







In education, FAIR's report included the costs of legal children to undocumented parents. The inclusion of these children dramatically increased the costs reported. The Comptroller's report focuses its attention on the costs directly attributed to undocumented persons. Colorado's report differed from the Comptroller's report in identifying which undocumented children should be included in any estimates. Colorado assumed all undocumented children between the ages of 5 and 17 were in public schools, and therefore did not account for children that did not attend school or were enrolled in private schools.

For health care costs, FAIR's report estimated costs to local taxpayers and not exclusively the state. Colorado's report states their estimate of state health care costs is overstated due to the fact the authors included legal permanent residents as well as other authorized immigrants in their count of undocumented immigrants.

The difference in the reports also may be related to the tax systems in the two states. Unlike Colorado, Texas has no income tax and relies heavily on consumption taxes at the state and local levels. Texas is more likely to capture tax revenue from workers who do not report income. Whereas income taxes will miss much activity in an underground economy, a sales tax will more likely be collected no matter how one earns an income.

Consumption taxes make up a greater percentage of total state revenue in Texas than in most other states. Since undocumented immigrants are more likely to work in the underground economy from which income taxes may not get collected, the Texas tax system, compared to other states, may capture a greater percentage of all the taxes that should be paid from the economic activity of undocumented immigrants.

As this report shows, calculating the impact of undocumented immigrants on the Texas economy and state budget is at best an educated guess. This is a result of the difficulty in calculating the number of undocumented immigrants in the state and the number who access state paid services. It is difficult to count a population that does not *want* to be counted, particularly when the law allows them access to many government services without regard to citizenship, such as those delivered by public hospitals and public schools.

This report uses some estimates of the Pew Hispanic center when calculating the number of undocumented immigrants in Texas, and of the U.S. Census Bureau when discussing foreign-born residents. Various methods are used in calculating the number of undocumented immigrants that received services.

All levels of government experience costs associated with undocumented immigrants. In fact, this report estimates the largest costs to local governments and hospitals; that is, incarceration and uncompensated health care costs. The Comptroller estimates costs of \$1.3 billion for hospitals and \$141.9 million for local incarceration attributed to undocumented immigrants. Likewise, the Comptroller estimates undocumented immigrants paid more than \$513 million in local taxes. While this report acknowledges those costs, the main focus is the cost to the state of Texas, that is, costs paid with state revenues. While there may be costs of some state paid services not reported or deemed inestimable, the largest cost items are identified. Likewise, there may be some state revenue unaccounted for, but the largest revenue sources are used in the Comptroller's calculations.

As mentioned earlier, the Comptroller's office recognizes that there are costs associated with the legally resident children of undocumented immigrants. The Comptroller has chosen not to estimate these costs or revenues due to uncertainties concerning the estimated population and the question of whether to include the costs and revenues associated only with the first generation or to include subsequent generations, all of which could be seen as costs.

## II. Background

The 2000 Census counted 31.1 million foreign-born residents in the U.S., a 57 percent increase over the 1990 Census total of 19.8 million. The total U.S. population, by contrast, rose by just 13 percent over the same period.<sup>1</sup> The Census Bureau defines the foreign-born population as "immigrants (legal permanent residents), temporary migrants (e.g., students), humanitarian migrants (e.g., refugees), and unauthorized migrants (people illegally residing in the United States)."<sup>2</sup>

Six states—California, New York, Texas, Florida, Illinois and New Jersey—accounted for more than two-thirds of the 2000 foreign-born resident count, with 21.3 million persons. And the immigrant population in these six states is rising rapidly. Their 2000 count of 21.3 million was nearly 50 percent higher than the equivalent 1990 Census count of 14.4 million, for an increase of 6.9 million persons.<sup>3</sup>

Texas, with 2.9 million foreign-born residents, had the third-highest total in the U.S. (after California and New York) and ranked seventh among all states in its percentage of residents who are immigrants, at 13.9 percent. Texas' foreign-born—71 percent of whom come from Mexico or other Latin American countries—are concentrated in the state's urban areas. Even so, the Census found foreign-born Hispanics in every Texas county except Loving County.<sup>4</sup>



**EXHIBIT 3  
Public Education Cost Comparison**

	FAIR 1999-2000	FAIR 2003-2004	Comptroller 2000-2001	Comptroller 2004-2005
Avg. Cost Per Student	\$6,288	\$7,450	\$6,447	\$7,085
Est. Number of Undocumented Immigrants	164,000	225,000	125,000	135,000
<b>Total Cost</b>	<b>\$1.03 billion</b>	<b>\$1.68 billion</b>	<b>\$806 million</b>	<b>\$957 million</b>

Note: FAIR's estimates include federal dollars.

Sources: *Federation for American Immigration Reform and Carole Keeton Strayhorn, Texas Comptroller of Public Accounts.*

As a result of the state school funding formulas, the cost (\$7,085) of any student added to the enrollment of a local school district is borne by the state, regardless of legal status. Because the state system of school finance treats local property tax revenue as interchangeable with appropriated state funds, local and state costs are combined in the cost per student.

The Comptroller's office estimates that there were about 135,000 undocumented children in Texas public schools during the 2004-05 school year, or about 3 percent of total public school enrollment. Dr. Jeffery Passel of the Pew Hispanic Center estimated that there were 140,000 undocumented students in Texas public and private schools in 2001-02.<sup>11</sup> Applying the eight percent growth in total student enrollment from 2001-02 to 2004-05 school year (fiscal 2005) to the estimated 140,000 undocumented students resulted in an estimated 151,182 students in 2004-2005. A U.S. Government Accountability Office report's estimates that 89.3 percent of Texas students are enrolled in public school. That was applied to the estimated number of undocumented children in school, resulting in an estimated 135,013 undocumented students in Texas public schools.<sup>12</sup>

The Texas Education Agency reports that, during 2004-05, the average state and local expenditure per student was \$7,085 (this excludes federal funds). Applying this figure to the estimated number of undocumented immigrant children in public schools, the Comptroller estimates that the cost of educating undocumented children in 2004-05 was slightly less than **\$957 million (Exhibit 3)**.

This estimate may be conservative, in that other reports have estimated higher costs. The 2004 report by the U.S. Government Accountability Office referenced earlier stated that Texas, in response to a survey, estimated these costs at \$932 million in 1999-2000. Applying increases in enrollment and cost per student, this figure implies 2004-05 costs of nearly \$1.2 billion. A more recent report by the Federation for American Immigration Reform (FAIR) estimates Texas' costs at nearly \$1.7 billion for the 2003-04 school year.<sup>13</sup> These estimates, however, include federal spending, which the Comptroller's office has excluded, as this report focuses on state costs.

In addition, the varying estimates assume different numbers of undocumented children in public schools. FAIR estimated that Texas public schools educated 225,000 undocumented children in 2003-04, substantially more than the Comptroller's estimate. FAIR based its estimate on a 1994 Urban Institute estimate of 93,907.<sup>14</sup> One of the authors of that Urban Institute estimate is Dr. Passel, whose estimate of 140,000 was used in the Comptroller's calculation.

**Higher Education Costs**

The number of undocumented immigrants attending college in Texas also is unknown, as is the number of those paying in-state tuition rates, and thus the relevant costs to the state are difficult to estimate.

Prior to fall 2006, students who were not citizens or permanent residents of the U.S. (whether documented or not) still could become classified as Texas residents and thus be entitled to in-state college tuition rates under the provisions of Section 54.052(j) of the Texas Education Code, originally enacted by the 2001 Legislature as House Bill (H.B.) 1403. Prior to H.B. 1403 being signed into law in 2001, these students would have been considered international students, and therefore would have paid the more costly out-of-state tuition.

To qualify, the student must have lived in the state for at least three years before graduating from a Texas high school or receiving a high school equivalency diploma in Texas. The student also must have lived for at least part of that time with a parent or legal guardian and could not have an established residence outside of Texas. In addition, such students were required to sign an affidavit stating that they would apply for permanent residency as soon as they are eligible to do so.

The 2005 Legislature revisited the issue of resident status via Senate Bill (S.B.) 1528, which made residency requirements essentially uniform for all students, regardless of their legal status. As of fall 2006, anyone who has lived in Texas for three years before graduating or receiving a diploma equivalent from a high school, and has also lived in the state for a year prior to enrollment in college, qualifies for in-state tuition as a Texas resident. Any student

**EXHIBIT 4**

**A Comparison of Provisions of H.B. 1403 and S.B. 1528 for Establishing Texas Residency**

H.B. 1403 Requirements To become residents, must (2001)	S.B. 1528 Requirements (2005)
1. have resided with a parent or legal guardian or conservator during at least a portion of the 3 years leading up to high school graduation or the receipt of a GED certificate.	n/a
2. have graduated from a public or private high school or received the equivalent of a high school diploma in this state;	same
3. have resided in this state for at least three years as of the date the person graduated from high school or received the equivalent of a high school diploma;	same
4. have registered as an entering student in an institution of higher education not earlier than the 2001 fall semester;	n/a
5. provide to the institution an affidavit stating that the individual will file an application to become a permanent resident at the earliest opportunity he or she is eligible to do so; and	Only required if student is not a U.S. Citizen or Permanent Resident
6. have not established a residence outside this state	Must have lived in Texas the 12 months prior to enrollment.

Note: Opportunity available to all persons meeting these requirements, whatever their citizenship or INS status, including U.S. Citizens and Permanent Residents.

Source: Texas Higher Education Coordinating Board.

who is not a U.S. citizen or permanent resident still must sign the affidavit concerning permanent residency. **Exhibit 4** compares previous and current law on this issue.

According to the Texas Higher Education Coordinating Board, in fall 2001, 393 students attended institutions of higher education as Texas residents based on Section 54.052(j) of the Education Code; of these, 300 attended community colleges. In fall 2004, nearly 10 times as many students received in-state rates due to Section 54.052(j) provisions—3,792, more than 75 percent of whom attended community colleges (**Exhibit 5**).

As noted in **Exhibit 5**, average state funding per student fell between 2001 and 2004. Consequently, state costs did not go up at the same rate as the number of students; instead, there was about a 446 percent increase in total state funding for these students from 2001 to 2004. The

3,792 students in fall 2004 comprised 0.36 percent of total enrollment in the state's public institutions in 2004 (1,054,586 students in all).

It should be noted that these numbers are for all students who established residency for in-state rates under Section 54.052(j), regardless of their immigration status; not all were undocumented immigrants, despite the fact that the media often describes them as such. There are many types of visas for non-immigrants that could allow a foreign student to fulfill the residency requirements for in-state tuition; for example, the children of ambassadors and diplomats, or their employees. The Comptroller's office cannot determine the share of Section 54.052(j) students representing undocumented immigrants. If all these students were undocumented, the cost to the state in fiscal 2005 would have been **\$11.2 million**.

**EXHIBIT 5**

**Cost to State of Non-Citizen College Student Classified as Texas Residents**

	Fall 2001 Avg. State Cost per Student	Fall 2001 Resident Students	Fall 2001 Total	Fall 2004 Avg. State Cost per Student	Fall 2004 Resident Students	Fall 2004 Total
Universities	\$5,366	64	<b>\$343,424</b>	\$4,816	747	<b>\$3,597,552</b>
Health Related Inst.	\$31,693	29	<b>\$919,097</b>	\$25,237	16	<b>\$403,792</b>
Community Colleges	\$2,627	300	<b>\$788,100</b>	\$2,239	2,894	<b>\$6,479,666</b>
Tech. Colleges		0		\$5,509	120	<b>\$661,080</b>
State Colleges		0		\$4,265	15	<b>\$63,975</b>
<b>Total</b>		<b>393</b>	<b>\$2,050,621</b>		<b>3,792</b>	<b>\$11,206,065</b>

Sources: Texas Higher Education Coordinating Board and the University of Texas System.

**EXHIBIT 6  
Estimated State and Federal Medicaid Expenditures  
for Undocumented Immigrants, 2000 and 2005**

	2000	2005	Difference
Medicaid Expenditures	\$45,206,381	\$96,864,943	114.3%
Medicaid Expenditures (constant 2000 dollars)	\$45,206,381	\$89,698,067	98.4%
Average Number Recipient Months per Month	1,528	2,762	80.8%
Medicaid Expenditures per Recipient Month	\$2,466	\$2,923	18.5%
Medicaid Expenditures per Recipient Month (constant 2000 dollars)	\$2,466	\$2,678	8.6%

Note: Amounts may not add due to rounding.

Note: Recipient month equals one month's coverage for an eligible individual.

Sources: Texas Health and Human Services Commission and Carole Keeton Strayhorn, Texas Comptroller of Public Accounts.

#### IV. Health Care

State and federal-funded health benefits for undocumented immigrants are limited in Texas (see **Exhibit 1**). Costs for services are far more likely to fall on local governments, non-profit and private health care facilities.

##### State Costs

Health-related benefits available for undocumented immigrants in Texas generally fall into three categories: emergency Medicaid; state-local programs such as mental health services and school-based health centers; and public health programs.

##### Emergency Medicaid

Medicaid is a federal/state funded program that provides healthcare to low income families, pregnant women, elderly people and those with disabilities and dependent children and related caretakers. Eligible persons must meet asset requirements.<sup>15</sup>

Emergency Medicaid payments represent the majority of state costs for medical care provided to undocumented immigrants. In the case of a medical emergency, such as childbirth and labor or other conditions that may threaten an individual's life, the federal government allows Medicaid to pay for services rendered to persons who would otherwise qualify for Medicaid regardless of their

immigration status. Not all undocumented immigrants seeking medical care qualify for emergency Medicaid.

Medicaid expenditures for all immigrants, regardless of legal status, more than doubled (114 percent) from 2000 to 2005. When adjusted for inflation, spending rose by 98.4 percent. The average number of recipients per month increased by 81 percent during the same time period.

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. The Pew Hispanic Center estimates that undocumented immigrants account for 30 percent of all immigrants. Based on that estimate, **Exhibit 6** details both state and federal estimated costs to emergency Medicaid.

The state shares the costs of Medicaid with the federal government. Texas pays approximately 40 percent of Medicaid costs; therefore, the total estimated state cost for Medicaid services for undocumented immigrants was **\$38.7 million** in fiscal 2005 (**Exhibit 7**).

##### Children with Special Health Care Needs

The U.S. Department of Health and Human Services defines children with special health care needs (CSHCN),

...as those who have or are at increased risk for a chronic physical, developmental, behavioral, or emotional condition and who also require health and related services of a type or amount beyond that required by children generally.<sup>16</sup>

Funding for this program is split between the states and federal Title V, Maternal Child Health Services Block Grants.

**EXHIBIT 7  
Estimated State Medicaid Expenditures  
for Undocumented Immigrants, 2000 and 2005**

	2000	2005	Difference
Medicaid Expenditures	\$18,082,552	\$38,745,977	114.3%
Medicaid Expenditures (constant 2000 dollars)	\$18,082,552	\$35,879,227	98.4%

Sources: Texas Health and Human Services Commission and Carole Keeton Strayhorn, Texas Comptroller of Public Accounts.



**EXHIBIT 8  
Children with Special Health Care Needs  
Treated in Texas, All Funds 2005**

	Clients Served	Percent	Expenditures	Percent
Citizens/Legal Residents	633	30.0%	\$4,177,280	20.7%
Non-Citizens	1,452	68.8%	\$15,960,962	78.9%
Unknown	25	1.2%	\$89,921	0.4%
Total	2,110	100.0%	\$20,228,163	100.0%

Source: Texas Department of State Health Services.

State and federal CSHCN expenditures in Texas totaled \$20.2 million in fiscal 2005 (**Exhibit 8**).

CSHCN assistance is available for Texas residents, as defined by the Texas Administrative Code, regardless of their citizenship status in the U.S. In **Exhibit 8**, the “Non-Citizens” category accounts for foreign-born Texas residents who have reported to the Texas Department of State Health Services or another state entity that they are neither U.S. citizens nor legal residents. “Non-citizens” thus are likely to be undocumented immigrants.

The federal government requires states to expend at least 30 percent of their Title V funds on CSHCN. The fiscal 2005 block grant amount for Texas totaled \$37 million, with a minimum of 30 percent (\$11.1 million) dedicated to CSHCN. About 55 percent of the funds expended on CSHCN in fiscal 2005 were federal, with the state supplying the remaining 45 percent.

Applying the state share of 45 percent to the “Non-Citizens” category in **Exhibit 8** indicates that the estimated state cost for CSHCN services provided to undocumented immigrants was **\$7.2 million** in fiscal 2005.

**Substance Abuse Services**

The Texas Department of State Health Services (DSHS) spent about \$17.3 million in state funding—or 16 percent of all funding—for substance abuse intervention and treatment in fiscal 2005. As with mental health services, substance abuse services base eligibility on diagnosis rather than income or citizenship. The vast majority of people receiving publicly funded treatment have an order issued by a court of law requiring that they participate in treatment as a part of their sentencing.

DSHS collects data on substance abusers receiving treatment in Texas. The information collected includes age at first drug use, gender, ethnicity, marital status, educational level, homelessness and criminal justice involvement. In 2005, DSHS began collecting citizenship information on individuals receiving publicly-funded substance abuse

treatment. About 5.5 percent or 8,446 of the 152,441 persons who received treatment reported that they were not U.S. citizens.<sup>17</sup>

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 substance abuse services to undocumented immigrants. The Comptroller

estimates that the number of undocumented immigrants receiving services is 30 percent of the non-citizens identified above (again based on Pew estimate of percent undocumented), and therefore that 1.66 percent of all individuals receiving state-funded substance abuse services were undocumented immigrants in fiscal 2005. Applying that percentage to state expenditures for substance abuse results in a cost of about **\$287,700**.

**Mental Health Services**

Texas pays for state mental hospital services almost entirely with state general revenue. In fiscal 2005, the state spent \$225.7 million on state mental hospitals.<sup>18</sup>

Unlike Medicaid, eligibility for mental health services is not means-based, but instead is based on a patient’s diagnosis, the severity of his or her illness and the availability of funds. To qualify for state-funded mental health services, an individual must be a member of the “priority population”—those who are significantly functionally impaired and have a diagnosis of schizophrenia, bipolar disease (manic depression) or major clinical depression.<sup>19</sup>

State mental hospitals also are subject to the federal Emergency Treatment and Active Labor Act (EMTALA). EMTALA requires all hospitals receiving payments from Medicaid or Medicare—virtually all hospitals—to screen anyone presenting at an emergency department to determine if an emergency condition exists and, if so, to provide appropriate care regardless of ability to pay.

Therefore, persons entering a state mental hospital with an emergency medical condition cannot be turned away based on citizenship or for any other reason. If the event is an emergency, but a state mental hospital does not have capacity or is not found by staff assessing the person’s condition to be the “least restrictive environment,” the person is referred to a local mental health authority for care.

Under 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. As discussed earlier, only undocumented immigrants that would otherwise qualify for Medicaid could qualify for such funding, and then only in an outpatient setting, since Medicaid does not cover inpatient mental hospital stays for adults between 19 and 65. For this reason, the need to ask about citizenship would not arise often.

To obtain the most accurate number of undocumented immigrants receiving services in the public mental health system, it would be necessary to conduct primary research through interviews and surveys of local mental health authorities and state mental hospital directors. Using the same methodology used for substance abuse, the Comptroller estimates a state cost for mental health services of **\$3.8 million** in fiscal 2005. This estimate assumes 1.66 percent of state expenditures were associated with undocumented immigrants.

**Immunizations**

To attend public school, parents must provide proof that their children have been immunized before enrollment. Immunizations may be obtained from numerous outlets that are convenient for undocumented immigrants, including school-based health centers, local public health departments (LPHDs) and federally qualified health centers (FQHCs).

Texas spent about \$46.9 million for adult and child immunizations in fiscal 2005, of which 57.3 percent or \$26.9 million was state general revenue. In all, 17 immunization doses are required for a child to enter school. **Exhibit 9** summarizes the number and type of vaccinations required for Texas public schools.

**EXHIBIT 9**  
**Vaccinations Required**  
**for Public School Admission**

Vaccine	Number of Doses
Diphtheria, Tetanus Toxoid, and Pertussis Vaccine (DTaP)	5
Polio Vaccine (IPV)	4
Measles, Mumps, Rubella (MMR)	2
Hepatitis B	3
Varicella	1
Hepatitis A (only required in 40 counties in Texas)	2
<b>Total Vaccinations</b>	<b>17</b>

*Source: Texas Department of State Health Services.*

In 2002 (most recent year for which data is available) DSHS administered about 6 million doses of vaccine to persons under the age of 20. As noted in the Education section of this report, the Comptroller estimates 135,000 undocumented immigrants are enrolled in Texas schools. All of these children must have current vaccination records to attend school. Many undocumented children living in Texas, however, receive some or all required immunizations before they arrive in the U.S.

In Mexico, the largest country of origin of undocumented immigrants, almost 96 percent of children under the age of five have received all their vaccinations, compared to 79 percent of U.S. children under age three.<sup>20</sup> As a result, many undocumented school-aged children who arrive in Texas will have all their age-appropriate vaccinations. Students who do not have proof of their vaccinations must either provide documentation or receive another series of vaccinations. While many have documentation, the Comptroller is unable to determine the percent of those who do not.<sup>21</sup>

This makes estimating the state cost of providing immunizations to undocumented children attending Texas public schools difficult to calculate, because there is no way to determine when undocumented children currently enrolled in Texas schools arrived in the U.S., or the percent who had some or all their immunizations before immigrating. Costs associated with undocumented children are miniscule, with the Comptroller's estimate being about **\$33,000** in fiscal 2005. This is based on four percent of undocumented children in public schools, or 5,400, receiving immunizations. These 5,400 children account for .12 percent of total school enrollment. This figure was applied to the \$26.0 million in state funds.

**Women and Children's Health Services/  
School-based Programs**

Undocumented immigrant children enrolled in day care, preschools and primary schools may be eligible for state School-Based Health Center Services. These children as well as undocumented women also may receive health care through Women and Children's Health Services.

Texas has more than 100 school-based health centers that deliver services to about 200,000 children annually. DSHS funds four of these health centers. Schools may receive state funding for startup costs of up to \$125,000 per year from DSHS.<sup>22</sup> School-based centers may provide comprehensive primary and preventive physical health, dental health, mental health and health education services to children and adolescents.<sup>23</sup>

The state funds school-based health centers to provide a "medical home" for children that otherwise have limited access to healthcare because they are uninsured or have

disabilities requiring care during the school day. The centers make no distinction between citizen and non-citizen students.

Most visits to the school-based health center are for services such as diagnosis and treatment of a simple illness or minor injury; immunizations; physical examinations, including sports physicals; preventive health visits, including Early Periodic Screening, Diagnosis, and Treatment; and mental health and psychosocial counseling.<sup>24</sup>

Another avenue to medical care for undocumented immigrants is the state Women's and Children's Health Services. Women and Children's Health Services provide community-based maternal and child health services for low-income persons not eligible for Medicaid or the Children's Health Insurance Program (CHIP). These services include preventive, primary and dental care for children and cancer screening for women.

Texas spent \$21.9 million in state funds for these programs in fiscal 2005. The Comptroller estimates that slightly more than 3 percent of all students enrolled in public education were undocumented immigrants in fiscal 2005. The number of undocumented immigrant women receiving services is unknown. Therefore, a conservative estimate to the state for both services in fiscal 2005 is slightly more than 3 percent of state expenditures, or about **\$674,000**.

### **Public Health**

State and local public health agencies provide all Texas residents with public health services regardless of citizenship status, because public health services are intended to protect all Texans' health. For example, care and treatment of infectious diseases are provided to anyone requiring them regardless of their ability to pay or citizenship status because such care protects the state's residents against the spread of those diseases.

DSHS funds 65 local public health departments (LPHD) that provide for the control and treatment of infectious diseases, as do some state-funded facilities such as the Texas Center for Infectious Disease and South Texas Health Care (formerly the South Texas Hospital). These two facilities spent \$7.8 million and \$5.4 million respectively in general revenue funds in fiscal 2005. The state also provided LPHDs and other health and education organizations with \$38.1 million in 2005 state general revenue funding for HIV identification, prevention and treatment, while DSHS received about \$13 million in state general revenue funds to combat tuberculosis (TB) and Hansen's disease (leprosy).<sup>25</sup>

The federal government also provides DSHS with funding for "Refugee Health Services," which primarily involve treating refugees who may be infected with TB and other infectious diseases.

In 2005, DSHS reported 1,535 cases of TB. Of these, 48.1 percent were foreign-born. Using the 30 percent share used earlier in this report to estimate the percent of foreign-born here without authorization results in an estimated 221 of those infected with TB being undocumented immigrants. The cost per TB case to the state is unknown.

Other high-incidence infectious diseases include HIV/AIDS, sexually transmitted diseases and meningitis. Data on country of origin for these individuals are not available. Assuming slightly more than 6 percent of the state's residents were undocumented immigrants, the Comptroller's estimated costs for fiscal 2005 were **\$3.9 million**.

### **Emergency Medical Services**

In fiscal 2005, Texas spent about \$55.2 million in state funds for emergency medical services (EMS), primarily ambulance and other emergency transportation and trauma facilities.

Little centralized demographic information exists for EMS. The U.S./Mexico Border Counties Coalition (U.S./MBCC) surveyed border counties in 2001 and found that about 7 percent of the costs these private and public ambulance service providers incurred was attributable to undocumented immigrants. The method used to identify these costs for the border region could be applied to the entire state with some modification. However, the Comptroller's office would need to know the total revenue for all ambulance providers in Texas to calculate a cost related to undocumented immigrants and that information is not available. Therefore in estimating costs, the Comptroller applies the percent of undocumented immigrants in Texas to total state expenditures. This results in a cost to the state in fiscal 2005 of **\$3.4 million**.

The Comptroller estimates the total cost for state funded healthcare services for undocumented immigrants was **\$58 million** in fiscal 2005. **Exhibit 10** details the state cost associated with undocumented immigrants and the percent of state funds estimated.

### **Local Government and the Private Sector**

Local government and private businesses incur the largest share of health-related costs for undocumented immigrants in Texas. The state Indigent Healthcare and Treatment Act requires Texas counties to provide "safety net" services for indigent persons and others not covered

**EXHIBIT 10  
State Healthcare Costs Associated  
with Undocumented Immigrants  
Fiscal 2005**

Service Area	General Revenue	Percent of Expenditures on Undocumented Immigrants	Undocumented Immigrant Costs
Emergency Medicaid*	\$129,153,257	30.0%	\$38,745,977
CSHCN	\$9,111,352	78.9%	\$7,189,280
Substance Abuse	\$17,305,929	1.7%	\$287,651
Mental Health	\$225,650,365	1.7%	\$3,750,650
Immunizations	\$26,906,780	0.1%	\$33,143
Women/School	\$21,901,933	3.1%	\$674,463
Public Health	\$64,300,000	6.1%	\$3,937,888
EMS	\$55,156,810	6.1%	\$3,377,937
<b>Total</b>	<b>\$549,486,426</b>	<b>10.6%</b>	<b>\$57,996,990</b>

\* Program Type 30 (Foreign-Born: 30 % undocumented)  
Sources: *Texas Health and Human Services Commission and Carole Keeton Strayhorn, Texas Comptroller of Public Accounts.*

by private health insurance or public health insurance programs such as Medicare, Medicaid and CHIP.<sup>26</sup>

Texas law gives counties three basic options for delivering indigent healthcare, including hospital districts, public hospitals and county indigent health care programs (CIHCPs). All of these entities have a statutory obligation to cover a set of basic health care services including primary and preventative services designed to meet the needs of the community as well as inpatient and outpatient and nursing facility services.

*Hospital districts* are special taxing entities that may levy a tax not to exceed 75 cents per \$100 in property valuation to fund indigent health care. Texas law requires hospital districts to provide services to persons with incomes below 21 percent of the federal poverty line. Hospital districts can, however, set higher income thresholds. Hospital districts also may receive financing from the state's unclaimed lottery revenue, the federal Disproportionate Share Hospital Program and supplemental Medicaid and Medicare payments to teaching hospitals through the Graduate Medical Education Program. These districts cover 144 of Texas' 254 counties.<sup>27</sup>

*Public hospitals* are funded in Texas by sales and use taxes and are eligible for the same types of funding as hospital districts. Texas law defines a public hospital as a hospital owned, operated, or leased by a county or municipality.<sup>28</sup> Texas public hospitals serve residents in all or parts of 29 Texas counties.<sup>29</sup>

*County indigent health care programs* (CIHCP) use both local and state funds to pay health care providers for services for eligible patients. Counties cover residents whose incomes place them below 21 percent of the federal poverty line, but they may adopt a less restrictive income standard. County CIHCPs' eligibility criteria also may impose resource limits (e.g. bank account balance limits, number/value of vehicles, etc.) and residency requirements. While county *residency* may be a requirement for CIHCP eligibility, *citizenship* is not. The level of state funding is tied to the level of local funding provided. In fiscal 2005, the state set aside \$5.2 million to reimburse 21 counties through the CIHCP State Assistance Fund. Counties must spend more than 8 percent of their general revenue tax levy on qualified healthcare expenditures

to qualify for state funding. All or some parts of 150 Texas counties operate CIHCPs.<sup>30</sup>

Local indigent health care entities have always been legally responsible for providing emergency medical services to those who met the responsible entity's eligibility criteria. The issue of providing *preventive* health care for undocumented immigrants was addressed in 2003 with the passage of H.B. 2292, which granted local indigent health care entities explicit permission to provide preventive and acute care services to area residents without regard to their immigration status. This legislation eliminated any need to ask a patient about citizenship status for primary and preventive care, and most counties do not ask about citizenship status other than to determine eligibility for a federal or state payment program.

The Harris County Hospital District, the nation's third-busiest public hospital system, estimated about one-in-five of patients seen by the county's healthcare system were undocumented immigrants. Medical care for these patients, both emergency and non-emergency related, accounted for \$97.3 million or approximately 14 percent of the system's total operating costs in 2005.<sup>31</sup>

In 2001, the U.S./Mexico Border Counties Coalition (U.S./MBCC) interviewed border hospital chief executive officers and chief financial officers to obtain an estimate of the share of their hospitals' uncompensated care attributable to undocumented immigrants. Based on their responses, the coalition estimated that about 25 percent



of these hospitals' uncompensated care costs resulted from uninsured, undocumented immigrants.

Since then, the Indigent Care Collaboration (ICC), an alliance of "safety net" providers in three Central Texas counties (Travis, Williamson and Hays), has begun tracking the percent of uninsured undocumented immigrants they serve using a web-based eligibility screening tool called the Community Health And Social Services Information System (CHASSIS™).

CHASSIS™ is used to screen uninsured/under-insured patients for eligibility in federal, state, and local medical assistance or payment programs (e.g. Medicaid, CHIP, CIHCP, Primary Health Care (PHC), SSI, local charity programs, etc.) In 2005, about 14 percent of all patients screened using CHASSIS™ in hospital settings were found to be undocumented. If only the patients screened through the hospitals' emergency departments are examined, however, the percent of undocumented immigrants increases to 25 percent. This finding regarding the percent of emergency room patients who are undocumented is in keeping with the conclusions of U.S./MBCC's 2001 study on emergency medical services provided to undocumented immigrants in Texas border counties.

Texas hospitals reported \$9.2 billion in uncompensated care in 2004.<sup>32</sup> An estimate of 2005 costs was unavailable. Uncompensated care generally encompasses care provided to uninsured and underinsured individuals who cannot pay for the services they receive. Applying the ICC's estimate of 14 percent of patients to total uncompensated care provided by Texas hospitals produces a statewide estimate of uncompensated healthcare costs attributable to undocumented immigrants of **\$1.3 billion**.

### *Federally Qualified Health Centers*

Federally qualified health centers (FQHC) include community health centers, migrant health centers, programs that provide health care for the homeless, public housing primary care programs and urban Indian and tribal health centers. FQHCs are supported by federal grants, Medicaid, Medicare, private insurance payments and state and local contributions.<sup>33</sup> Although anyone may seek services at an FQHC, nearly 71 percent of health center patients have family incomes at or below poverty. In addition, about 40 percent of health centers' patients are uninsured and another 36 percent depend on Medicaid.<sup>34</sup>

According to the Texas Association of Community Health Centers, Texas FQHCs receive about 40 percent of their funding from sources such as Medicaid (27 percent) and state and local funds (13 percent). Grants and contracts – federal and non-federal – account for another 41 percent of revenues. Their remaining funds come from a

variety of sources including Medicare, Children's Health Insurance Program (CHIP), private insurance, self-pay patients and other miscellaneous sources.<sup>35</sup>

In 2005, Texas FQHC patients were covered by Medicaid/CHIP (25 percent), Medicare (7 percent), private insurance (7 percent) and other public programs (2 percent). The remaining 59 percent had no insurance.<sup>36</sup> Texas FQHCs served about 6 percent of the state's uninsured in 2004. More than half of the 562,000 patients seen preferred to be served in a language other than English. More than 14,000 were seasonal or migrant farm workers.

Texas FQHCs are not required to and do not collect data on their patients' citizenship status or place of birth. Therefore, it is impossible to estimate the percent of state or local funds spent by FQHCs that are attributable to undocumented immigrants.

### *Clinics*

Other sources of healthcare for Texas' undocumented immigrants include primary care and free clinics. ICC's member clinics screened about 84,000 patients in 2005.<sup>37</sup> Of those screened, slightly more than 50 percent were found to be undocumented immigrants. An average clinic visit costs about \$230. No data are available on the number of clinic visits made by this population, and as a result the Comptroller cannot estimate the cost of clinic services provided to undocumented immigrants.

The Robert Wood Johnson and Annie E. Casey Foundations created the Access Project to assist local communities develop and sustain efforts that improve healthcare and promote universal coverage with a focus on the uninsured. The Access Project reported that Texas counties spent an estimated \$870 million on all indigent health care in 1999.<sup>38</sup> The Access Project, however, was examining indigent health care in its entirety and did not distinguish between citizens and noncitizens. U.S./MBCC examined emergency medical care only—that is, care required by federal law. As a result, there are no studies that estimate Texas costs for non-emergency or primary care provided to undocumented immigrants at the county or municipal level.

### *Section 1011*

As mentioned above, Texas hospitals may be reimbursed for emergency healthcare provided to qualified undocumented immigrants by the Health and Human Services Commission, through the federal Emergency Medicaid program. More recently, the federal government has authorized payment for emergency medical care provided to undocumented immigrants under Section 1011 of the Medicare Modernization Act.

Section 1011 reimburses hospitals, physicians and ambulance providers based on Medicare reimbursement for services rendered to undocumented immigrants. Beginning in federal fiscal 2005, the federal government will pay about \$250 million per year directly to providers that submit qualified claims. Texas' allotment under Section 1011 was \$56 million per year for four years. At this time, however, eligible Texas providers, including hospitals, physicians and ambulance services, have not submitted claims for all of the \$56 million available.

The difficulty in estimating the cost to LPHDs, physicians or EMS services of care provided to uninsured undocumented immigrants varies depending on the availability of data and the existence of previous primary research.

As a rule, none of these entities maintain data on the citizenship of the patients they treat. This lack of data makes it virtually impossible to place a dollar figure on the cost to these providers related to undocumented immigrants. While no data are available to estimate the magnitude of the cost, it is clear that, other than Emergency Medicaid, Section 1011 and the limited state funds available, local tax dollars or private donations must cover most of the cost of providing care to undocumented immigrants.

## V. Incarceration

Texas' criminal justice system has three distinct parts. Undocumented immigrants who commit crimes affect all of them:

- law enforcement and criminal prosecution—municipal police, county sheriffs, the Texas Department of Public Safety, district attorneys' offices and technical investigative organizations such as crime labs;
- criminal trial and appeals—the criminal trial and appeals court system, including public defenders, the jury system and other court procedures; and
- corrections—the system of incarceration and parole, including prisons, jails, and parole boards and the capital punishment apparatus.

Many elected officials including state governors and U.S. congressmen argue that the federal government should bear all the cost of capturing, prosecuting and housing undocumented immigrants who commit criminal offenses.<sup>39</sup> Under the Violent Crime Control and Law Enforcement Act (Public Law 103-317, or the Crime Act of 1994), the federal government authorized \$1.8 billion over six years to reimburse states and local jurisdictions for criminal justice costs associated with undocumented immigrants.

This act also established the State Criminal Alien Assistance Program (SCAAP), which provides partial reimbursement to states and local jurisdictions for housing

criminal aliens.<sup>40</sup> The federal government limits SCAAP reimbursements to costs incurred related to undocumented immigrants who are convicted of felonies or multiple misdemeanors. SCAAP awards are based solely on a jurisdiction's costs for correctional officers, the number of "eligible" undocumented immigrant offenders and the number of inmate days involved. No other costs are included in the calculation of SCAAP awards.

Two other federal grants partly reimburse local jurisdictions for costs related to undocumented criminals: the Byrne Discretionary Grant and Community Oriented Policing (COP). One of the purposes of the Byrne Grant is to promote projects that are multi-jurisdictional or multinational in scope.<sup>41</sup> COP gives money directly to local jurisdictions including communities along the U.S.-Mexico border to boost the police presence at the community level.

### State Costs

Noncitizens who commit crimes in Texas are prosecuted and punished in the same way as U.S. citizens; after serving their sentences, however, some may be deported back to their home countries. This can apply both to documented and undocumented immigrants, depending on the severity of their crimes.

The Texas Department of Criminal Justice (TDCJ) operates a joint program with federal Immigrations Customs and Enforcement (ICE) to identify criminal aliens incarcerated in Texas, begin deportation proceedings against them while they are incarcerated and deport them after they serve their state prison sentences.

Deportation can occur only after completion of the inmate's sentence. The process begins, however, when the inmate is evaluated at one of TDCJ's intake sites after being sentenced and transported from the local county jail to TDCJ. The simplified process is as follows:

- TDCJ identifies foreign-born offenders during intake.
- TDCJ notifies ICE that the offender claims foreign birth or citizenship or that TDCJ suspects foreign birth or citizenship.
- ICE interviews the offender and may ask TDCJ to hold the offender upon release.
- ICE is notified when the offender's release is pending and assumes custody of the offender upon release, pending federal deportation proceedings.<sup>42</sup>

As of March 31, 2006, TDCJ had a total population of 151,852 inmates. TDCJ does not have an accurate count of undocumented immigrants held in its facilities, but has asked ICE to review its records and provide this number.

Of the total incarcerated in state jails and prisons in March 2006, 11,514 claimed to have been born in a foreign country and 10,280 claimed that they hold foreign citizenship. These claims are based on TDCJ's intake interviews and records forwarded with the prisoners and are subject to investigation and verification by ICE.

ICE had issued detainers (requests to detain) for 6,541 prisoners as of March 2006. Due to ICE staffing shortages, however, ICE has been unable to interview all inmates and investigate them to verify their immigration status; an undetermined number of undocumented offenders may be issued a detainer at a later date. ICE had final orders of deportation in place for at least 3,018 inmates as of March 2006, although both TDCJ and ICE say this number is inaccurate and probably low.<sup>43</sup>

Under current procedures, ICE provides TDCJ with information on detainers for male prison inmates only. ICE does not report figures for females in prison units or for both male and female offenders in state jails (**Exhibit 11**).

The process for releasing undocumented immigrant offenders varies for different types of offenders and facilities, which is one reason for the lack of accurate state-wide data. For example, female Institutional Division offenders are released from Gatesville and processed by the San Antonio ICE office. State jail offenders are released from the Lyncher State Jail and processed by the Houston ICE office.

The vast majority of TDCJ offenders are males housed by the Institutional Division (ID), which administers the state's traditional prisons. TDCJ transfers male ID offenders who require a deportation hearing to a joint state/federal facility at Huntsville's Goree Unit under the Institutional Removal Program.<sup>44</sup> This process is geared to save money and ensure the deportation of eligible criminal aliens; it is based on a previous recommendation by the Comptroller's Texas Performance Review program.

TDCJ releases inmates who need a deportation hearing directly into federal custody. The federal government maintains detention facilities and a courtroom next to

the Goree Unit and court proceedings are held via teleconferencing with a federal judge located in Houston. TDCJ provides legal counsel for offenders who lack it.

Deportation includes several types of proceedings. *Stipulated* removal occurs when the alien voluntarily concurs with ICE's allegations and agrees to waive a hearing before an immigration judge. The federal immigration judge signs the order but the alien need not be present. *Reinstatement of a removal order* occurs when an alien illegally reenters the U.S. after having been removed before. No hearing is required for deportation in such cases. *Administrative* removal applies if the offender has not been admitted to the country legally and has been convicted of an aggravated felony, and a hearing is needed for a judge to determine the facts and reach a decision.<sup>45</sup>

Comptroller employees visited the Goree Unit in Huntsville in May 2006 to gather information about the Institutional Removal Program. They met with both TDCJ and ICE staff, who explained the program and provided some of the information used in this report. The Comptroller team reported that TDCJ staff members discussed aggregating all joint TDCJ/ICE operations at the Goree Unit to further streamline the process and save money.

### **Federal reimbursement**

The state of Texas receives partial reimbursement for costs associated with incarcerating illegal aliens from the U.S. Bureau of Justice Assistance's State Criminal Alien Assistance Program (SCAAP). SCAAP reimburses costs only for undocumented aliens who have been convicted of a felony or two or more misdemeanors and have been incarcerated for at least four consecutive days. The key factor is whether the individual was born outside the U.S. and has no reported or documented claim to U.S. citizenship. SCAAP reimburses costs only for a portion of correctional officer salaries and is based on estimates of incarceration days of both known and suspected illegal immigrants.

Texas will receive \$18.6 million in SCAAP money to partially offset its costs in 2006. This is up from \$17.1 million in 2005, but down sharply from earlier years, when Texas received about \$34 million annually. Congress has cut the appropriation level in half, affecting all states and local jurisdictions.<sup>46</sup>

The outlook for federal SCAAP funding remains uncertain. The Bush administration's proposed federal fiscal 2007 budget recommended eliminating SCAAP, calling it no more than a form of revenue sharing and saying that the program has not demonstrated results. Meanwhile, various elected officials across the U.S. have called for

#### **EXHIBIT 11**

### **Noncitizens Incarcerated in the Texas Department of Criminal Justice, March 31, 2006**

Total TDCJ Population	151, 852
Offenders Claiming Foreign Place of Birth	11,514
Offenders Claiming Foreign Citizenship	10,280
Offenders with ICE Detainers	6,541
Offenders with Final Orders of Deportation	3,018

Source: Texas Department of Criminal Justice.

more than doubling the current federal appropriation from \$405 million to \$850 million, saying the federal government has not lived up to its obligation to stop illegal immigration and that locals are bearing the costs.<sup>47</sup>

### State Fiscal Impact

As of June 2006, TDCJ did not have an exact count of the number of undocumented immigrants among its total population of 151,741. TDCJ staff members are investigating this question at the request of the TDCJ board chair and expect results by Winter 2006 at the earliest. Because of inconsistencies in various computer databases, ICE is expected to review thousands of files manually if necessary to obtain an accurate count.

The Legislative Budget Board reports that TDCJ's most recent cost per day per inmate is \$40.06.<sup>48</sup> According to TDCJ, illegal aliens are distributed throughout the system, so that this particular subset of inmates should not reflect any different costs for housing or meals.

The lack of accurate data on the number of undocumented offenders in Texas prisons makes it difficult to estimate associated costs, but both the U.S. Government Accountability Office (GAO) and TDCJ have made some estimates. GAO has estimated that Texas spent \$130 million to house SCAAP criminal aliens in 2002. GAO multiplied the average daily cost of housing inmates in Texas prisons by the number of days criminal aliens reimbursed under SCAAP were incarcerated in Texas prisons. Federal reimbursements amounted to \$15 million, or 11.5 percent of costs. GAO estimated that SCAAP payments represented 25 percent or less of the total cost of incarcerating criminal aliens in the other four large states they evaluated in their 2005 study.<sup>49</sup>

Using a similar approach, TDCJ estimated that incarcerating undocumented immigrants cost the state \$132,377,509 in 2005, in response to a request from the Texas Office of State-Federal Relations.<sup>50</sup> Using a similar method and data provided by TDCJ, the Comptroller estimates costs for fiscal 2006 at **\$130.6 million**. This total was derived by multiplying the cost per day (\$40.06) by the number of days undocumented offenders were incarcerated in Texas prisons as estimated by TDCJ (3,259,818).<sup>51</sup>

This implies that on average there were 8,931 undocumented offenders in TDCJ at any one time during fiscal 2006. TDCJ reported that there were 13,006 unique offenders incarcerated at some point in 2005 that had or were suspected to have had no claim on citizenship. These persons may have been incarcerated one or more times during the period.

### Local Costs

Texas' criminal justice system is based on cooperation and interaction between the state, local and federal governments. Local governments are the front line in the fight against crime, and they face the heaviest financial burden.

Counties are responsible for many aspects of local law enforcement, detention, adult and juvenile prosecution; adult and juvenile indigent defense; lower courts (for misdemeanors); district or superior courts (for felonies); court clerks; adult probation; and juvenile probation and detention.

Each county sheriff's department is responsible for the operation of county jails, criminal investigations, arrests of criminal offenders, warrants and civil papers, and the provision of bailiffs for all state courts. Texas counties have county and district attorneys as well as county and district clerks and elected constables. Each of these various offices can incur a cost whenever an undocumented immigrant commits a crime.

The district attorney (DA) represents the state in felony actions and criminal misdemeanors in county courts at law and justice of the peace courts. Most DAs serve a single county, although some serve more than one (typically in the case of rural areas). County attorneys try misdemeanors and juveniles while district attorneys try felonies.

Texas county courts at law hear both criminal and civil cases. Justices of the peace have original jurisdiction in Class "C" misdemeanor criminal cases subject to fines of up to \$500.

Given available data, estimating the cost of undocumented offenders to Texas counties is not a simple matter. A few studies have attempted to quantify the cost to specific jurisdictions. In the mid-1990s, two studies examined the cost of illegal immigration on Texas, one by the Urban Institute and another by Dr. Donald Huddle of Rice University. Both studies examined the state cost of undocumented immigrants in response to a push by state officials to receive federal reimbursement for these costs. Neither study, however, examined costs to local units of government.<sup>52</sup>

Recently, GAO published a report examining costs in five states and five large counties that receive SCAAP funding. Harris County was among the five large counties reviewed. This study, however, included only costs related to county sheriff's offices. Using costs per day provided by these offices, GAO estimated that SCAAP awards cover between 7 percent (Maricopa County, AZ) and 25 percent (Los Angeles County, CA) of the costs reported.



## Special Report: Undocumented Immigrants in Texas

According to GAO, SCAAP covered about 20 percent of the Harris County Sheriff's office in 2003.<sup>53</sup> While Harris County's correctional salaries increased from slightly more than \$76.4 million in 2003 to almost \$109 million in 2005, their SCAAP award remained virtually unchanged. In 2003, Harris County received \$2,693,979; in 2005, two dollars less—\$2,693,977. The percent of incarceration-related costs covered by SCAAP funds appears to have declined between 2003 and 2005.

In federal fiscal 2005, 95 Texas counties received almost \$7.9 million in SCAAP funds.<sup>54</sup> Using the method employed by ICE and the Federal Bureau of Justice Assistance to calculate a cost per inmate day, the Comptroller's office divided the reported correctional officer salaries by total inmate days reported for all offenders regardless of their immigration status.

The Comptroller then multiplied the cost per day by the number of ICE and "unknown" inmate days to arrive at a cost per undocumented immigrant offender related to correctional officer salaries of \$24.5 million.

The Comptroller examined 2005 approved budgets for 15 of the 95 Texas counties that receive SCAAP funds. These 15 counties received about 88 percent of the 2005 SCAAP funds awarded last year. Salaries account for about 50 percent of county sheriff office budgets.<sup>55</sup> Thus costs related to salaries were doubled to arrive at a cost estimate for county sheriff's offices.

**Exhibit 12** indicates that Texas sheriff's offices spent about **\$49.1 million** for undocumented immigrant offenders in 2005.

This, however, tells only part of the story. As noted above, other county offices incur costs related to handling undocumented offenders.

In 2000, the U.S./Mexican Border Counties Coalition (U.S./MBCC) commissioned a study to estimate criminal justice costs to county and municipal governments along the U.S.-Mexico border. The researchers completed detailed examinations of county budgets and cost information, fielded a survey and conducted in-depth interviews with county officials and relevant county staff

**EXHIBIT 12**  
**Estimated Costs to County Sheriff's Offices for Undocumented Offenders, 2005**

County	SCAAP Award 05	Total Salaries	Inmate Days (Total)	Cost Per Day	ICE Inmate Days	ICE Inmate Costs	Unknown Inmate Days	"Unknown Inmate" Costs	Costs Sheriff's Salaries Only	Total Costs Sheriff's Ofc.
Bexar	\$547,366	\$27,883,631	1,425,272	\$19.56	11,065	\$216,473	90,491	\$1,770,341	\$1,986,814	\$3,973,628
Brazos	\$87,090	\$3,613,269	163,410	\$22.11	3,583	\$79,226	10,207	\$225,694	\$304,920	\$609,840
Cameron	\$29,936	\$4,237,531	370,486	\$11.44	616	\$7,046	8,989	\$102,814	\$109,860	\$219,719
Collin	\$303,305	\$9,367,485	263,562	\$35.54	5,429	\$192,957	25,067	\$890,928	\$1,083,885	\$2,167,769
Dallas	\$636,166	\$48,828,400	2,265,666	\$21.55	14,850	\$320,039	91,496	\$1,971,872	\$2,291,911	\$4,583,822
Denton	\$163,183	\$7,929,953	327,021	\$24.25	3,679	\$89,212	20,493	\$496,936	\$586,148	\$1,172,297
El Paso	\$357,084	\$33,530,172	878,127	\$38.18	20,833	\$795,482	8,828	\$337,086	\$1,132,568	\$2,265,136
Fort Bend	\$118,802	\$4,981,686	251,158	\$19.83	2,919	\$57,898	18,684	\$370,595	\$428,493	\$856,985
Galveston	\$67,131	\$4,688,584	240,508	\$19.49	1,577	\$30,743	11,052	\$215,453	\$246,196	\$492,392
Harris	\$2,693,977	\$108,459,258	2,839,476	\$38.20	61,077	\$2,332,954	186,630	\$7,128,693	\$9,461,646	\$18,923,292
Hidalgo	\$714,808	\$7,831,155	410,487	\$19.08	8,271	\$157,792	129,367	\$2,468,027	\$2,625,819	\$5,251,638
Tarrant	\$403,123	\$24,801,490	1,262,382	\$19.65	11,490	\$225,739	62,126	\$1,220,563	\$1,446,303	\$2,892,605
Travis	\$658,636	\$41,826,681	929,068	\$45.02	9,106	\$409,953	43,167	\$1,943,380	\$2,353,333	\$4,706,665
Webb	\$64,069	\$4,422,071	234,797	\$18.83	3,537	\$66,614	8,263	\$155,622	\$222,236	\$444,473
Williamson	\$107,402	\$4,685,525	204,094	\$22.96	2,514	\$57,716	8,263	\$189,699	\$247,415	\$494,830
<b>Total</b>	<b>\$6,952,078</b>	<b>\$337,086,891</b>	<b>12,065,514</b>	<b>\$27.94</b>	<b>160,546</b>	<b>\$5,039,843</b>	<b>723,123</b>	<b>\$19,487,704</b>	<b>\$24,527,546</b>	<b>\$49,055,092</b>

Source: RH2 Consulting, Inc.

to develop an estimate of the fiscal impacts to 14 Texas border counties. In addition to sheriff's offices, they calculated costs to the following offices for each county:

- District Attorney
- District Court
- District Clerk
- County Attorney
- Court at Law
- County Clerk
- Justice of the Peace
- Indigent Defense
- Adult Probation
- Juvenile Services

They also included an estimated emergency medical care cost, but their estimate included costs for both offenders and non-offenders who are undocumented immigrants. The Comptroller's report includes a separate calculation estimating Texas health care costs for undocumented immigrants, so these costs were subtracted from the U.S./MBCC estimate.

The U.S./MBCC estimated that the cost to these 14 border counties was approximately \$21.5 million.<sup>56</sup> Of that amount, sheriff's offices accounted for approximately 60 percent of expenditures for undocumented immigrants. Applying this ratio to the figure calculated for sheriff's office costs produces an estimate of \$81.7 million for costs related for processing and incarcerating undocumented immigrant offenders for the 15 highest SCAAP grant recipients.<sup>57</sup> These 15 counties received 88 percent of the 2005 SCAAP money awarded to Texas counties; \$81.7 million divided by 0.88 produces an estimated total cost of **\$92.9 million**.

This figure represents a conservative estimate, as the SCAAP grantees represent 95 of Texas' 254 counties and 87 percent of the state's population. Some of the remaining counties also may incur criminal justice costs related to the processing and incarceration of undocumented offenders. For example, five of the 14 border counties included in the U.S./MBCC study did not submit SCAAP applications in 2005.

Total estimated costs for education, health care and incarceration are detailed in **Exhibit 13**.

## VI. Economic Benefits

This section analyzes two issues:

- the economic impact of undocumented immigrants in Texas, including their contributions to state employment, wages and revenues over a 20-year period (2005 through 2025); and

- the contributions of undocumented immigrants on Texas government revenues.

### Economic Impact

The Pew Hispanic Center estimates that between 1.4 million and 1.6 million undocumented immigrants resided in Texas in March 2005.<sup>58</sup> To achieve a conservative estimate, this analysis relies on the lower boundary of this range.

Using 2000 Census data for the number of foreign-born residents in Texas counties, it is possible to estimate how many undocumented immigrants reside in each of Texas' 24 Council of Government regions, based on the assumption that immigrants are distributed in the same proportion as the foreign-born. Based on an age profile of foreign-born immigrants into the U.S. from Mexico, it is possible to further disaggregate the estimates into age and gender groups.<sup>59</sup>

These data then can be put into the Comptroller's Regional Economic Model, Inc. (REMI) model to investigate the impact of undocumented immigrants on the Texas economy. This is accomplished by instructing REMI to act as if these immigrants were to suddenly vanish from Texas and then to examine the degree to which the underlying economic forecast for the state and for each region would be affected. The implicit assumption is 1.4 million undocumented immigrants have employment and spending patterns consistent with Hispanics in Texas with similar age and gender profiles.

To gauge the economic impact of undocumented immigrants, one additional change must be made in the REMI model. Because REMI is a general equilibrium model, it tries to compensate for changes in a variety of ways. In the case of workers eliminated from a region, the model assumes new workers will be recruited to make up for their loss.

While this is an expected "real-world" result, a true test of the effects of unauthorized immigrants would be seen only if the REMI model were prevented from importing additional workers into the state in compensation.

**EXHIBIT 13**  
**Summary of Estimated State Costs Associated with Undocumented Immigrants (Fiscal 2005)**

Costs	
Education	-\$967.8
Healthcare	-\$58.0
Incarceration	-\$130.6
Total	-\$1,156.4

**EXHIBIT 14**  
**Estimated Effects of the Loss of 1.4 Million**  
**Undocumented Immigrants from Texas in 2005**

	Percent Change From Baseline Forecast				
	2005	2010	2015	2020	2025
Total Employment	-2.3%	-2.1%	-2.1%	-2.0%	-2.0%
Total Gross State Product	-2.1%	-1.8%	-1.7%	-1.6%	-1.5%
Personal Income	-2.6%	-2.0%	-2.0%	-2.1%	-2.2%
Real Disposable Personal Income	-2.8%	-2.2%	-2.1%	-2.1%	-2.1%
Relative Cost of Production	0.2%	0.3%	0.1%	0.0%	-0.1%
Relative Labor Intensity	0.0%	-0.1%	-0.2%	-0.2%	-0.2%
Exports to Rest of World	-0.1%	-0.3%	-0.4%	-0.2%	-0.1%
Average Annual Compensation Rate	0.6%	1.0%	0.7%	0.4%	0.2%
Population	-5.7%	-4.2%	-3.5%	-3.1%	-2.8%
Labor Force	-6.3%	-3.6%	-2.7%	-2.2%	-2.1%

Source: Carole Keeton Strayhorn, Texas Comptroller of Public Accounts.

The model eliminates the impact of all undocumented immigrants on the Texas economy. Some in-migration was allowed, but drawing in new Hispanic in-migrants in numbers disproportionate to their share of the indigent population in the U.S. was prohibited. Effectively, this shut off return in-migration from Mexico and other Latin-American countries.

**Model Results**

Probably the easiest way to summarize the contribution of undocumented immigrants to the Texas economy is to consider the percentage changes that might occur in various economic indicators as a result of their removal. (As a yardstick, it should be noted that 1.4 million people account for slightly more than 6 percent of the total Texas population.)

**Exhibit 14** and **15** summarize the changes in key economic indicators, and summarize the economic impact.

Without the undocumented immigrant population, Texas' work force would decrease by 6.3 percent. This decline is actually somewhat lower than the percentage of the work force actually accounted for by undocumented immigrants, since REMI assumes some additional immigration would occur to replace the workers lost. The most significant economic impact of losing undocumented workers would be a noticeable tightening in labor markets.

This tightening would induce increases in wages, as indicated by a rise in average annual compensation rate. Wage rates would rise by 0.6 percent in the first year and stay above the forecast rate throughout the entire 20-year period.

While pay increases can be viewed as a positive social and economic development, when they rise due to labor shortages they affect economic competitiveness. In this

case, it would be expressed as a modest decline in the value of Texas' exports.

The remaining broad economic measures all point to an initial impact of undocumented immigrants of about 2.5 percent in terms of the value of production and wages in the Texas economy. Eliminating 1.4 million immigrants would have resulted in a 2.3 percent decline in employment, a 2.6 percent decline in personal income and a 2.8 percent decline in disposable personal income in 2005. This change also would generate a 2.1 percent decline in the gross state product (GSP), the broadest measure of the value of all goods and services produced in Texas.

While none of these changes are surprising, the one finding that may appear unusual is the persistence of the decline. If no in-migration were possible other than from natives or authorized immigrants, employment would remain 2 percent below the baseline forecast 20 years

**EXHIBIT 15**  
**Estimated Effects of Removing 1.4 Million**  
**Unauthorized Immigrants from Texas in 2005**

	2005	2010	2015	2020	2025
Total Employment loss	298,000	287,100	293,800	296,300	302,700
Total Gross Regional Product loss (Billions of Fixed 2000\$)	\$17.7	\$18.7	\$20.5	\$21.4	\$22.6
Personal Income loss (Billions, current dollars)	\$18.5	\$19.0	\$24.6	\$32.6	\$42.9
Loss in Exports to Rest of World (millions of Fixed 2000\$)	\$66.5	\$390.1	\$548.0	\$387.7	\$123.9
Net Population loss from baseline	1,309,000	1,033,000	899,400	831,300	784,400
Labor Force Loss	714,100	434,000	340,500	281,200	281,600

Source: Carole Keeton Strayhorn, Texas Comptroller of Public Accounts.

later. The impact lessens over time, but remains sizable throughout the 20-year forecast period.

The primary adjustment the model makes to compensate for the loss of these undocumented migrants is initially a rise in the wage rate, which would induce some new in-migration into Texas and some additional participation in the labor force from current residents. Moreover, with wages rising relative to capital, there would be some substitution of capital for employees so the need for additional workers is lessened through productivity increases. But the fact that the Texas economy cannot adjust completely to the loss of this labor through these changes and retain its competitiveness ultimately means that relative to the rest of the world the cost of production in Texas is higher, making our goods less competitive in the international marketplace and decreasing the size of the Texas economy.

### **Regional Distribution**

Assuming that the current distribution of unauthorized immigrants is similar to the distribution of the foreign-born population in Texas from Central America and Mexico, as detailed in the 2000 Census, the economic impact of unauthorized immigrants varies substantially across Texas. As detailed in **Exhibit 16**, the loss of 1.4 million undocumented immigrants from the work force would produce work force declines ranging from 22.7 percent in the South Texas COG region (the Brownsville-McAllen area) to 1.7 percent in Southeast Texas (the Beaumont-Port Arthur area).

Generally, undocumented immigrants have the highest economic and demographic impact in the Border region, but they are a factor in the state's more urbanized areas as well. In all but one case (the Middle Rio Grande COG), Border COGs would see work force declines in excess of 20 percent (the Rio Grande, Lower Rio Grande and South Texas COGs). Even in the Middle Rio Grande COG (including Laredo), the work force impact of undocumented immigration is more than double that in the Houston-Galveston COG.

Other measures of economic impact are distributed similarly. Estimated population, employment and GSP declines would be highest along the border but also high in large metropolitan areas elsewhere in the state. The least affected regions in Texas would be those along the Louisiana and Oklahoma borders.

By 2025, a good portion of the work force and population changes would lessen, but in all regions the employment and gross regional product declines would remain sizable, indicating that the economic impact of undocu-

mented immigrants is unlikely to be replaced by other economic changes (**Exhibit 16**).

### **Revenues**

Estimating state government revenue attributable to undocumented immigrants is a difficult undertaking because any calculations must be based both on limited data and a number of significant assumptions about spending behavior. A review of the literature found several studies on undocumented immigrant impacts, but none that could be used as a model for Texas. Primarily, these studies focused on the impact of *all* immigrants, regardless of legal status, and the analyses focused on federal or state income tax revenue. Since Texas has no income tax, any estimate of state tax revenue must be based on its mix of consumption and business taxes.

Texas state government receives revenue from a wide variety of sources, but these generally can be grouped as tax collections, federal funding, licenses and fees and all other sources of revenue. In fiscal 2005, \$29.8 billion of the state's total revenues of \$65.8 billion came from tax collections. Federal revenue contributed \$22.8 billion and licenses, fees, fines and penalties accounted for almost \$6.2 billion. Other sources, such as interest income and lottery proceeds, generated the rest.

For the purposes of this analysis, major tax sources were analyzed to determine if a significant portion of collections could be attributed to consumer spending. Similarly, some major sources of revenue from fees and fines were identified as appropriate to the analysis. Sources of revenue excluded from the analysis include federal revenue and all other sources that could not be attributed directly to consumer behavior. While the state generates revenue from literally hundreds of taxes and fees, this estimate is based solely on revenue sources reflecting spending by undocumented immigrants.

State revenues included in the analysis can be grouped in five categories: consumption taxes and fees, lottery proceeds, utility taxes, court fees and all other revenue. In addition, local school property tax revenue is estimated. Consumption tax revenue totals are composed primarily of revenue from the sales tax, motor vehicle sales and use tax, gasoline tax, alcoholic beverage taxes, cigarette and tobacco taxes and the hotel tax.

Estimated revenue for each tax is calculated based on information from two sources. The Pew Hispanic Center produces data on average income and demographic characteristics of undocumented immigrants nationwide (again, no detailed demographic data are available at the state level). The estimate of annual average family income used in this analysis is \$27,400. In addition,

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data from the Comptroller's tax incidence model shows the tax impact for households at the estimated average income level.

State utility tax revenue mostly comprises the gas, electric, and water utility tax and this estimate uses the same basic data on average income along with the final incidence impact for this tax. Similarly, local school property tax revenue is based on the same data and the incidence specific to the school property tax.

Estimated lottery revenue is based on a Lottery Commission study of the percent of the population that plays lottery games and the average amount spent by each income

level. Court costs and fees were calculated on a per capita basis since they are largely unrelated to income.

"All other revenue" consists of a number of smaller consumer taxes and fees that may well include some amounts paid by undocumented immigrants, but for which no data exist to base an estimate. The largest of these sources is higher education tuition; other sources include state park fees and the fireworks tax. This estimate assumes that undocumented immigrants contribute to the state through these revenues at the same rate as for the major consumption taxes and fees except for higher education tuition and fees. These contributions were calculated in proportion to higher education student enrollment.

**EXHIBIT 16**  
**Estimated Regional Effects of the Loss of 1.4 Million**  
**Undocumented Immigrants from Texas in 2005**

Council of Government Region	Percent Change from Baseline in 2005				Percent Change from Baseline in 2025			
	Labor Force	Population	Employment	Gross Regional Product	Labor Force	Population	Employment	Gross Regional Product
South Texas	-22.7%	-16.4%	-7.6%	-7.4%	-7.3%	-6.8%	-6.4%	-5.2%
Rio Grande	-20.7%	-15.3%	-6.9%	-6.8%	-6.4%	-6.0%	-5.8%	-4.7%
Lower Rio Grande	-20.6%	-14.8%	-7.9%	-8.1%	-6.5%	-6.2%	-6.4%	-5.7%
Middle Rio Grande	-17.9%	-13.0%	-5.2%	-4.7%	-4.3%	-4.2%	-4.0%	-2.8%
Houston-Galveston	-7.1%	-6.7%	-2.7%	-2.4%	-2.6%	-3.7%	-2.5%	-2.0%
Permian Basin	-6.0%	-5.3%	-1.9%	-1.6%	-1.9%	-2.8%	-1.7%	-1.3%
North Central Texas	-5.5%	-5.3%	-2.0%	-1.8%	-1.7%	-2.5%	-1.7%	-1.2%
Alamo	-5.0%	-4.1%	-1.9%	-1.9%	-1.5%	-1.6%	-1.5%	-1.3%
Capital Area	-4.3%	-3.9%	-2.0%	-1.8%	-1.3%	-1.5%	-1.4%	-1.0%
Panhandle	-4.3%	-3.8%	-1.2%	-1.1%	-1.1%	-1.8%	-1.1%	-0.8%
Concho Valley	-4.0%	-3.3%	-1.3%	-1.2%	-1.0%	-1.1%	-1.0%	-0.8%
Heart of Texas	-3.2%	-2.8%	-1.3%	-1.3%	-1.1%	-1.3%	-1.1%	-1.0%
Golden Crescent	-3.0%	-2.4%	-1.3%	-1.3%	-1.2%	-1.3%	-1.1%	-1.1%
Coastal Bend	-3.0%	-2.4%	-1.3%	-1.2%	-1.2%	-1.2%	-1.1%	-1.0%
Brazos Valley	-2.9%	-2.7%	-1.7%	-1.7%	-1.6%	-2.0%	-1.6%	-1.5%
Deep East Texas	-2.5%	-2.3%	-1.2%	-1.1%	-1.2%	-1.4%	-1.1%	-0.9%
East Texas	-2.5%	-2.4%	-1.1%	-1.1%	-1.1%	-1.5%	-1.1%	-0.9%
South Plains	-2.4%	-2.1%	-1.0%	-1.0%	-0.9%	-1.1%	-0.9%	-0.8%
Central Texas	-2.4%	-1.6%	-0.7%	-0.7%	-1.2%	-0.6%	-0.6%	-0.5%
West Central Texas	-2.1%	-1.7%	-0.8%	-0.8%	-0.7%	-0.9%	-0.7%	-0.6%
Texoma	-2.0%	-1.9%	-1.0%	-0.9%	-1.0%	-1.3%	-0.9%	-0.6%
Ark-Tex	-2.0%	-2.0%	-0.8%	-0.8%	-0.8%	-1.4%	-0.8%	-0.6%
Nortex	-1.8%	-1.4%	-0.6%	-0.5%	-0.6%	-0.6%	-0.5%	-0.4%
South East Texas	-1.7%	-1.7%	-1.0%	-0.9%	-1.0%	-1.4%	-1.0%	-0.8%

Source: Carole Keeton Strayhorn, Texas Comptroller of Public Accounts.



**EXHIBIT 17**  
**Estimated Revenue from Undocumented Immigrants**  
**Fiscal 2005**  
**(in millions)**

Revenue Source	Total Revenue for Selected Taxes and Fees	Estimated Revenue from Undocumented Immigrants	Percent of Total
Major Consumption Taxes and Fees	\$23,798.7	\$866.7	3.6%
Lottery	\$1,584.1	\$60.9	3.8%
Utilities-Related	\$664.0	\$19.5	2.9%
Court Costs and Fees	\$337.9	\$20.6	6.1%
All Other Revenue	\$1,640.5	\$31.2	1.9%
<b>State Revenue Subtotal</b>	<b>\$28,025.1</b>	<b>\$999.0</b>	<b>3.6%</b>
School Property Tax	\$20,194.9	\$582.1	2.9%
<b>Total Estimated Revenue</b>	<b>\$48,220.0</b>	<b>\$1,581.1</b>	<b>3.3%</b>

Note: Amounts may not add due to rounding.

Source: Carole Keeton Strayhorn, Texas Comptroller of Public Accounts.

As shown in **Exhibit 17**, estimated fiscal 2005 revenue to the state from undocumented immigrants in Texas is about \$1.0 billion, or about 3.6 percent of the \$28 billion in state revenue considered in this analysis. In addition, an estimated \$582.1 million in school property tax revenue can be attributed to undocumented immigrants, or about 2.9 percent of the statewide total. Undocumented immigrants, thus, contributed nearly \$1.6 billion in estimated revenue as taxpayers in fiscal 2005.

## VII. Conclusion

The immigration debate has become more heated in 2006. Congressional hearings were held across the U.S. to discuss the impact of undocumented immigrants on the economy and the culture. At the same time, two distinctly different pieces of legislation were voted out of the U.S. House and Senate.

*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. Also, the Comptroller's office estimates that state revenues collected from undocumented immigrants exceed what the state spent on services, with the difference being \$424.7 million (Exhibit 18).*

The largest cost factor was education, followed by incarceration and healthcare. Consumption taxes and fees, the largest of which is the sales tax, were the largest revenue generators from undocumented immigrants.

While not the focus of this report, some local costs and revenues were estimated. State-paid health care costs are a small percentage of total health care spending for undocumented immigrants. The Comptroller estimates cost to hospitals not reimbursed by state funds

**EXHIBIT 18**  
**State Costs, Revenues and Economic Impact**  
**to Texas of Undocumented Immigrants**  
**Fiscal Year 2005**  
**(in millions)**

Costs	
Education	-\$967.8
Healthcare	-\$58.0
Incarceration	-\$130.6*
<b>Total</b>	<b>-\$1,156.4</b>
Revenues	
State Revenue	\$999.0
School Property Tax	\$582.1
<b>Total</b>	<b>\$1,581.1</b>
<b>Net Impact to State</b>	<b>\$424.7</b>
Impact on the Economy	
Gross State Product	\$17,700.0

Notes: Costs are to the state, not local government, special districts or hospitals.

Economic Impact reports loss to Gross State Product in Fixed 2000 dollars.

State costs for higher education are slightly overstated. "State Expenditures" includes all state costs for Section 54.052(j). Not all are undocumented.

\*Estimate of incarceration costs is for Fiscal Year 2006.

Source: Carole Keeton Strayhorn, Texas Comptroller of Public Accounts.

totalled \$1.3 billion in 2004. Similarly, 2005 local costs for incarceration are estimated to be \$141.9 million. The Comptroller estimates that undocumented immigrants paid more than \$513 million in fiscal 2005 in local taxes, including city, county and special district sales and property taxes. *While state revenues exceed state expenditures for undocumented immigrants, local governments and hospitals experience the opposite, with the estimated difference being \$928.9 million for 2005.*

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