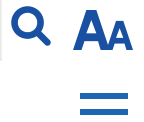




FEDERATION FOR AMERICAN
IMMIGRATION REFORM



The Fiscal Burden of Illegal Immigration on United States Taxpayers | 2023 Cost Study

March 8, 2023

Report by FAIR Research | March 2023

The following is a summary of our cost study findings. To access our full report, including state-specific information, [click here](#)

Key Highlights

- At the start of 2023, the net cost of illegal immigration for the United States – at the federal, state, and local levels – was at least \$150.7 billion.
- FAIR arrived at this number by subtracting the tax revenue paid by illegal aliens – just under \$32 billion – from the gross negative economic impact of illegal immigration, \$182 billion.
- In 2017, the estimated net cost of illegal migration was approximately \$116 billion. In just 5 years, the cost to Americans has increased by nearly \$35 billion.
- Illegal immigration costs each American taxpayer \$1,156 per year (\$957 after factoring in taxes paid by illegal aliens).
- Each illegal alien or U.S.-born child of illegal aliens costs the U.S. \$8,776 annually.
- Evidence shows that tax payments by illegal aliens cover only around a sixth of the costs they create at all levels in this country.
- A large percentage of illegal aliens who work in the underground economy frequently avoid

paying any income tax at all.

- Many illegal aliens actually receive a net cash profit through refundable tax credit programs.

Introduction

This cost study report is currently the only comprehensive examination of the financial impact of illegal immigration in the United States. Every day, hundreds of millions of dollars in American taxpayer money are spent on costs directly associated with illegal immigration. Only a small fraction of these costs is ever recouped from taxes paid by illegal aliens, with the rest falling on the shoulders of American citizens and legal immigrants.

Our aim in this report is to show the American people the fiscal burden of illegal immigration at every level and across nearly all aspects of life. These costs range from emergency medical care to in-state tuition; from incarcerating illegal aliens in local jails to federal budgets that pay out billions in welfare every year. Because there are so many different ways that money is spent on illegal aliens at both the state and local levels, the information in our report is otherwise hard to find (or even intentionally hidden). This report supersedes FAIR's 2017 cost study and highlights massive increases in spending related to illegal immigration that were implemented while American citizens deal with an uncertain economy.

The Number of Illegal Immigrants in the US

Estimating the fiscal burden of illegal immigration on the U.S. taxpayer depends on the size and characteristics of the illegal alien population. FAIR defines "illegal alien" as anyone who entered the United States without authorization or anyone who unlawfully remains once his/her authorization has expired. Unfortunately, the U.S. government has no central database containing information on the citizenship status of everyone lawfully present in the United States.

The overall problem of estimating the illegal alien population is further complicated by the fact that the majority of available sources on immigration status rely on self-reported data. Given that illegal aliens have a motive to lie about their immigration status in order to avoid discovery, the accuracy of these statistics is dubious at best. All of the foregoing issues make it very difficult to assess the current illegal alien population of the United States.

However, FAIR now estimates that there were at least 15.5 million illegal alien residents as of the beginning of 2022. This estimate takes into account drastic, ongoing increases in illegal immigration under the Biden administration. This estimate also includes some categories of individuals without legal status, like DACA recipients and parolees, who are illegal aliens under law but misleadingly excluded from many estimates. For more information on how we reached this figure, refer to the FAIR study "How Many Illegal Aliens Live in the United States?"

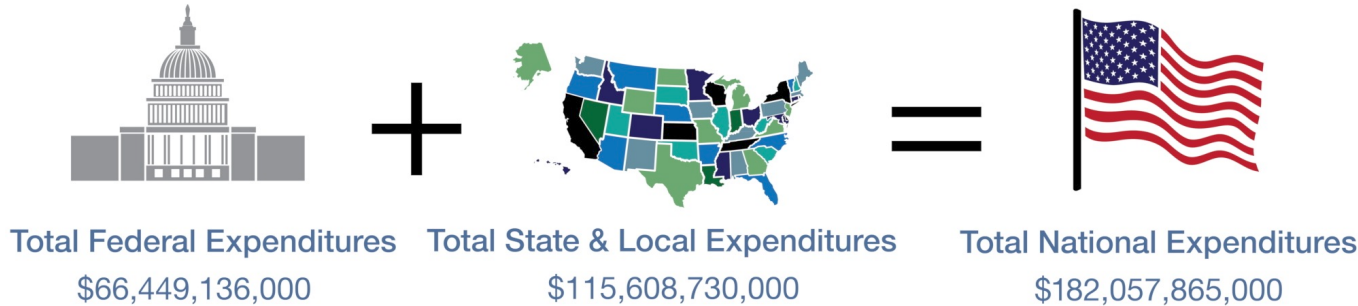
The Cost of Illegal Immigration to the United States

At the federal, state, and local levels, taxpayers shell out approximately \$182 billion to cover the costs incurred from the presence of more than 15.5 million illegal aliens, and about 5.4 million citizen children of illegal aliens. That amounts to a cost burden of approximately \$8,776 per illegal alien/citizen child. The burden of illegal immigration on U.S. taxpayers is both staggering and crippling, with the gross cost per taxpayer at \$1,156 every year.

Illegal aliens only contribute roughly \$32 billion in taxes at the state, local, and federal levels. This means that the net fiscal cost of illegal immigration to taxpayers totals approximately \$150.7 billion.

In 2017, FAIR estimated the net cost of illegal immigration at approximately \$116 billion. This means that in just 5 years, the cost of illegal immigration has increased by nearly \$35 billion. This rapid increase is a consequence of the ongoing border crisis and a lack of effective immigration enforcement. The sections below further break down and explain these numbers at the federal, state, and local levels.

Total Governmental Expenditures on Illegal Aliens



Total Tax Contributions by Illegal Aliens



Total Economic Impact of Illegal Immigration



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\$150.7
BILLION

Total National Expenditures

\$182,057,865,000

Total Tax Contributions

\$31,391,635,000

Total Burden on Taxpayers

\$150,666,230,000

Federal



Federal Spending

The approximately \$66.4 billion in federal expenditures attributable to illegal aliens is staggering, and constitutes an increase of 45 percent since 2017. This amounts to roughly \$3,187 per illegal alien, per year.

FAIR believes that every concerned American citizen should be asking our government why, in a time of increasing costs and shrinking resources, it is spending such large amounts of money on individuals who are not authorized to be in the United States. This is an especially important question in view of the fact that the taxes paid by illegal aliens offset very little of the enormous costs stemming from their presence in the country.

Federal Education— \$6.6 Billion



Total Federal Medical Expenditures— \$23.1 Billion



Total Federal Justice Enforcement Expenditures— \$25.1 Billion



Total Federal Welfare Programs— \$11.6 Billion



Total Overall Federal Expenditures— \$66.5 Billion



Federal Taxes

Taxes collected from illegal aliens help offset fiscal outlays and therefore must be included in any examination of the cost of illegal immigration. However, illegal alien advocates frequently cite the alleged large tax payments made by illegal aliens as a justification for their unlawful presence and as a reason itself to grant them amnesty. That argument is nothing more than a red herring. Such claims rarely look at the costs associated with illegal immigration, and instead only focus on the amounts contributed to the economy and paid in taxes.

Most studies grossly overestimate both the taxes actually collected from illegal aliens and, more importantly, the net amount of taxes actually paid by them (i.e., the amount of money collected from illegal aliens and ultimately kept by the federal government). A predominant reason for this is that in recent years, the United States has focused on apprehending and removing almost solely criminal aliens (and since President Biden took office, many criminal aliens are now protected from deportation as well). Because of this, the majority of illegal aliens seeking employment in the United States now live in an environment where they have little fear of deportation even if discovered.

Federal Tax Receipts from Illegal Aliens— \$24.6 Billion



Net Federal Impact of Illegal Aliens— \$50.2 Billion



State and Local



The total fiscal burden of illegal immigration on state taxpayers has now reached a staggering \$115.6 billion, which is 30 percent more than it was in 2017. The primary reasons for this, aside from a rapid increase in the illegal alien population, are that a number of states have opted to expand access to state welfare, education, and medical programs to illegal aliens. These expansions have led to taxpayers paying tens of billions in additional funding to cover these costs.

Concerningly, as will be seen in the following section, the taxes paid by illegal aliens to state and local governments fall far short of making up for the numerous additional state-funded benefits they are receiving. Moreover, with many states set to begin offering even more benefits to illegal aliens, as mentioned previously, these costs are only expected to increase even further.

State and Local Spending

State Educational Expenditures— \$73.3 Billion



State Medical Expenditures— \$18.6 Billion



State Administration of Justice Expenditures— \$21.8 Billion



State Welfare Expenditures— \$2 Billion



State and Local Expenditures— \$115.6 Billion



State and Local Taxes Collected

As with federal costs, state and local costs are offset — to some degree — by the taxes illegal aliens pay. As noted in the Federal taxes portion of this section, proponents of illegal immigration argue that the taxes paid by illegal aliens result in a net boon to state and local coffers. However, this is a spurious argument. Evidence shows that the tax payments made by illegal aliens fall far short of covering the costs of the services they consume.

It is also important to note that calling illegal alien tax payments a net receipt is a mischaracterization. The overall wage depression inflicted on local labor markets by the presence of large numbers of illegal aliens willing to work for less than market rates has far-reaching fiscal implications that are often not quantified on average balance sheets. Low-wage workers generally access more government benefits than higher-paid employees. Furthermore, illegal aliens also tend to remit large portions of their earnings back to their home countries, and thus less money is incorporated back into local economies and less is paid in local sales and excise taxes. However, because this study looks at the fiscal impacts of illegal immigration, and tax collections are a fiscal offset, we do our best to estimate how much of the fiscal costs borne by taxpayers are reduced by taxes paid by illegal aliens.

Illegal aliens are not typical taxpayers. First, the large percentage of illegal aliens who work in the underground economy avoid paying any income tax at all. Those that do work in the formal economy often receive back more than they pay to the federal government through refundable tax credit programs. Finally, the average earnings of illegal alien households are considerably lower than earnings of legal aliens and native-born workers, thus they typically fall into the lowest tax brackets.

State Taxes Collected— \$15.2 Billion



Net State Impact— \$100.4 Billion



Combined Federal State Cost Tables

Federal and State Fiscal Outlays— \$182 Billion



Federal and State Tax Contributions— \$31.4 Billion



Net Cost of Illegal Immigration— \$150.7 Billion



Cost of Illegal Immigration by State (PDFs)



Notes About this Report

A Note on the Lack of Transparency in Government Data Reporting



Summary of Methodology

