

Economic Analysis of Illegal Immigration Revenue and Cost

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Economic Analysis of Illegal Immigration: Revenue and Cost

Size of current immigration flows and the disproportionate share of poorly educated immigrants within California and Los Angeles combined with changes in California's economy has increased the costs of immigration to the state's public sector and to some native workers.

California's economy has shifted to high-skilled, service and technology industries where employers are seeking a more highly educated work force. The trend is for a widening gap between what the state's economy and public services can provide and what the growing numbers of poorly educated immigrants needed.

Concentration of refugees and other low-income immigrants make heavy use of public services with greatest being the state's public education system. The illegal immigrants characteristically are childbearing age with fertility rates higher than those of the native populations will give rapid increases in the primary and middle school enrollments. The effects of this illegal immigrant population increase on the state's community colleges and universities has not yet been fully felt.

The payment of these social and public programs used by illegal immigrants is by lower levels of government who are principally responsible for public education and police/fire services. The costs shared with the local/state/federal services include health and welfare. Immigration is a federal responsibility but illegal immigration places a disproportionate demand on the state and local governments. It creates an imbalance in cost-sharing between the Federal government, State and Local Governments.

Revenue Sources

Primary revenue sources to operate State and City services are **1. Income Tax, both Federal and State, 2. Sales Tax and 3. Property Tax** which includes bond measure payments. The Federal and State Taxes for an average illegal immigrant husband and wife combined income is \$ 40,000. (The average income per illegal immigrant in the United States is \$19,566 (Passel study))

The average illegal immigrant earns a gross income of \$19,566 (Passel). A family with two incomes, mother and father has an average annual **combined annual income of \$39,132 or \$3,261 per month.**

Estimated monthly income and expense for a two parent and three children household no home mortgage deductions

Income (monthly)		\$ 3,261
Expenses (monthly)		
Rent	\$ 500	
Food	\$ 1,500	
Clothing	\$ 100	
Gasoline for the Car	\$ 120	
Utilities (Gas, Electric, Water)	\$ 300	
Telephone	\$ 50	
Taxes		
State	\$ -0-	
Federal	\$ -133	
Total Expenses		\$ 2,437
Balance at Months End		\$ 824

Note: Does not include health, car, disability, or life insurance. Does not include auto repairs, recreation/vacation or retirement savings.

1. Income Tax Revenue (Federal and State)

Analysis of the Average Family State and Federal Taxes Paid

	Federal	State
Standard Exemption	- \$10,000	- \$6,508
Personal Exemption	- \$16,000 (\$3,200 x 5)	\$ -0-
Tax	\$ 1,403	\$ 614
Child Tax Credit Federal	- \$ 1,403	
Exemption Credit State [\$87x2 + \$72 x 3]		- \$ 990
Tax Owed	\$ -0-	\$ -0-
Additional Tax Credit	\$ 1,597 (Refund)	\$ -0-
Refund	\$ 1,597	\$ -0-

2. Sales Tax Revenue

The State sales tax collected is based on the Los Angeles Sales Tax rate of 8 ¼%. The family monthly purchases, on average, is \$1,720 or \$20,640 annually. The Sales

Tax generated annually from the family of five purchases is **\$1,702**.

3. Property Tax Revenue

An illegal immigrant family of five with a gross income of \$39,132 will not qualify to purchase a home in Los Angeles and thus there is no property tax collected.

Summary of Tax Revenue from all Sources for the Illegal Immigrant Family of Five.

Income Tax	
Federal and State: Refund from Federal Govt	-<\$1,597>
Sales Tax	
At 8 ¼% sales tax on \$20,640	\$1,702
Property Tax	
Includes Bond Measure Payments	<u>\$ -0-</u>
Total State and City Revenue Annually	\$1,702

Minimum Public Service Expenses for a Two Income Illegal Immigrant Family

Cost of Public Services for the family of five

Public Education	
3 children x \$11,000/year in California	\$33,000
Law Enforcement / Incarceration	Cost unknown at this time
Health and Welfare	Cost unknown at this time
Total minimum annual cost family of five	\$33,000

Revenue Less Illegal Immigrant Family Cost in Public Services

Federal, State and Local Revenue and Public Service Cost at a Minimum Revenue per five member household is	\$1,702
Public Service Cost Minimum	<u>- \$33,000</u>
Total Minimum Cost Annually to the State and Local Government for a family of five	- <\$31,298>

Forty percent of the Los Angeles residents are immigrants who, on average earn this income with a two income family, and **cost Los Angeles and California -\$31,298 per year in public service use** for a family of five. This begs the question, *What number of immigrants, legal and illegal, can the Los Angeles and California economy support, during the next two generations, until the immigrants and their children become economically successful and contribute positively to the public service costs?* Proponents of “Amnesty” or “Path to Citizenship” are missing the fact that this Federal Level move will permanently pass this expense onto the people of Los Angeles, California and the four other states most effected by illegal immigration.

Recent immigrants have low incomes and families with low incomes contribute less to public revenues than those with high incomes. Also, have been net consumers of public resources, but exactly how great that cost is unclear. What is know is that the cost of public education in California is \$11,000 per year for each child to educate from K to 12th grade. The exact costs of public services, health, welfare and law enforcement/incarceration per immigrant are not clear at this time. However, taking into account the education costs alone demonstrates the extreme financial burdon illegal immigration has on the state and local economies.

Concern that growing immigrant numbers with low levels of education are inconsistent with the development of an economy that increasingly demands a more highly educated labor force. Concerns about the country's ability to strike a balance between continuing population growth and environmental sustain ability.