision is not solely rooted in their individual desires; they are “working class kids with not only their own dreams and desires but also those of their families, their neighborhoods, and their entire country propelling their bodies toward perfection” (Martínez 2004, 116). Pull factors are enormously complex and demanding for these young athletes; not only are they responsible for achieving their own dreams, but also fulfilling the dreams of their families and their local community.

Ultimately, José García and Ricardo Rodríguez are duty-bound to perform above the rest of the competition in their quest to succeed in America, success being their only viable option. Furthermore, pull factors are greatly influenced by economic conditions in

an immigrant's native land. This one factor, results in immigrant human capital being sufficiently available at professional and in low-skilled, low-paying jobs. Clark expands on the concept of human capital by stating that "the flows of immigrants with significant accumulations of human capital are a direct response to the restructuring of the American economy to emphasize both high-level and basic services" (2003, 21). The argument can thus be made that from a fundamental perspective the American economy is reliant on immigrants in both the professional and service sector.

As the American economy expands and globalizes, immigrants are drawn to emigration by opportunities in both the professional and service sectors. As the professional sector develops through entrepreneurship, the globalization of industries and through a high degree of expertise and other tangible facets the need for service sector employees is augmented. Immigrants in the service sector industry are thus a necessity "...to tend lawns, care for children, park cars, and wash dishes in the new restaurants that have sprung up to cater to this new high-end population" (Clark 2003, 21). Hence, immigrants who fill the employment gap within the service sector indirectly contribute to the success sought by immigrants in professional sectors.

A more skeptical view would argue that "mass immigration reduces wages among unskilled workers and drives low-income workers from high-immigration areas" (Roleff 1998, 79). This view contends that regardless of what induces immigration; unskilled immigrants can inadvertently depress wages for American workers. Unskilled American workers are caught in a cyclical process which ultimately results in lower-paying jobs manifested by the continuous influx of unskilled immigrants. Additionally, "if poor but

employed immigrants move into a neighborhood and crowd together in marginal housing, the local community may register a worsening of local conditions” (Clark 2003, 23).

In contrast to the skeptics view, George J. Borjas, Professor of Economics and Social Policy at the Harvard Kennedy School of Government argues “that the current immigration of large numbers of low-skilled workers benefits the native population because immigrants take jobs that natives do not want” (Jacoby 2004, 200). Proponents of nativism contend that American inhabitants should be favored in the employment sector over immigrants; however, natives routinely refuse to accept employment when working conditions and compensation do not meet certain standards. Consequently, the sense of nativism amongst some Americans can at best be described as selective.

With nativism a legitimate concern, Borjas discusses the cyclical immigrant process of low-skilled, low paying jobs by stating the following:

In fact, less-skilled immigrants make up large parts of the low-paid service, manufacturing and agricultural industries. In this view, as the skills of immigrants become more like those of natives, it becomes less and less likely that immigrants will want those undesirable jobs. Hence the presumed economic gains to the host country from immigration will eventually vanish. Only a continuous replenishment of the low-skilled immigrant population can halt the decline of economic well-being (Jacoby 2004, 200).

The contention is that immigrants will assimilate into main stream America and no longer covet low-skilled, low-paying jobs. Those low-skilled, low-paying jobs will be sought by incoming immigrants in search of economic stability. Therefore, this researcher contends that this particular cycle does not alleviate the poverty experienced by unskilled American workers. The immigration process continues to exclude low-income socio-economic individuals from the workforce by favoring ‘new’ low-wage immigrants in the workforce, consequently forcing low-skilled, low wage Americans out of work.

The exclusion and disenfranchisement of low-skilled, low-wage American workers is not a twenty-first century occurrence brought on by mass global immigration.

Immigrants who emigrated “during the twentieth century were less-skilled workers, but their arrival coincided exactly with the emergence of the American manufacturing sector” (Jacoby 2004, 205). During this era, low-skilled immigrant workers were commodities that were unorganized and exploited through low wages and grueling work hours. But to the immigrant, a steady income translated into the ability to provide food and shelter for oneself and family members.

Even with the success experienced by immigrants in the twentieth century, “it is unlikely that today’s less-skilled immigrants will find the same opportunities for economic assimilation that their counterparts enjoyed a century ago” (Jacoby 2004, 206). A direct loss of employment opportunities is associated with immigrants being confronted with the outsourcing of jobs that up until recently were theirs to monopolize. Add the steady decline in the manufacturing sector, and today’s immigrants are not only competing with other low-skilled immigrants but also with low-skilled Americans.

Moreover, as immigrants transition and assimilate to new surroundings, many begin to reassess the potential consequences of pursuing stability in the United States. For many immigrants, family, friends, cultural norms and customs have been left behind, and new norms and customs must be acknowledged. If one adds undocumented immigrants to the nuance of the situation, the fear of deportation and incarceration, and the desire of eventually returning home can alter one’s perspective of immigrating to the United States.

Jon Gjerde recounts the experience of Carlos Almazán, a Mexican native living in the United States and his desire to return to his homeland. As a consequence of the Mexican Revolution and the devaluation of the Mexican peso, Carlos Almazán, a butcher and fruit salesman in Mexico City, was forced into bankruptcy. His best option was to leave his native land to seek assistance from his brother in the United States. “My brother told me to come to the United States and that perhaps here I could again make my fortune” (Gjerde 1998, 349). Upon his arrival in the United States, Almazán found himself working harder while earning considerably less than he had in Mexico: “...I have spent the hardest days of my life; it is here where I have worked the hardest and earned the least” (Gjerde 1998, 350). For Almazán, the desire to survive and prosper in mainstream American was illusive and difficult to realize. Like many immigrants without viable options, Almazán “...has one foot in the stirrup, ready to go back to Mexico” (Gjerde 1998, 350), but lacks the monetary resources to return to his native land.

In the same manner that Carlos Almazán found success difficult to attain, Maria Tovas, an immigrant from Greece who arrived on Ellis Island in 1920 recalled her first years in America and the consequences she faced as a new immigrant:

I lived there, Lowell Massachusetts for three years. I found a job in a fabric mill. Then I went home each night with food to cook for the boys, and then wash the dishes and then wash the clothes. Each boy brought me underwear to wash. “I didn’t come here to wash them clothes,” I said to my brother. “You better buy me a ticket back home...American was not a paradise” (Wepman 2002, 263).

Tovas was forced to reassess her journey from Greece and assess the consequences of immigrating to the United States. She was met with deficient working conditions and low-skilled, low-paying jobs. To Tovas, America was not the land of opportunity she had initially envisioned.

Almazán and Tovas, like many immigrants were forced to immigrate as a result of push and pull factors within their homeland, but their inability to transition and succeed in a new culture proved to be daunting and laborious. Both were forced to reassess their commitment at a new life in America, while struggling with the consequences of being immigrants in a foreign land. Two inferences can be drawn from these two cases. First, was it the inability of Almazán and Tovas to comprehend the culture and ideals of America that led to their disappointment? Or, secondly, was it the inability to fully embrace American norms and values that are deeply rooted within American society that hindered their assimilation? Regardless of their inability to realize the economic and political stability, one thing is apparent, both Almazán and Tovas were drawn to the United States by push and pull factors out of their control.

Hence, immigration to the United States is perpetuated by factors such as the global economy and political inequality, which for the most are out of an immigrant's control. Thus, push and pull factors do contribute to the mass migration of immigrants in search of equality and security. These factors are a key source in answering why immigrants from various geographical regions seek out the United States for possible success. The lure of economic security and prosperity is made possible by the belief that in America, people have ample opportunities to succeed if they are willing to work long and hard, in hope of improving their current circumstances. Yet, skeptics contend that the dream immigrants have is within their control and immigrants themselves make choices to escape certain factors and fulfill others. Skeptics do recognize that certain obvious factors such as the global economy and immigration law are out of the control of immigrants, but they argue that immigrants to a loose extent are free to act.

Furthermore, with the rapid growth of globalization, the United States offers immigrants at the professional and service sector levels opportunities to be productive members of society. Through entrepreneurship and the expansion of American capitalism, immigrants are able to provide the human capital that is necessary for developing city, county and state infrastructures. Push and pull factors and the need for human capital lure immigrants to the United States. However, the desire for economic and political stability is not inherently immigrant based or driven; American businesses at the local, state and national levels are also aware of the human capital that is in ample supply.

CHAPTER III

REVENUE GENERATED BY UNDOCUMENTED IMMIGRANTS

The debate regarding the fiscal impact of undocumented immigrants in the United States tends to fluctuate depending on the type research that is being conducted. Part of the fluctuation in estimating the actual economic impact of undocumented immigrants is the scope of the research itself. According to the Center for Research on Immigration Policy at the RAND Corporation, there is “disagreement on such basic parameters as the number of immigrants, their incomes, and their tax rates...” within immigrant studies (Vernez and McCarthy 1995, 1). Additionally there are questions regarding the size of the studies, is the research geared towards data at the local, state or national level? Is the research targeting government services such as Medicare, Medicaid, Social Security or food stamps? If the research is at the local level, are local taxes such as sales and excise taxes being considered? Or is the research solely focused on the economic impact to local education and healthcare systems?

As one can see, estimating the economic impact of undocumented immigrants can be difficult to determine due to multiple variables that can be used or excluded within a complex equation. Thus, in an effort to define the parameters for determining the revenue generated by undocumented immigrants, this chapter will explore the use of invalid identification numbers and the taxation benefits at the national and state level.

The last portion of the chapter will briefly touch on remittances or ‘personal transfers’ and the underground economy of undocumented immigrants. The focus at the national level is a direct result of invalid identification numbers being utilized by undocumented immigrants on Form W-4 which is required for all legal taxpayers under section 6109(a) of the Internal Revenue Code. Subsequently, employers report the unknown invalid identification numbers on Form W-4 to the Internal Revenue Service in order to report employee wages on Form W-2.

When a mismatch of identification numbers is discovered by the Internal Revenue Service the taxpayer is not pursued by the Internal Revenue Service. This is a result of “Treasury Regulation § 301.6109-1 and section 6103 of the Internal Revenue Code which mandates strict confidentiality of tax returns and return information, and prohibits disclosure of information obtained by the IRS through the W-7 application to other government agencies, private entities, or citizens” (Lipman 2006, 22). However, the Internal Revenue Service can take action against the employer who submitted Forms W-2 with invalid identification numbers. According to Professor of Law, Cynthia Blum, “the employer can be subject to penalty under section 6721, but the IRS has similarly not pursued penalties against such employers because it would be impossible to prove that the employer did not have reasonable cause to believe that the SSN was valid” (2007, 2).

Individuals apprehended outside of the purview of the Internal Revenue Service and who are in possession of unauthorized identification numbers are subject to the following penalties outlined by the Social Security Administration. Note that the apprehension of an undocumented immigrant could be the result of a traffic citation where an officer suspects an illegal status.

It is a felony to ...willfully, knowingly, and with intent to deceive the Commissioner of Social Security as to his true identity (or the true identity of any other person) furnishes or causes to be furnished false information to the Commissioner of Social Security with respect to any information required by the Commissioner of Social Security in connection with the establishment and maintenance of the records provided for in section 405(c)(2) of this title. Violators of this provision, Section 208(a)(6) of the Social Security Act, shall be guilty of a felony and upon conviction thereof shall be fined under title 18 or imprisoned for not more than 5 years, or both (Social Security Administration).

Additionally, undocumented immigrants face both incarceration and deportation as a result of possessing false information in an attempt to deceive others.

With this in mind, since immigration is not a new twenty-first century phenomenon, the question that should be examined is, what led undocumented immigrants to begin using invalid identification numbers when seeking employment? Studies seem to agree that the 1986 enactment of the Immigration Reform and Control Act was instrumental in forcing undocumented immigrants to utilize invalid identification numbers.

The Act redefined the issue surrounding illegal immigration and employers who hired illegal immigrants in the United States. The Immigration Reform and Control Act solidified two key principles. First, the act required employers to verify the employment eligibility of individuals working in the United States. This was done as a means to prevent employment of undocumented immigrants; hence, employers were tasked with scrutinizing identification documents provided by potential employees. The act continues to require that employers only hire United States citizens, legal immigrants and United States nationals.

Secondly, the act “also offered a one-year amnesty period during which undocumented aliens who had remained in the United States since before 1 January 1982 might apply for legalization” (Mitchell 1992, 17). Although the 1986 Act was significant

in altering the way employers hired potential workers, in Carlos Rico's analysis he states that "changes in the most important rules governing legal immigration to the United States would wait until 27 October 1990, when Congress finally passed what some observers considered 'the first comprehensive revision of legal immigration laws in 66 years' signed into law by President Bush on 29 November 1990" (Mitchell 1992, 251). The revisions allowed for foreign policy interest, economic interest and concerns regarding immigrant assimilation and criminal issues. Therefore, as a result of the Immigration Reform and Control Act on 1986, undocumented immigrants were forced to begin providing authenticating identification in regards to their legal status in the United States when seeking employment.

Taxes Paid by Undocumented Immigrants

The purpose of this section is to determine the fiscal impact of undocumented immigrants in the United States. Emphasis will be placed on the revenue generated through taxation at that state and national level, the fiscal impact to healthcare, education and law enforcement will not be analysis in this chapter, but will be evaluated in the subsequent chapter. The implications are that undocumented immigrants negatively affect the American economy by consuming social services while not contributing to the tax structures at the state or national level. Moreover, the general consensus is that American taxpayers continually fund social programs utilized by undocumented immigrants. In support of these assertions, "Briggs argues that immigrants participate in the labor force and consume public services which are financed by tax payers" (Kposowa 1998, 3). In contrast with Briggs argument, Professor of Law, Francine J. Lipman sums up the conjecture by stating the following, "the widespread belief is that 'illegal aliens'

cost more in government services than they contribute to the economy. This belief is demonstrably false.” (2006, 1-2).

Lipman supports her assertion by stating that “every empirical study of illegals’ economic impact demonstrates the opposite...; undocumented actually contribute more to public coffers in taxes than they cost in social services” (2006, 2). Moreover, Michael A. Olivas, in *Preempting, Preemption: Foreign Affairs, States Rights, and Alienage Classification*, supports Lipman’s findings by affirming “that virtually all the thorough and non-partisan studies show the same result and corroborate the conclusion that tax revenues from undocumented immigrants exceed the cost of government services” (Lipman 2006, 2). In addition, Julian L. Simon with the Cato Institute concurs with Lipman and Olivas’ conclusions by noting “that on balance...natives exploit illegal immigrants through the public coffers by taking much more from the illegals in taxes than is spent on them in public expenditures” (Lipman 2006, 2).

Lipman’s assertion that undocumented immigrants’ do positively contribute to the national economy and do not drain social service resources is supported by other non-partisan researchers such as Michael A. Olivas, Julian L. Simon, Rebecca L. Clark and Jeffrey S. Passel. While not the focus of this paper, some research does seem to indicate that costs at the local level for providing social services to undocumented immigrants is much higher than at the national level. Former Texas Comptroller, Carole Keeton Strayhorn estimated that “costs to hospitals not reimbursed by state funds totaled \$1.3 billion in 2004. Similarly, 2005 local costs for incarceration were estimated to be \$141.9 million” (2006, 20). The fiscal impact to healthcare and the legal system will be analyzed in subsequent chapters.

In research conducted in 2005, data revealed that “each year undocumented immigrants add billions of dollars in sales, excise, property, income, and payroll taxes, including almost \$3 billion annually in Social Security, Medicare and unemployment taxes, to federal, state and local coffers” (Lipman 2006, 5). Additionally, research conducted by Passel and Clark in 1996 found that “undocumented immigrants in Illinois paid more than \$1.2 billion in federal, state and local taxes annually” (1996, 35-36). This coincides with Clark’s 1994 study which found that,

In seven states (Arizona, California, Florida, Illinois, New Jersey, New York, Texas), representing eighty-six percent of the undocumented immigrant population, \$1.9 billion in sales, property and state income taxes were collected, which represented only about forty percent of the state and local tax revenue for 1992 (1994, 132).

Furthermore, Romero, Chang and Parker’s 1994 study also coincides with Passel and Clark’s findings that undocumented immigrants generate revenue through taxation.

Romero, Chang and Parker’s 1994 research concluded that undocumented immigrants did positively impact the tax revenue stream for the state of California. The study included a list of taxable public services provided by California, indicating that undocumented immigrants did generate revenue through income tax, sales tax, excise taxes, gasoline, and lottery and vehicle registration taxes. Moreover, in 1993 Parker and Rea conducted a study to determine if undocumented immigrants did indeed generate revenue for the city of San Diego and the state of California. Rae’s study concluded that undocumented immigrants in San Diego did generate local and state revenue through income tax, sales tax, excise taxes, gasoline, and lottery and vehicle registration taxes. Undocumented immigrants also contributed to state unemployment coffers as well as employment training tax and state disability insurance.

Despite the conclusions reached by Romero, Clark and Passel, disagreement on the actual amount of taxes paid by undocumented immigrants exists amongst researchers due to the lack of uniform parameters. Moreover, a skeptical view of immigration would argue that undocumented immigrants are recipients of earned income tax credit (EITC) benefits, transfer payments such as food stamps, and that the actual amount contributed to federal taxes is minimal compared to the services they use and receive. The fiscal impact to EITC benefits will be discussed later in this chapter and the fiscal impact to social services will be discussed in the subsequent chapter. Evidence of revenue generated through tax contributions by undocumented immigrants is made somewhat possible by policies and procedures established by the Internal Revenue Service. “Since the enactment of the Revenue Act of 1913, the federal government has subjected non-U.S. citizens residing in the United States (with or without documents) to income tax in the same manner as U.S. citizens” (Lipman 2006, 18).

As a means to provide undocumented worker’s a method in which to report taxes and file returns the Internal Revenue Service created individual taxpayer identification numbers known as (ITINs) or Form W-7.

The IRS issues ITINs to individuals who are required to have a U.S. taxpayer identification number but who do not have, and are not eligible to obtain a Social Security Number (SSN) from the Social Security Administration (SSA). ITINs are issued regardless of immigration status because both resident and nonresident aliens may have U.S. tax return and payment responsibilities under the Internal Revenue Code (Internal Revenue Service, 2008).

According to Internal Revenue Code §7701(b)(1)(A) non United States Citizens (undocumented immigrants) residing in the United States who have earned wages are classified as resident aliens and are subject to the same tax laws as United States citizens.

Lipman states that tax classification for undocumented immigrants “begins on the first day of physical presence in the United States, and will continue until an individual becomes a U.S. citizen or leaves the United States...” (2006, 19). Thus undocumented immigrants are considered resident aliens solely for tax purposes.

Cynthia Blum Professor of Law and Co-Director of the Rutgers Federal Tax Clinic asserts that “when a tax return with an ITIN is filed by a resident alien and shows wages earned in the United States, it is logical to conclude that the taxpayer is an unauthorized worker...” (2007, 1). Blum’s conclusion has merit as a result of tax returns being filed with issued individual taxpayer identification numbers, but the identification numbers do not match the social security numbers utilized on Form W-4 by the same undocumented worker.

The Internal Revenue Service requires that all employees complete Form W-4 Employee’s Withholding Allowance Certificate as part of an employers wage and withholding reporting processing. Form W-4 requires employees to have a valid social security number. This requirement poses a problem for undocumented immigrants who are not eligible for issuance of a social security number. Eligibility requirements for social security numbers are set-forth by the Social Security Administration which state that individuals “must prove their U.S. citizenship or immigration status, age and identity” (Social Security Administration 2008) in order to have a social security number issued.

As a result of the inability of undocumented immigrants to be issued a valid social security number, undocumented immigrants resort to providing invalid social security numbers on Form W-4. Employers are then responsible for reporting an employee’s

social security number and wages on Form W-2 Wage and Tax Statement. However, Form W-2 will reflect the invalid social security number that was provided on Form W-4. This results in a mismatch situation between an employees issued individual taxpayer identification number (ITIN) on Form W-7 and the invalid social security number provided on Forms W-4 and W-2.

Consequently, millions of W-2 forms with invalid social security numbers are filed annually by employers to the Internal Revenue Service. According to Blum's research,

For the taxable year 2004, there were 7.9 million Forms W-2 'where there was no valid name and SSN number match,' with more than half of these in the states of California, Texas, Florida and Illinois; approximately \$53 billion in wages were reported on these Forms W-2 (2007, 2).

Furthermore, Lippman's study concluded that "in 2003, the government collected an estimated \$7 billion in Social Security taxes or approximately one percent of overall revenue, from 7.5 million workers with mismatched SSNs, and their employers" (2006, 24). Thus, from a revenue recognition perspective, undocumented immigrants do generate revenue through their use of mismatched tax identification numbers. However, a noticeable absence in Lipman's study must be noted, the research did not account for revenue generated through sales, excise, property or income taxes. Consequently, a true estimate of revenue recognition directly attributed to undocumented immigrants is unknown.

The administrative cost of conducting immigration research is staggering. As early as 1991, researchers attempted to quantify the fiscal impact of undocumented immigrants to local economies but were hindered by the cost and magnitude of the studies. As a result of the high cost of conducting these studies, a more limited form of research to determine tax filings and payroll deductions by undocumented immigrants was conducted by

DaVanzo, Hawes-Dawson, Valdez and Vernez in 1991. The researcher's goal was to determine the actual rate of tax filing and payroll deductions for specific immigrant and undocumented groups. The study was conducted with interviews with Salvadoran and Filipino immigrants. The first item the study revealed was the disparity in average annual wages between Filipino immigrants and Salvadoran immigrants. The average salary for Filipino immigrants was \$47,315 while the average Salvadoran salary was \$11,567. More interesting was the fact that regardless of the average annual income between the two groups, undocumented Salvadoran immigrants consistently filed tax returns and continued to have deductions taken from their paychecks. In addition, it should be noted, that by virtue of the progressive features of the tax system the less annual income an immigrant earns (regardless of legal status), the less the immigrant will contribute to the tax system at any level.

Moreover, legal immigrants can qualify for earned income tax credit (EITC), but generally undocumented immigrants do not qualify for EITC. "Congress decided that individuals who are not authorized to work in the United States should be denied EITC benefits" (Lipman 2006, 17). In addition, Congress amended the Internal Revenue Code "to require that any taxpayer (and, if married, her spouse) and each qualified child must provide a valid Social Security Number (SSN) to receive any EITC benefits" (Lipman 2006, 22). However, as a result of how EITC was enacted and certain loopholes that exist, undocumented immigrants can potentially qualify for EITC. Based on Lipman's analysis, citizen parents and their U.S. children must have valid SSNs issued to qualify for EITC, but if the parents have SSNs, but the children do not have a SSN, the family does not qualify for EITC. "However, if the same family has one child with a SSN and

one child without an SSN, but with an ITIN, the family can qualify for EITC benefits for a married couple with one qualifying child” (Lipman 2006, 21).

The largest loophole identified by Lipman states the following according to Internal Revenue Code § 32 (m), “a taxpayer with a SSN that authorized work when issued, but that is no longer valid for employment, will qualify for EITC benefits. The provision requiring a SSN on the tax return does not require that the SSN be currently valid for work or residence in the United States” (2006, 22). As a result, undocumented immigrants could seemingly be receiving EITC benefits based on the loopholes identified. As a result, one could contend that any EITC benefits received by undocumented immigrants may partially offset the revenue generated through the taxation system.

Studies regarding the economic impact of undocumented immigrants to the United States have not been uncommon in past decades. In 1977, Vic Villalpando and Associates in conjunction with the Human Resources Agency of San Diego County “estimated that the use of locality services by undocumented workers cost about 2 million dollars per year, while taxes withheld locally on wages during the same period amounted to 48.8 million dollars” (Mitchell 1992, 241). Essentially, research data have continued to provide evidence that undocumented workers in the three previous decades have monetarily contributed to state and federal coffers.

Moreover, Lopez also states that in a 1980 study of San Diego County research determined that undocumented immigrants were responsible for an increase in health and education services. However, the study also revealed that “at most, the illegal aliens cost taxpayers \$29 million in benefits and a rise of one-half of one percent in unemployment,

while at the same time, they contributed approximately \$39 million in taxes...” (Lopez 1995, 221). It is important to note, that these particular data do not include state expenditures for education, health care or law enforcement services utilized by undocumented immigrants. A full analysis of the fiscal impact to the fore mentioned services will be discussed in the subsequent chapter. The objective of this chapter was to provide data on tax revenue created by undocumented immigrants.

Despite these findings, disagreement on the actual amount of revenue generated by undocumented immigrants exists amongst researchers. Vernez and McCarthy, proponents of standardized uniform parameters argue that set standards/parameters should be developed to determine the actual revenue generated by undocumented immigrants, they claim,

That estimates of the incidence of actual payroll deductions and federal and state filings vary significantly across studies. Some assume high rates of compliance, while others accept the findings of one study that measured 56 percent compliance for payroll tax payments among undocumented immigrants and an 83 percent compliance among legal immigrants (Vernez and McCarthy 1996, 37).

In addition, proponents of standardized parameters claim that the tax contributions should not be considered tax revenue, since undocumented workers are illegally residing in the United States.

Moreover, Mitchell argues that “empirical factors about the fears and other negative impact of immigrants on U.S. society have not been conclusive or consistent” (1992, 4). Proponents of standardized parameters also argue that due to the unknown number of undocumented immigrants in the United States revenue numbers cannot be accurately reported. Many proponents also argue that it is inappropriate to attempt to determine the fiscal impact of undocumented immigrants due to changes in migration patterns and

sizes. In effect, one could conclude that the creation of individual taxpayer identification number (ITIN) by the Internal Revenue Service can be considered one step towards uniformity in determining the revenue generated from undocumented immigrants, since the ITIN is generally issued to undocumented workers. If a mismatch occurred between Forms W-4 and a W-2, Form W-4 typically contains the correct ITIN number issued to the undocumented immigrant, resulting in a 'red-flag' requiring a review and investigation by the Internal Revenue Service.

Remittances and the Underground Economy

Undocumented immigrants constitute a diverse and growing population to the financial sector. Financial markets have come to recognize the potential in business volume through remittance and currency exchange services specifically targeting immigrants. For the financial sector, remittances from the United States to developed and under-developed countries continue to be a growing source of revenue. According to the Pew Hispanic Center and Bear Stearns, financial institutions such as Western Union, Wells Fargo Bank and Bank of America "have the ability to charge flat fees, currency conversion fees and fees at the receiving end of the remittance" (Suro, Bendixen, Lowell and Benavides 2002, 9).

With a growing undocumented immigrant population, the question to be examined is what is the impact of remittances generated by undocumented immigrants and do remittances negatively affecting the balance of payments for the United States? Before, engaging on the economic impact of remittances a definition of what constitutes a remittance needs to be examined. According to the U.S. Department of Commerce Bureau of Economic Analysis also known as BEA, "a remittance generally refers to

money and goods sent from foreign-born individuals in a country to others abroad” (BEA 2005, 1). BEA’s definition differs from that of the World Bank Group, in which they define remittances as “not only personal transfers, but also earnings of temporary workers and the accumulated wealth of individuals who permanently move to another country” (BEA 2005, 1). For the purpose of this analysis, the definition outlined by the BEA will be utilized.

In addition, another key factor that requires clarification is how remittances from the United States are calculated. Following is an excerpt from the BEA on what constitutes a remittance.

Consistent with the balance of payments recording standards issued by the International Monetary Fund, BEA excludes from its measure of personal transfers to households abroad transfers by the foreign born who have been in the United States for less than 1 year. These individuals are considered foreign residents, and therefore their transfers to other foreign residents are not U.S. balance of payments transfers (Bach 2005, 65).

With the parameters surrounding remittances established, the focus will now shift to the impact of remittance generated by undocumented immigrants and whether or not these remittances negatively affect the balance of payments for the United States.

First of all, the lack of research uniformity regarding undocumented immigrants is also a significant issue when attempting to quantify remittances. Chami, Fullenkamp and Jahjah of the International Monetary Fund state that some of the biggest hurdles in quantifying true remittances are “simply gathering accurate data on remittances. This is extremely difficult because many remittances are not channeled through the payment system and therefore do not appear in the official statistics on remittances” (2003, 3). The second and most obvious dilemma regarding remittances is that no clear delineation is made between remittances issued from legal immigrants and undocumented

immigrants. As a result, verifiable data on the economic impact of remittances strictly originating from undocumented immigrants are problematic and difficult to calculate and will not be further examined in this thesis.

However, remittance data that are quantifiable are a representation of all remittances from the United States to under-developed and developed countries as a whole. In 2008, BEA estimated that “remittances from the United States to households abroad totaled \$33.9 billion” (BEA 2008, 1). More interesting was that in “2006, 150 million migrants worldwide sent more than US\$300 billion to their families, typically US\$100-US\$300 at a time, through more than 1.5 billion separate financial transactions” (International Fund for Agricultural Development 2007, 2). From a global perspective, in 2006, Asia received the highest remittances at about “US\$114 billion with India and China being the top recipient countries, receiving US\$24.5 billion and \$US21 billion respectively” (International Fund for Agricultural Development 2007, 11).

Furthermore, data from the World Bank also indicate that “remittance flows to Latin America and the Caribbean slowed in 2007 as a result of the weakening U.S. economy and tighter immigration laws” (Ratha, Mohapatra, Vijayalakshmi and Xu 2007, 2). This correlates with the 2008 poll by the Inter-American Development Bank in which they concluded that “Latin American adults living in the 50 states and the District of Columbia, found that only 50% of the respondents were still sending money on a regular basis...down 73% in a similar poll conducted in 2006” (2008, 1). The slowdown in remittances was also linked to a growing hostility towards immigrants. In conclusion, calculating the economic impact of remittances made by undocumented immigrants is difficult to discern and relies heavily on phone polls such as those conducted by the Inter-

American Development Bank (IDB). Phone polls are limited in their scope since only a small sample of the undocumented population is contacted. Even more troubling is the lack of uniformity in calculating remittances. For example, many remittances are not channeled through the official payment systems, remittances are also transferred through unofficial payment systems that are not monitored or regulated.

The underground economy utilized by undocumented immigrants is just as difficult to quantify as are remittances. The underground economy consists of undocumented immigrants who receive wages that are not reported to the Internal Revenue Service, by either the recipient or employer. The immigrants in this economy are typically employed in low-wage low-skilled jobs such as housekeeper, lawn maintenance workers and dish washers. However, the lack of uniform standards and the lack of verifiable data from both the employer and the employee result in an unknown amount of revenue being generated through hidden means. More important is the fact that this 'cash industry' is out of the control of the Internal Revenue Service and could potentially add to the positive revenue numbers generated by undocumented immigrants. Undocumented immigrants are still responsible for paying excise, property and utility taxes regardless if their wages are reported or not.

CHAPTER IV

HEALTHCARE AND PUBLIC SERVICE CONCERNS

As a result of inaccurate data and the lack of uniform research standards pertaining to undocumented immigrants the number of undocumented individuals residing in the United States as of 2008 is *estimated* to be around 10-12 million. With a surge in undocumented immigrants in the past several decades, the fiscal impact to healthcare and public services is said to be increasing at a rapid rate. According to the Congressional Budget Office (CBO) in 2007, “over the past two decades, most efforts to estimate the fiscal impact of immigration in the United States have concluded that, in aggregate and over the long term, tax revenues of all types generated by immigrants both legal and unauthorized exceed the cost of services they use ” (U.S. Senate. 2007, 1). The Congressional Budget Office also concluded that “many estimates also show that the cost of providing public services to unauthorized immigrants at the state and local levels exceed what the population pays in state and local taxes” (U.S. Senate. 2007, 1).

As a result of the surge of undocumented immigrants, local, state and federal governments have been forced to incur costs for providing services such as healthcare, education and law enforcement to meet the needs of the undocumented community. CBO’s research also revealed that, “the impact of unauthorized immigrants on the federal budget differs primarily because of the types of services provided at each level of

government and the rules governing those programs” (U.S. Senate. 2007, 1). Moreover, estimates of providing public sector services have been published by numerous states, but despite these publications, the exact fiscal impact of undocumented immigrants to states and the federal government is difficult to determine. This is due in part to the lack of verifiable data and the lack of research uniformity previously discussed.

As was noted in Chapter Two, studies by Lipman, Clark and Passel indicate that undocumented immigrants do contribute to the tax structures at both the state and federal level. However, critics counter by stating that studies also indicate that undocumented immigrants contribute less in state and federal taxes as a consequence of the low wages they earn. Furthermore, some critics of immigration contend that the impetus for immigrating to the United States is for less expensive health care and the availability of public services. Research conducted in 1996, by Berk, Schur, Chavez and Frankel of “four major Latino communities in two of the states with the highest concentrations of undocumented immigrants: Houston and El Paso (Texas) and Fresno and Los Angeles (California)” (2000, 56) highlighted the fact that less than one percent of undocumented immigrants, immigrated to the United States for healthcare and public services; reference Table A.1. According to Berk’s findings, the primary motive for immigrating to the United States was for work related purposes.

Table A.1				
Main Reasons for Immigrating Among Undocumented Latino Adults in Four U.S. Cities, 1996-1997				
Reason	El Paso	Houston	Fresno	Los Angeles
Education	20.7%	2.6%	3.2%	4.1%
Work	26.6	56.8	62.6	56.2
Unite with family/friends	49.1	33.6	30	33
Avoid political persecution	0.0	2.0	2.1 ^a	2.4 ^a
Social services	0.0	0.0	0.4 ^a	0.6 ^a
Other	3.6 ^a	4.9 ^a	1.4 ^a	3.8 ^a
<i>SOURCE</i> : Data from Berk, Schur, Chavez and Frankel 2000, exhibit 2				
NOTE: $p < .05$, using chi-square, reject null hypothesis that distribution of characteristics is the same across sites.				
^a Standard error greater than 30 percent of estimate				

Table A.1 reveals that “in three of the four sites at least half of all respondents cited work as their most important reason for immigrating” (Berk, Schur, Chavez and Frankel 2000, 56).

With the basis that work is the primary motive for immigrating to the United States, not free social services, the objective of this chapter is to review the analysis of the revenue generated at the state and federal level by undocumented immigrants and then determine if the revenue generated is redirected back into state and federal coffers for healthcare and other public services. The analysis will assist in determining the fiscal impact of undocumented immigrants and their utilization of public services at the state and federal levels. Essentially, the question that needs examining is, is the revenue generated by undocumented immigrants enough to recompense the costs of providing healthcare, education and law enforcement public services to those in the undocumented community?

Economic Impact at the State and Federal Level

In 1995 the United States General Accounting Office (GAO) requested that a study on the fiscal impact of undocumented immigrants to state and local budgets be conducted. The GAO study focused on the estimated costs of providing education, healthcare and law enforcement at the state and local levels. GAO's aim was to gather as much information as possible to determine the "fiscal burden undocumented immigrants impose on taxpayers" (U.S. Senate. GAO 1995, 2). However, the GAO found that previous studies revealed that "estimates of the national net cost varied considerably, ranging from \$2 billion to \$19 billion...the various indirect approaches used to estimate costs and revenues were often based on assumptions whose reasonableness is unknown" (U.S. Senate. GAO1995, 3). As a consequence of the variances in estimates, the extent of calculating the net cost of undocumented immigrants to healthcare, education and law enforcement agencies were difficult for the GAO to conclude.

Moreover, the fiscal impact of undocumented immigrants varies at the state and federal level mainly as a result of the types of services provided at each level of government and the policies and procedures at each level of government. For example, restrictions currently prohibit undocumented immigrants from participating in the following federal programs: "food stamps, Social Security, Temporary Assistance for Needy Families (TANF), Full-Scope Medicaid, HUD Public Housing and Section 8 Programs, Supplemental Security Income (SSI) and Medicare 'Premium Free' Part A (hospitalization)" (Coffey 2006, 3). In contrast, at the state level, undocumented immigrants do qualify for public education (K-12) and medical emergency care which includes childbirth services.

In addition, undocumented immigrants “may participate in certain programs that do not require legal immigration status as a condition of eligibility, such as Head Start, the Special Supplemental Food Program for Women, Infants and Children (WIC), and the school lunch program” (U.S. Senate. GAO 1995, 5). It should also be noted that undocumented immigrants may apply and receive food stamp assistance on behalf of their U. S. born children. A child born in the United States to undocumented parents does qualify for food stamps regardless of the immigration status of the household; in cases such as this, the U.S. born child is the determinant in allocating assistance.

With the programs identified above and as previously discussed, the conclusions regarding the fiscal impact of undocumented immigrants on education, healthcare and law enforcement vary considerably. In addition, the 2007 CBO report entitled, *The Impact of Unauthorized Immigrants on the Budgets of State and Local Governments* published by the United States Senate also revealed that large variances still exist in estimating the fiscal impact of undocumented immigrants. Twelve years after the GAO published their initial findings, the direct impact to state and local governments is still strictly based on estimations. Following is an analysis which details the variances in estimations between states (Table A.2) and an analysis of the data reported by the CBO.

Table A.2					
Estimated State Revenues and Costs of Undocumented Immigrants					
State	Estimated Undocumented Immigrants	Estimated Tax Revenues^a	Estimated Cost of Education^a	Estimated Costs of Healthcare^a	Estimated Costs of Incarceration^a
Minnesota	80,000-85,000	\$34	\$79 - \$118	\$35.50	\$14
Colorado	200,000-250,000	\$159 - \$195	\$217 - \$225	\$61.90	\$28.10
Iowa	70,000	\$45.5 - \$70.9	\$35.4 - \$54.7	\$14.2 - \$21.9	\$4
Missouri	35,000-65,000	\$29 - \$57	\$17.5 - \$32.6		
New Mexico	40,000	\$69	\$49		
Texas	1.4 - 1.6 Million	\$1.5 Billion	\$957	\$38	\$132

Source(s) : Data from Office of Strategic Planning & Results Management 2005, Bell Policy Center 2006, Iowa Legislative Services Agency 2007, Missouri Budget Project 2006, New Mexico Fiscal Policy 2006, Strayhorn 2006.

^a Estimate in millions, unless notated with a specific amount

First, the “Congressional Budget Office reviewed 29 reports published over the past 15 years that attempted to evaluate the impact of unauthorized immigrants ...CBO did not assess the data underlying those estimates or the validity of the models used to prepare them” (U.S. Senate. CBO 2007, 2). Secondly, the CBO report does acknowledge that states and local jurisdictions do incur costs, but “the amount that state and local government spend on services for unauthorized immigrants represents a small percentage of the total amount spent by those governments to provide such services to residents in their jurisdiction” (U.S. Senate. CBO 2007, 3).

Furthermore, CBO’s 2007 research also concluded that local and state governments that provide WIC, school lunches and food stamp assistance to undocumented immigrants have limited options for avoiding or minimizing the costs incurred. CBO reached the conclusion that states incur costs as a result of “both state and federal courts having ruled that states may not refuse to provide free public education to a student on the basis of his or her immigration status” (U.S. Senate CBO. 2007, 3). The education expenditures correlate with the 1982, United States Supreme Court ruling in *Phyller v.*

Doe, in which the Supreme Court ruled that states may not exclude children from public education because of their immigration status. As a direct result of the Supreme Court ruling, CBO further concluded that “education is the largest single expenditure in state and local budgets” (U.S. Senate. CBO 2007, 7).

Furthermore, undocumented immigrants residing in the United States are eligible for limited healthcare services provided by states. “The federal government requires health facilities that receive federal assistance to provide a certain level of service to residents, regardless of their ability to pay for such medical services or their immigration status” (U.S. Senate. CBO 2007, 8). Through Medicaid a federal and state funded program, healthcare is provided to low income families, pregnant women regardless of their immigration status, the elderly, and those with disabilities. In addition, emergency Medicaid is also provided through federal and state funding. Emergency Medicaid includes services for childbirth and other life-threatening emergencies which account for the majority of expenditures in healthcare used by undocumented immigrants.

CBO has provided some general data on the direct fiscal impact of undocumented immigrants to healthcare, education and law enforcement programs. Following are the results and conclusions reached by the CBO in 2007. A case study published by the CBO, but conducted by the Office of Strategic Planning & Results Management of the State of Minnesota, entitled *The Impact of Illegal Immigration on Minnesota during the 2003-2004 school year* estimated that “Minnesota spent between \$79 million and \$118 million to educate an estimated 9,400 to 14,000 undocumented immigrant children” (U.S. Senate. CBO 2007, 8). However, the CBO report was limited in its findings regarding

the impact to Minnesota and did not include the fiscal impact to Minnesota derived from healthcare and law enforcement.

In reviewing the entire published report by the Office of Strategic Planning & Results Management, the data indicate that “undocumented immigrants cost Minnesota health care assistance programs about \$35.5 million in FY 2005. The state paid approximately \$17.3 million of the \$35.5 million in costs” (2005, 11), while the federal government reimbursed Minnesota for the remaining \$18 million. Additionally, \$16.3 million of the \$17.3 million paid were for emergency Medicaid expenditures allocated towards childbirth services which included labor and delivery, no specification was made between undocumented patients and U.S. citizens.

Furthermore, the Office of Strategic Planning & Results Management contended that “the Minnesota Department of Corrections estimates that it cost approximately \$14 million in FY 2005 to incarcerate illegal immigrants” (2005, 13). Additionally, “during this period, the number of incarcerated illegal immigrants increased from 380 in FY 2001 to 501 in FY 2005” (Office of Strategic Planning & Results Management 2005, 14) for an estimated increase of \$3 million over the four year span.

CBO also analyzed data on the impact of undocumented immigrants in Colorado. CBO’s report indicated that “the annual costs for unauthorized immigrants in Colorado were between \$217 million and \$225 million for education” (CBO 2007, 9). Colorado also estimated that the taxes collected from undocumented immigrants “at both the state and local levels amounted to an estimated \$159 million to \$194 million annually” (U.S. Senate. CBO 2007, 9). However, much like the CBO analysis on Minnesota, the CBO report for Colorado was also limited in its analysis. The CBO analysis on Colorado did

not include the estimated fiscal impact of undocumented immigrants on healthcare and law enforcement agencies.

The following data from Robin Baker and Rich Jones, both of whom were referenced as sources on the CBO's analysis of Colorado is subsequently analyzed. In 2006, Baker and Jones of the Bell Policy Center wrote a brief in which they contend that the fiscal impact of undocumented immigrants to Colorado's education, healthcare and law enforcements system is estimated to be "nearly \$225 million, which is consistent with estimates made by the nonpartisan Colorado Legislative Council staff, which put the figure at \$217 million" (Baker and Jones 2006, 1). The brief further indicated that "undocumented immigrant tax payments are equal to 70 to 86 percent of the state and local governments' cost for providing federally mandated services" (Baker and Jones 2006, 1).

Additionally, the 2006 analysis by the Colorado Legislative Council indicated that the Colorado Department of Education estimated that "Colorado schools expended approximately \$157.9 million to educate undocumented alien students in FY 2003-2004" (State of Colorado 2006, 2). Moreover, due to federal mandates on emergency medical treatment the "FY 2006-2007 appropriation for Medicaid services for non-citizens is estimated to be \$61.9 million, half of which is from the state General Fund (\$30.9 million) and half of which is federal matching funds" (State of Colorado 2006, 1).

The Legislative analysis also quantified the cost of incarceration for undocumented immigrants in Colorado. "According to the federal government, approximately 1,071 verifiable illegal aliens were incarcerated in the Colorado Department of Corrections (DOC) facilities in FY 2003-2004" (State of Colorado 2006, 2). The actual

cost to incarcerate undocumented immigrants was “\$26,248 per inmate for a total of \$28.1 million for all verifiable undocumented immigrants” (State of Colorado 2006, 2). Finally, no affirmative conclusions on the fiscal impact of undocumented immigrants to Colorado’s state budget were reached by the Legislative report, as the report did not account for the millions in taxes paid by undocumented immigrants during the same fiscal period.

In another analysis the CBO indicated that in 2004, “70,000 undocumented immigrants in the state of Iowa paid state income taxes and sales taxes ranging between \$45.5 million and \$70.9 million” (2007, 10). However, the Iowa report did not “quantify the costs of providing services to unauthorized immigrants. Rather, it estimated an average benefit of \$1,534 per state resident based on spending from the state general fund and the number of residents” (U.S. Senate. CBO 2007, 10).

As a point of reference, the Iowa Legislative Services Agency (ILSA) was cited as a source for the average benefit of \$1,534 in the CBO analysis; further view of the ILSA report revealed that in “FY 2004, a total of approximately \$4.5 billion was appropriated from Iowa’s General Fund. This is the assumed benefit that all Iowa residents receive from the State government” (2007, 3). The \$4.5 billion in the General Fund was then divided by Iowa’s total population which in 2004 was estimated at 2,950,000 which included an estimated 70,000 undocumented immigrants.

However, according to the Iowa Policy Project a non-partisan organization, their data indicate that “contrary to belief, undocumented immigrants access the emergency medical care system at much lower rates than native-born citizens” (2007, 28-29). The non-partisan organization estimates that the direct fiscal impact to the healthcare system

in Iowa is between “\$14.2 million to \$21.9 million, depending on the actual size of the population.” (2007, 29-30). It should be noted that the medical impact estimations are strictly for adult recipients of healthcare services and do not include care for undocumented children in Iowa.

Pearson and Sheehan with the Iowa Policy Project also estimate that “educating undocumented students in Iowa costs approximately \$35.4 million to \$54.7 million per year. As of 2007 there were “an estimated 55,000 to 85,000 undocumented school aged children in Iowa public schools” (2007, 28). In addition, in 2007, Iowa incurred an annual cost of “\$4 million for incarcerating confirmed undocumented immigrants” (Pearson and Sheehan 2007, 30). In 2007, there were “158 confirmed undocumented immigrants in Iowa prisons, at an incarceration rate of \$71.25 per day for an annual cost of \$4 million” (Pearson and Sheehan 2007, 30). The Iowa Policy Project concluded that the fiscal tax contributions by undocumented immigrants actually help fund state programs which exclude participation of undocumented immigrants.

The CBO analysis also estimated the fiscal impact of undocumented immigrants to the state of Missouri. The CBO analysis referenced the 2006 research conducted by the Missouri Budget Project (MBP), entitled *Undocumented Workers: Impact on Missouri’s Economy*. MBP “estimated that unauthorized immigrants paid between \$29 million and \$57 million in state income, property, and excise taxes” (U.S. Senate. CBO 2007, 10). MBP also estimated that the 2006 costs to educate undocumented immigrant children at the elementary and secondary level were between “\$17.5 million and \$32.6 million. Local districts incurred costs between \$26.5 million and \$49.3 million in additional services” (U.S. Senate. CBO 2007, 10). In addition, the MBP report also revealed that

“undocumented workers may also have Social Security and Medicare taxes withheld from their paychecks...undocumented immigrants are contributing to programs that provide income support and health care” (2006, 2). However, undocumented immigrants are not eligible for such services.

In addition, the CBO report of 2007 also analyzed the 2006 New Mexico Fiscal Policy Project entitled Undocumented Immigrants in New Mexico and estimated that the state “collects \$69 million annually in individual income, property, and sales tax from unauthorized immigrants, about \$1 million to \$2 million more than the state spends on elementary and secondary education” (U.S. Senate. CBO 2007, 10). The New Mexico Fiscal Policy Project did contend that “the largest category of expenditures imposed by unauthorized immigrants on state and local taxpayers is that of public education” (2006, 5). The estimated cost of educating undocumented school aged children in New Mexico for “FY 2003-2004 was \$49 million for services K-12” (New Mexico Fiscal Policy 2006, 6).

Additionally, the New Mexico Fiscal Policy Project asserts that it is impossible to document the positive fiscal impact of undocumented immigrants on the New Mexico economy since many undocumented immigrants are employed in low-skilled low wage jobs. Many undocumented immigrants are employed as housekeepers, lawn maintenance caretakers and elderly care aids in which they receive wages which are significantly less than the wages required by state and federal agencies. One can reasonably conclude that wage suppression is a direct result of an immigrant’s undocumented status. Lastly, the New Mexico Fiscal Policy acknowledged the omission of the fiscal impact of undocumented immigrants on healthcare services by stating the following, the

“University of New Mexico Hospital (UNMH) policy requires payment from undocumented people for health care delivered” (2006, 7) no additional data were provided.

Lastly, the CBO also reviewed 2006 data from Texas Comptroller, Carole Keeton Strayhorn to estimate the fiscal impact of undocumented immigrants on general healthcare services in Texas. However, the CBO analysis was limited in its scope and did not provide the fiscal impact data to Medicaid, education and law enforcement agencies in Texas. As a result of limited information, following is an analysis of the 2006 Special Report published by Texas Comptroller, Carole Keeton Strayhorn outlining the fiscal impact of undocumented immigrants to the state of Texas. Strayhorn’s report was very detailed and contained valuable and specific information regarding the fiscal impact, both positive and negative of undocumented immigrants in Texas.

In December 2006, Texas Comptroller, Carole Keeton Strayhorn commissioned a “comprehensive financial analysis of undocumented immigrants on a state’s budget and economy, looking at the gross state product, revenues generated, taxes paid and the cost of state services” (Strayhorn 2006, 1) Strayhorn’s analysis focused on three main areas of expenditure: healthcare, education and incarceration. The first item of interest in Strayhorn’s analysis was the following introductory comment:

The absence of the estimated 1.4 million undocumented immigrants in Texas in fiscal 2005 would have been a loss to our gross state product of \$17.7 billion. Undocumented immigrants produced \$1.58 billion in state revenues, which exceeded the \$1.16 billion in state services they received. However, local governments bore the burden of \$1.44 billion in uncompensated health care costs and local law enforcement costs not paid for by the state (Strayhorn 2006, 1).

Furthermore, the analysis concluded that based on net cost estimates, “undocumented immigrants in Texas generate more in taxes and other revenue than the state spends on them” (Strayhorn 2006, 1).

One of the first items that required estimation by Strayhorn’s analysis was determining the number of undocumented immigrants residing in the state. The analysis relied on data provided by the “Pew Hispanic Center, which estimated that in 2005, Texas accounted for between 1.4 million and 1.6 million undocumented immigrants” (Strayhorn 2006, 3). Additionally, six states California, New York, Texas, Florida, Illinois and New Jersey have continually accounted for the majority of undocumented immigrants residing in the United States. Moreover, as previously stated, due to the lack of uniformity in research parameters, estimates of state costs directly linked to undocumented immigrants is inexact due to the lack of verifiable data. At this point, the exact number of undocumented immigrants residing in Texas and throughout the United States has not been officially determined, only estimated.

The analyses conducted by the Texas Comptroller on the fiscal impact of undocumented immigrants to the state healthcare system are strictly based on estimations. Therefore, the focus of research to Texas healthcare expenditures will be directly related to Medicaid expenditures only. Estimates related to substance abuse services, mental health services, and immunizations will not be examined due to a lack of data. For example, in 2005 the Texas Department of State Health Services (DSHS) began to collect citizenship data on recipients of substance abuse services.

However, “while DSHS now collects data on citizenship, this information is not linked to the number or types of services individuals receive. Such factors make it

difficult to estimate the state's cost for providing services to undocumented immigrants" (Strayhorn 2006, 7). Additionally, Strayhorn's analysis contends that calculating the number of undocumented immigrants receiving mental health services would require supplementary research, including interviews with patients and administrators of mental service facilities. Furthermore, per federal guidelines of the Emergency Treatment and Active Labor Act (EMTALA) "community mental health centers and state mental hospitals cannot inquire about a person's citizenship status unless the person is likely to qualify for Medicaid reimbursed mental health services" (Strayhorn 2006, 7-8). As a consequence of unknown data, estimating the costs of undocumented immigrants in the public mental health system is difficult to determine.

Furthermore, the estimated fiscal costs of school immunizations to healthcare services are minimal. Strayhorn's data concede that "costs associated with undocumented children are miniscule, with the Comptroller's estimate being about \$33,000 in fiscal year 2005" (2006, 8). In effect, undocumented school-aged children primarily from Mexico, the largest country of origin "arrive in Texas with all their age-appropriate vaccinations" (Strayhorn 2006, 8) resulting in a modest impact to state coffers when compared to Medicaid expenditures.

With the limitations to the healthcare research outlined, a review on the impact of undocumented immigrants to the Texas Medicaid program will now be analyzed. First, undocumented immigrants residing in the state of Texas receive limited healthcare attention. Secondly, health related care available to undocumented immigrants in Texas generally consist of emergency Medicaid and public health programs which provide treatment of infectious diseases ranging from HIV/AIDS to meningitis.

Emergency Medicaid is most often utilized by undocumented immigrants for medical emergencies that are life threatening and for childbirth. “Emergency Medicaid payments represent the majority of state costs for medical care provided to undocumented immigrants” (Strayhorn 2006, 6). Table A.3 highlights the estimated cost of providing healthcare to undocumented immigrants in Texas. Medical expenditures to the state and federally funded Medicaid system increased from “\$18 million in 2000, to \$38 million in 2005 for an increase of 114.3%” (Strayhorn 2006, 6).

Table A.3			
Estimated State Medicaid Expenditures for Undocumented Immigrants, 2000 and 2005			
	2000	2005	Difference
Medicaid Expenditures	\$18,082,552	\$38,745,977	114.30%
Medicaid Expenditures (constant 2000 dollars)	\$18,082,552	\$35,879,227	98.40%
<i>SOURCE</i> : Texas Health and Human Services Commission and Carole Keeton Strayhorn, Texas Comptroller of Public Accounts			

Given that Medicaid is a state and federally funded program, “Texas pays approximately 40 percent of Medicaid costs; therefore, the total estimated state cost for Medicaid services for undocumented immigrants was estimated at \$38.7 million in fiscal year 2005” (Strayhorn 2006, 6).

With funding from the federal government to ease the burden of undocumented immigrants on healthcare systems, the state of Texas is required to absorb \$38 million in Medicaid expenditures, not the full expenditure. Nevertheless, “local hospitals and private healthcare business incur the largest share of health related costs for undocumented immigrants in Texas” (Strayhorn 2006, 9). However, some might consider Strayhorn’s analysis on the fiscal impact to the Medicaid system to be limited “because the Texas Health and Human Services Commission makes no distinction

between legal immigrants, undocumented immigrants, refugees and those awarded asylum, costs attributed to undocumented immigrants must be estimated” (Strayhorn 2006, 6).

Moreover, the 2006 Special Report by the Comptrollers office also indicated that the Texas Education Agency reported that during FY 2004-2005 the “estimated cost of educating undocumented children was slightly less than \$957 million annually, an increase of \$151 million since FY 2000-2001” (2006, 4). In addition, Strayhorn’s report indicated that as of June 2006, the “Texas Department of Criminal Justice (TDCJ) did not have an exact count of the number of undocumented immigrants among its total population of 151,741” (2006, 14). Moreover, the analysis concluded that “the lack of accurate data on the number of undocumented offenders in Texas prisons makes it difficult to estimate associated costs...” (Strayhorn 2006, 14).

However, under the State Criminal Alien Assistance Program (SCAAP), the GAO estimated that Texas spent \$130 million in 2002 to incarcerate undocumented immigrants. This was based on the federal funding of \$15 million Texas received in 2002 from the SCAAP program. The federal government enacted “SCAAP to provide partial reimbursement to states and local jurisdictions for housing criminal aliens. The federal government limits SCAAP reimbursement to costs incurred related to undocumented immigrants who are convicted of felonies or multiple misdemeanors” (Strayhorn 2006, 12). As a result of the GAO findings, the Comptrollers report was recalculated to include incarceration estimates of “\$132 million for FY 2005 and \$130 million for FY 2006” (Strayhorn 2006, 14) totals which were based on the average number of undocumented inmates multiplied by the average cost per day to incarcerate

them. The Comptrollers report on the fiscal impact of undocumented immigrants on Texas concluded with its introductory statement, “the Comptroller’s office estimates the absence of the estimated 1.4 million undocumented immigrants in Texas in fiscal 2005 would have been a loss to our Gross State Product of \$17.7 billion” (2006, 20).

In summation, the analysis prepared by the Congressional Budget Office, state agencies and non-partisan organizations on the fiscal impact of undocumented immigrants on state and local governments can be rendered inconclusive in their findings. The CBO report revealed sizable variances in the monetary expenditures for the states that were evaluated. For example, the 2003-2004 education expenditure data provided for Minnesota ranged from a whopping \$79 million to \$118 million, for a variance of \$39 million annually. A variance of \$39 million for one program results in an unreliable estimate of the actual fiscal impact of undocumented immigrants to the Minnesota education system. Furthermore, CBO’s analysis on the fiscal impact to Colorado, Missouri and Iowa by undocumented immigrants also contained sizable monetary variances. Taxes collected from undocumented immigrants in Colorado were estimated to range between \$159 million to \$194 million annually, for an annual variance of \$35 million.

Data on Missouri estimated education costs for undocumented immigrants to between \$17.5 million to 32.6 million, for a variance of \$15 million annually. The CBO report also indicated that taxes paid by undocumented immigrants in Missouri ranged from \$29 million to \$57 million, for an annual variance of \$28 million annually. Data on undocumented immigrants in Iowa also revealed sizable monetary variances. In 2004, undocumented immigrants reportedly paid between \$45.5 million and \$70.9 million in

taxes, for an annual variance of \$25 million. Lastly, the CBO's analysis on the economic impact of incarcerating undocumented immigrants in Texas can also be considered suspect. Strayhorn's report initially revealed that the exact number of undocumented immigrant inmates in 2006 was unknown, but then the Comptrollers Office was forced to re-estimate incarceration costs based on GAO projections in 2002.

CHAPTER V

CONCLUSION

Determining the revenue generated and the exact fiscal impact of undocumented immigrants to states and the federal government is problematic for researchers. What can be determined are the push and pull factors within an immigrant's homeland that lead to undocumented immigration. Push and pull factors are at the nexus of immigration. Push factors include poverty, civil war, famine and political repression which propel people across frontiers. While pull factors include economic and political forces that are not controlled by immigrants. In addition another determinant is the seduction of the American dream. The dream motivates individuals from a global perspective to immigrate and endure the journey from across the boarder to thousands of miles away to seek a better life, as so many have done before them. However, push and pull factors coupled with the American dream do not lend insight into the economic impact of undocumented immigrants.

The problem at hand is the lack of a systemic method of researching and quantifying undocumented immigrants. Moreover, based on the data researched and presented in this thesis, there is no clear conclusion of the fiscal impact of revenue generated by

undocumented immigrants. Additionally, three major problems exist that render this analysis inconclusive in its findings.

First, there are no uniform research parameters that have been used or are being used in the study of undocumented immigrants. Some studies will focus on expenditures at the local level while others will focus on the impact at the state level. Furthermore, the lack of uniformity invites some studies to include citizen children of undocumented parents in their analysis, while other researchers focus solely on undocumented immigrants, not their U.S. born children.

Secondly, the lack of verifiable data on the exact number of undocumented immigrants in the United States adds to the quandary of immigration studies. Without a valid count of undocumented immigrants it is almost impossible to estimate the full impact of their presence. Estimates to healthcare, education and law enforcement services can be discussed, but their validity is questionable as evidenced by the large variances in estimations discussed in Chapter Four. In addition, the revenue generated by undocumented immigrants can also be considered problematic. Studies unequivocally reveal that revenue is generated, but the exact amount generated remains unknown. This is due in part to the underground economy where wages are not reported and the lack of uniformity when researching excise, property and utility taxes paid by undocumented immigrants.

Third, determining the fiscal impact of remittances transferred by undocumented immigrants is also problematic. Currently a remittance can be transferred using official channels or unofficial channels. The problem stems from the lack of oversight and regulatory authority regarding unofficial channels; remittances transferred through

unofficial channels could be significant and could affect the balance of payments. Additionally, when remittances are transferred, immigration status is not required in order for a transaction to be completed. Thus, quantifying remittances solely from undocumented immigrants is extremely challenging and difficult to conclude. As has been demonstrated by the lack of uniform research parameters, determining the exact fiscal impact of undocumented immigrants is questionable. Estimates can be used, but the variances are too vast to be considered a reliable conclusion. In order to calculate the fiscal impact of undocumented immigrants, research should become more uniform with set parameters.

WORKS CITED

- Bach, Christopher L. 2005. *Annual Revision of the U.S. International Accounts 1991-2004*. U.S. Department of Commerce Bureau of Economic Analysis, Survey of Current Business 85, no. 7 (July): 54-67, http://www.bea.gov/scb/pdf/2005/07July/0705_ITAAnnual.pdf (accessed April 9, 2008).
- Baker, Robin and Rich Jones. 2006. State and local taxes paid in Colorado by undocumented immigrants. The Bell Policy Center (June).
- Berk, Marc L., Claudia L. Schur, Leo R Chavez, and Martin Frankel. 2000. Health care use among undocumented Latino immigrants: Is free health care the main reason why Latinos come to the United States? A unique look at the facts. *Health Affairs*, 19, no. 4 (July-August): 51-64.
- Blum, Cynthia. 2007. Rethinking tax compliance of unauthorized workers after immigration reform. *Georgetown Immigration Law Journal*, 21, no 4 (Summer): 595-620.
- Burger, Elizabeth. 2006. *Immigration in Colorado: State Impact and Recent Legislation*. Colorado General Assembly, Legislative Council no 06-04 http://www.state.co.us/gov_dir/leg_dir/lcsstaff/2006/research/06-04IssueBrief_ImmigrColorado.PDF (accessed April 2008).
- Calvert, Robert A. and Arnolde De Leon. 1996. *The History of Texas, second edition*. Wheeling, IL: Harlan Davidson, Inc.
- Chami, Ralph, Connel Fullenkano, and Samir Jahah. 2003. Are immigrant remittance flows a source of capital for development? International Monetary Fund, Working Paper WP/03/189 (September).
- Clark, Rebecca L. 1994. Fiscal impacts of undocumented aliens: Selected estimates for seven states. The Urban Institute (September).
- Clark, William A. V. 2003. *Immigrants and the American dream: Remaking the middle class*. New York: The Guilford Press.
- Coffey, Sarah Beth. 2006. Undocumented immigrants in Georgia: Tax contribution and fiscal concerns. Georgia Budget and Policy Institute (January).

- De Leon, Arnaldo. 1982. *The Tejano Community, 1836-1900*. Albuquerque: University of New Mexico Press.
- DeVanzo, Julie, Jennifer Hawes-Dawson, R. Burciaga, and Georges Vernez. 1994. *Surveying immigrant communities: Policy imperatives and technical challenges*. Santa Monica, CA: RAND.
- Ehresman, Ruth. 2006. Undocumented workers: Impact on Missouri's economy. Missouri Budget Project (June).
- Gabaccia, Donna R. 2002. *Immigration and American diversity: A social and cultural history*. Malden, MA: Blackwell Publishers, Inc.
- Gjerde, Jon, ed. 1998. *Major problems in American immigration and ethnic history*. Boston: Houghton Mifflin Company.
- Internal Revenue Service. 2008. Individual Taxpayer Identification Number (ITIN), under "What is an ITIN?" <http://www.irs.gov/individuals/article/0,,id=96287,00.html#what> (accessed March 27, 2008).
- Inter-American Development Bank. 2008. "Fewer Latin Americans sending money home from the United States, survey finds." <http://www.iadb.org/templates/news/print2.cfm?langauge=English&page=/news/includes/A> (accessed April 20, 2008).
- Inter-American Development Bank. 2007. "Migrant workers worldwide sent home more than US\$300 billion in 2006, new survey funds." <http://www.iadb.org/news/articledetail.cfm?langauge=English&artid=4077&arttype-pr#> (accessed April 20, 2008).
- International Fund for Agricultural Development. Sending money home: Worldwide remittance flows to developing countries in 2006. Inter American Development Bank. <http://www.iadb.org/publications/search.cfm?language=english&topics=cm-rem> (accessed April 20, 2008).
- Jacoby, Tamar, ed. 2004. *Reinventing the melting pot: The new immigrants and what it means to be American*. New York: Basic Books.
- Johannsen, Kerri. 2007. *Undocumented Immigrants' Costs to the State*. Iowa Legislative Services Agency Fiscal Services <http://www.legis.state.ia.us/ladocs/IssReview/2007/IRKRJ002.pdf> (accessed April 2008).

- Justich, Robert and Betty Ng. 2005. The underground labor force is rising to the surface. Bear Stearns, www.bearstearns.com/bscportal/pdfs/underground.pdf (accessed April 9, 2008).
- Kposowa, Augustine, J. 1998. *The impact of immigration on the U.S. economy*. Lanham, MD: University Press of America.
- Lipman, Francine, J. 2006. The taxation of undocumented immigrants: Separate, unequal, and without representation. *The Tax Lawyer* 59, no. 3 (Spring): 1-58.
- Lipman, Francine, J. 2007. Bearing witness to economic injustices of undocumented immigrant families: A new class of 'undeserving' working poor. *Nevada Law Journal* 7, no. 3 (Summer): 736-758.
- Lopez, Antoinette Sedillo, ed. 1995. *Latino employment, labor organizations, and immigration*. New York: Garland Publishing, Inc.
- Martinez, Rubén. 2004. *The new America's*. New York: The New Press.
- Mitchell, Christopher, ed. 1992. *Western Hemisphere immigration and U.S. foreign policy*. University Park, Pennsylvania. The Pennsylvania State University Press.
- Minnesota Department of Administration. Office of Strategic Planning and Results Management. 2005. *The Impact of Illegal Immigration on Minnesota: Costs and Population Trends*.
http://www.state.mn.us/mn/externalDocs/Administration/Report_The_Impact_of_Illegal_Immigration_on_Minnesota_120805035315_Illegal%20Immigration%20Brief%2026.pdf (accessed March 2008).
- New Mexico Fiscal Policy Project. 2006. Undocumented immigrants in New Mexico: State tax contributions and fiscal concerns. (May).
- O'Neill, Teresa, ed. 1992. *Immigration: Opposing viewpoints*. San Diego, CA: Greenhaven Press, Inc.
- Parker, Richard A. and Louis M. Rea. 1993. Illegal immigration in San Diego County: An analysis of costs and revenues. California State Senate Special Committee on Border Issues, California Legislature. (September).
- Passel, Jeffery, S. and Rebecca L. Clark. 1996. Taxes paid by immigrants in Illinois. The Urban Institute. (January).
- Pearson, Beth and Michael F. Sheehan. 2007. Undocumented immigrants in Iowa estimated tax contributions and fiscal impact. The Iowa Policy Project. (October).

- Ratha, Dilip, Sanket Mohapatra, K.M. Vijayalakshmi, and Zhimei Xu. 2007. Remittance trends 2007. World Bank Group. <http://siteresources.worldbank.org/EXTDECPROSPECTS/Resources/476882-1157133580628/BriefingNote3.pdf> (accessed April 20, 2008).
- Roleff, Tamara L., ed. 1998. *Immigration: Opposing viewpoints*. San Diego, CA: Greenhaven Press, Inc.
- Romero, Philip, J., Andrew J. Chang, and Louis M. Rea. 1994. Shifting the costs of a failed federal policy: The net fiscal impact of illegal immigrants in California. Sacramento, CA: Governor's Office of Planning and Research, State of California. <http://www.cbo.gov/ftpdocs/87xx/doc8711/12-6-immigration.pdf> (accessed March 23, 2008).
- Social Security Administration. 2008. New rules for Getting a Social Security Number and Card, under "Proof of Citizenship and Identity" <http://www.ssa.gov/pubs/10120.html> (accessed March 27, 2008).
- Social Security Administration. 2008. Fraud and Abuse "What Happens If I Use Someone Else's Social Security Number Rather Than My Own" http://ssa-custhelp.ssa.gov/cgi-bin/ssa.cfg/php/enduser/std_alp.php?p_sid=1WZAJR2j&p_lva=425&p_li=&p_accessibility=0&p_redirect=&p_page=1&p_cv=1.15&p_pv=&p_prods=&p_cats=15&p_hidden_prods=&cat_lv11=15&p_search_text=&srch_btn_submit=%C2%A0%C2%A0%C2%A0Search%C2%A0%C2%A0%C2%A0&p_new_search=1&p_search_type=answers.search_nl (accessed April 27, 2008).
- Strayhorn, Carole Keeton. 2006. *Undocumented Immigrants in Texas: A Financial Analysis of the Impact to the State Budget and Economy*. State of Texas, Office of the Comptroller #96-1224 (December) <http://www.window.state.tx.us/specialrpt/undocumented/> (accessed April 2008).
- Suro, Roberto, Sergio Bendixen, B. Lindsay Powell, and Dulce C. Benevides. 2002. Billions in motion: Latino immigrants, remittances and banking. Pew Hispanic Center, <http://pewhispanic.org/files/reports/13.pdf> (accessed April 9, 2008).
- U.S. Congress. House. General Accountability Office. 1997. *Illegal Aliens: Extent of Welfare Benefits Received on Behalf of U.S. Citizen Children*. GAO/HEHS-98-30. <http://www.gao.gov/archive/1998/he98030.pdf> (accessed March 2008).
- U.S. Congress. House. General Accountability Office. 2004. *Illegal Alien Schoolchildren: Issues in Estimating State-by-State Costs*. GAO-04-733. <http://www.gao.gov/cgi-bin/getrpt?GAO-04-733> (accessed March 2008).

- U.S. Congress. Senate. Congressional Budget Office. 2007. *The Impact of Unauthorized Immigrants on the Budgets of State and Local Governments*.
<http://www.cbo.gov/ftpdocs/87xx/doc8711/12-6-Immigration.pdf> (accessed March 2008).
- U.S. Congress. Senate. General Accountability Office. 1995. *Illegal Aliens: National Net Costs Estimates Vary Widely*. GAO/HEHS-95-133.
<http://www.gao.gov/archive/1995/he95133.pdf> (accessed March 2008).
- U.S. Department of Commerce Bureau of Economic Analysis. 2008. *What Are Remittances, How Big Are They, and Why Might BEA's Estimate Differ From Estimates Released by Other Organizations?* http://faq.bea.gov/cgi-bin/bea.cfg/php/enduser/std_adp.php?p_faqid=481 (accessed April 9, 2008).
- U.S. Department of Commerce Bureau of Economic Analysis. 2008. *Personal Transfers, 1992: I-2007: IV*
http://www.bea.gov/international/pdf/personal_transfers_1992_2007.pdf
(accessed April 9, 2008).
- Vernez, Georges and Kevin McCarthy. 1995. *The costs of immigration to taxpayers: Analytical and policy issues*. Santa Monica, CA: RAND.
- Vernez, Georges and Kevin McCarthy. 1995. Public costs of immigration: Testimony before the Subcommittee on Immigration and Claims, U.S. House of Representatives. RAND CT-133 (April): 1-6.
- Wepman, Dennis. 2002. *Immigration: From the founding of Virginia to the closing of Ellis Island, an eyewitness history*. New York: Facts on File, Inc.

VITA

Sylvia Gonzalez was born in Lubbock, Texas on June 26, the daughter of Paula Gonzales. She completed her undergraduate work at Texas Tech University in Lubbock, Texas. In the spring of 2007 she entered the Graduate College of Texas State University-San Marcos.

Permanent Email Address: syl.gonzalez@yahoo.com

This thesis was typed by Sylvia Gonzalez.