Research

The Budgetary and Economic Costs of Addressing Unauthorized Immigration: Alternative Strategies

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EXECUTIVE SUMMARY

We examine the budgetary and economic implications of alternative strategies to addressing undocumented immigrants. In particular, we focus on the implications of immediately and fully enforcing current law, and find that it would be fiscally and economically costly. The federal government would have to spend roughly $400 billion to $600 billion to address the 11.2 million undocumented immigrants and prevent future unlawful entry into the United States. In order to remove all undocumented immigrants, each immigrant would have to be apprehended, detained, legally processed, and transported to his or her home country. In turn, this would shrink the labor force by 11 million workers and reduce real GDP by $1.6 trillion. The fiscal and economic costs are illustrated in Table 1.

TABLE 1: THE COST OF ENFORCING CURRENT LAW

Budgetary Costs ($ Billions)		
Category	**Lower Estimate**	**Upper Estimate**
Total Deportation and Continuing Enforcement Cost	**$419.6**	**$619.4**
Total Deportation Cost	$103.9	$303.7
Apprehension	$43.5	$243.3
Detention	$35.7	$35.7
Legal Processing	$13.4	$13.4
Transportation	$11.3	$11.3

20 Years Continuing Enforcement	$315.7	$315.7
Customs and Border Protection	$207.2	$207.2
Immigration and Customs Enforcement	$108.5	$108.5

Economic Costs		
Category	**Percent Reduction**	**Billions of Dollars** **People**
Real GDP	5.7%	$1,556.1
Labor Force	6.4%	11,024,100

Depending on how the government conducts its apprehensions, it would need to spend $100 billion to $300 billion arresting and removing all undocumented immigrants residing in the country, a process that we estimate would take 20 years. In addition, to prevent any new undocumented immigrants going forward, the government would at a minimum have to maintain current immigration enforcement levels. This results in an additional $315 billion in continuing enforcement costs over that time period.

Not only would enforcing current law cost taxpayers, it would also burden the economy. Removing all undocumented immigrants would cause the labor force to shrink by 6.4 percent, which translates to a loss of 11 million workers. As a result, 20 years from now the economy would be nearly 6 percent or $1.6 trillion smaller than it would be if the government did not remove all undocumented immigrants. While this impact would be found throughout the economy, the agriculture, construction, retail and hospitality sectors would be especially strongly affected.

INTRODUCTION

Immigration reform is a multi-faceted issue, encompassing legal issues, security issues, employer issues, and social issues. But at the heart of immigration reform are a number of economic policy issues; reforms to the core visa program, temporary worker programs, and sectoral programs in areas like agriculture and hi-tech.[1]

Included among the key economic issues is policy toward undocumented immigrants. At one end of the spectrum is full lawful permanent residency for all undocumented immigrants. Government spending associated with the passage of such a law would be essentially balanced out by corresponding economic growth and labor market benefits. Previous research has found that in the context of comprehensive reform, such a proposal would have beneficial economic impacts for the United States.[2] AAF found that immigration reform that raises population growth would increase annual real GDP growth rate by nearly a percentage point over 10 years. As a result, during that time period the federal budget deficit would be reduced by a cumulative amount of $2.7 trillion.[3]

At the other end of the spectrum are those who oppose any legalization of the undocumented population and advocate full enforcement of current immigration law independent of any other reforms. The economic consequences of this approach merit investigation.

In this paper we focus on the budgetary and economic consequences of full implementation of current law. In

effect, it seeks to estimate the fiscal costs of enforcement and the economic impact of removing these immigrants from the economy.

We find that the costs of completely enforcing current law for all 11.2 million undocumented immigrants, while keeping any new immigrants from entering unlawfully, are quite large. We estimate that the federal government would have to spend $400 billion to $600 billion over 20 years to accomplish these objectives. $100 billion to $300 billion would be spent on removing the entire current undocumented immigrant population from the United States. Moreover, an additional $315 billion would be needed to keep new immigrants from unlawfully living in the country.

Not only would it cost the taxpayer budget dollars, it would also greatly burden the economy. The labor force would shrink by 6.4 percent and, as a result, in 20 years the U.S. GDP would be almost 6 percent lower than it would be without fully enforcing current law. This equates to 11 million workers and $1.6 trillion lost. While this impact would be found throughout the economy, the agriculture, construction, retail and eating and drinking sectors would be especially strongly affected.

HOW LARGE IS THE ENFORCEMENT ISSUE?

According to most recent estimates by the Pew Research Center, the undocumented population is approximately 11.2 million people.[4] Pew estimates that undocumented immigrants account for 3.5 percent of the U.S. population and 26 percent of the U.S. foreign born population.[5]

Consistent with being such a significant population, undocumented immigrants are becoming increasingly important in American lives. According to Pew research, in 2010 about two-thirds had lived in the U.S. for at least 10 years and almost half were parents of minor children. Only 15 percent had lived in the U.S. for less than five years.[6] As a result, by 2012 6.9 percent of all U.S. students (kindergarten through 12th grade) had at least one undocumented immigrant parent. Of the students with an undocumented parent, 79.7 percent were U.S.-born and automatically U.S. citizens. The remaining were undocumented immigrants themselves. Meanwhile, undocumented immigrants make significant contributions to the U.S. economy, as 8.1 million were working or looking for work in 2012, making up 5.1 percent of the labor force.[7]

Many lawmakers have stated the U.S. government needs to “fully enforce current law” which would ultimately mean the departure of all undocumented immigrants. One possibility is that up to 20 percent might leave the United States voluntarily. If so, it would still take years and resources to remove the remaining 8.96 million undocumented immigrants. In this paper, we estimate the direct fiscal and economic costs of enforcing current law for all 11.2 million undocumented immigrants, which involves forcibly removing at least 8.96 million people. While our estimated costs are quite large, we consider them conservative in nature because we are unable to account for the capital expenditures needed to expand the immigration removal infrastructure, such as building additional prisons and court rooms, and for the possibility that a number of lawful immigrant residents would leave the United States with their undocumented family members.

FISCAL COSTS OF ENFORCING CURRENT LAW[8]

To calculate the ballpark fiscal cost of enforcing current law, we make a few key assumptions. In particular, how many undocumented immigrants will the U.S. government actually have to forcibly remove and how long will it take?

An announcement that the government would begin enforcing mass deportation could lead to a large number of undocumented immigrants leaving voluntarily before being contacted by officials. Although it is impossible to predict exactly how many will leave voluntarily, we believe those most likely to leave are the undocumented

immigrants who have been in the United States for the least amount of time.

According to the Pew Research Center, 15 percent of all undocumented adult immigrants have been in the United States for less than 5 years.[9] While we do not expect undocumented immigrants who have resided in the United States less than 5 years to be the only group to leave on their own, it is the group most likely to leave voluntarily. So, we assume that at most 20 percent of undocumented immigrants would leave the United States voluntarily.[10] This means that the U.S. government would have to forcibly remove 8.96 million undocumented immigrants.

It is important to emphasize that 20 percent is an upper bound estimate of the percent of those who would leave voluntarily. For this reason, the cost estimates below are best thought of as conservative in character; the U.S. government would likely have to forcibly remove more than 8.96 million immigrants.

Another assumption to make is how long would it take for the U.S. government to remove 8.96 million undocumented immigrants from the United States. The Department of Homeland Security's Immigration and Customs Enforcement (ICE) is the primary federal agency responsible for deporting immigrants who live in the United States unlawfully. In 2013, ICE removed 330,651 immigrants who were unlawfully residing in the United States.[11] ICE has stated that it only has the capacity to remove 400,000 immigrants per year maximum.[12] This means that absent any significant investment in the immigration removal infrastructure, it would take the federal government roughly 20 years to remove 8.96 million undocumented immigrants.[13]

The Four Major Stages of Enforcing Current Law

When enforcing the legal prosecution of undocumented immigrants, there are four stages in the process. Local, state, and federal officers must investigate, pursue, and apprehend the undocumented immigrants currently residing within the United States. After apprehending the suspected undocumented immigrants, officials must detain them in a prison. Then the undocumented immigrants must be processed legally in the immigration courts. Finally, after a judge determines the suspects to be in the country unlawfully, the federal government must transport them to their countries of origin.

Apprehension Costs

There are two primary types of apprehensions made by ICE, criminal arrests and administrative arrests. Criminal arrests occur when federal ICE agents investigate undocumented immigrants, pursue them, and arrest them on their own. Administrative arrests frequently occur when state and local law enforcement officers arrest immigrants for another (often traffic) violation.[14] If the local or state officers suspect the arrested persons are inside the United States unlawfully, they contact ICE. Then if ICE determines the suspects are indeed undocumented immigrants, they conduct an administrative arrest in which custody of the prisoners change from the local officers to federal ICE agents.[15],[16]

In FY 2013, administrative arrests accounted for the vast majority of total arrests ICE made and significantly lowered the average cost of apprehending an undocumented immigrant. We estimate that in FY 2013, ICE's total budget for apprehension expenditures was $1.17 billion. Dividing that figure by the total number of criminal and administrative arrests (241,694) recorded in 2013 derives an estimated cost of $4,856 per arrest.[17] This means that it would cost $43.5 billion to make the majority of the 8.96 million arrests administratively.

However, if ICE were to solely use its own investigators and Fugitive Operations Teams (FOT) to perform arrests of the 8.96 million immigrants, it would be far more expensive.[18] Dividing ICE's $1.17 billion budget by the total number of apprehensions by those entities (43,218) derives an estimated cost of $27,155 per arrest.[19], [20] This means ICE would need $243.3 billion to make 8.96 million criminal arrests.

Sources of Apprehension Costs

In FY 2013, the ICE offices that played a primary role in apprehending undocumented immigrants were the Office of the Principal Legal Advisor (OPLA), Homeland Security Investigations (HSI), and Enforcement and Removal Operations (ERO).

OPLA

OPLA is ICE's legal representative in apprehension and deportation proceedings. OPLA is responsible for handling the prosecutions necessary to apprehend undocumented immigrants in the United States. In FY 2013, OPLA's budget was $207 million.[21]

HSI

HSI is the central investigative team in the Department of Homeland Security. It pursues "transnational criminal enterprises seeking to exploit America's legitimate trade, travel, and financial system." In doing so, it investigates a mix of unlawful drug and immigration matters. In FY 2013, HSI arrested 47,052 individuals[22] with a budget of $1.834 billion.[23] Among those arrests, 11,996 or 25.5 percent were undocumented immigrants.[24] Assuming HSI devoted 25.5 percent of its resources on undocumented immigrants, it spent roughly $467.6 million arresting them.

ERO

ERO's Fugitive Operations Teams (FOT), Criminal Alien Program (CAP), and Comprehensive Identification and Removal of Criminal Aliens (Secure Communities) are the primary ways it apprehends undocumented immigrants. Between the three programs, in FY 2013 ERO made 229,698 arrests.[25] Outside of the FOT's 31,222 arrests of fugitive and non-fugitive aliens, the vast majority of arrests were made administratively. Between these three programs, ERO spent $499 million on apprehending undocumented immigrants.[26]

Detention Costs

After apprehending 8.96 million undocumented immigrants, ICE would have to detain them until a judge formally rules on their removal. The lack of bed space is a primary reason ICE is only able to remove at most 400,000 undocumented immigrants each year. In FY 2013, ICE only had 34,000 detention bed spaces.[27] Going forward, ICE also plans to reduce its detention bed spaces to 30,539.[28]

In FY 2013, on average undocumented immigrants were detained by ICE for 33.5 days. Meanwhile, the Department of Homeland Security reports that it cost ICE on average $118.88 per day to detain a single undocumented immigrant.[29] As a result, in FY 2013, it cost on average $3,982.48 to detain each immigrant. This means that it would cost about $35.7 billion to detain 8.96 million undocumented immigrants over the course of 20 years.[30]

Legal Costs

Once ICE detains undocumented immigrants, it must also legally process them. Prosecutions are handled by ICE's OPLA, the cost of which was already captured in the apprehension costs. This section only covers the cost of the adjudications in immigrant courts after they have been apprehended.

The Justice Department's Executive Office of Immigration Review (EOIR) is primarily responsible for legally processing apprehended undocumented immigrants. In FY 2013, EOIR received 193,350 cases[31] with a budget of $289.1 million.[32] This means that it cost $1,495 to legally process each undocumented immigrant. As a result, in 2013 dollars, it would cost $13.4 billion to legally process 8.96 million undocumented immigrants through EOIR.

Transportation Costs

After undocumented immigrants have been apprehended, detained, and legally processed, ICE must transport them back to their countries of origin. The cost of transportation is quite high because contrary to popular conception, not all undocumented immigrants are originally from Mexico. Pew reports that in 2012, 52.4 percent were from Mexico and the rest were from all over the world. 15.2 percent were from Central America, 12.4 percent were from Asia, 6.3 percent were from South America, and the remaining were from Europe, the Caribbean, the Middle East, Africa, and others.[33]

The U.S. government, however, would not be required to transport all 8.96 million undocumented immigrants. In some cases, a judge can determine that an immigrant who is being forced to leave is eligible for a voluntary departure order. These types of orders allow immigrants who have been found guilty of being inside the United States unlawfully to leave the country on their own, giving them more time and flexibility to prepare for their departure.

In 2013, of ICE's 330,651 removals, 9.6 percent were able to return on their own.[34] Assuming that 9.6 percent of the 8.96 million undocumented immigrants would be able to return voluntarily, the total number ICE would have to transport is 8.1 million. According to the U.S. Marshals Service, the average unit cost of transporting federal detainees, including deportees, was $1,400 in FY 2013.[35] This suggests that in 2013 dollars it would cost about $11.3 billion to transport 8.1 million undocumented immigrants.

Total Costs of Enforcing Current Law

Let's review. Enforcing current law toward 11.2 million undocumented immigrants entails that the U.S. government would have to forcibly remove at least 8.96 million people over the course of 20 years.[36] As a result, the government would spend $43.5 billion to $243.3 billion to apprehend the undocumented immigrants, $35.7 billion to detain them, $13.4 billion to process them legally, and $11.3 billion to transport them to their home country. As a result, the U.S. government would have to spend $103.9 billion to $303.7 billion to remove 8.96 million immigrants.

Continuing Enforcement Costs

If the government were to enforce mass deportation, in addition to removing the 11.2 million undocumented immigrants currently residing in the United States, it would also have to continue enforcing policies that aim to eliminate newly undocumented immigrants. This involves the current enforcement practices of keeping immigrants from entering unlawfully, tracking and removing those who are still able to enter, and removing those who violate the legal terms of their residency, such as overstaying a visa.

These tasks are carried out by the Department of Homeland Security's Customs and Border Protection (CBP) and ICE. While ICE identifies and removes individuals who are in the United States unlawfully, CBP is primarily responsible for securing the nation's borders and preventing unauthorized entry. In FY 2013, CBP's budget was $10.4 billion and ICE's was $5.4 billion, totaling $15.8 billion in total enforcement expenditures.[37] Despite massive growth in immigration enforcement expenditures over the past decade, the number of undocumented immigrants in the United States has grown modestly over that time period.[38] So, AAF assumes that to prevent future unlawful entry, enforcement expenditures each year would at a minimum have to remain at these levels. To put that cost in perspective, the annual enforcement costs are equivalent to roughly four Freedom Towers (it cost $3.8 billion to build One World Trade Center).[39]

So in addition to the $103.9 billion to $303.7 billion the government would need to spend in removing the 11.2 million current undocumented immigrants, it would also have to spend $315.7 billion ($15.785 billion per year for 20 years) on keeping new immigrants from living in the United States unlawfully. This means that in 2013 dollars, it would cost a total of $419.6 billion to $619.4 billion to remove all undocumented immigrants currently living in United States and keep any new undocumented immigrants from entering.

ECONOMIC COSTS OF ENFORCING CURRENT LAW

Undocumented immigrants comprise a significant portion of the U.S. labor force.[40] Deporting all of these individuals will have negative effects on the economy as a whole. Industries that rely on undocumented labor will be devastated. Our population and workforce will age, putting more pressure on Social Security and Medicare as these older workers retire.

The Bipartisan Policy Center analyzed the economic impact of this dramatic drop in the workforce and found profound negative impacts on GDP, the deficit, and the housing market.[41] Specifically, they found that removing all undocumented immigrants from the United States would reduce the U.S. labor force by 6.4 percent.[42] This means that compared to the Congressional Budget Office's (CBO) baseline projections, the labor force would decrease by 11 million workers by 2034.[43]

As a result, in the first ten years average annual economic growth would decrease by 0.5 percent. Most startling, 20 years from now the economy would be 5.7 percent smaller than it would be if the government did not remove all undocumented immigrants.[44] For purposes of comparison, note that the decline in real GDP during the Great Recession was quite similar – 6.3 percent. This suggests that real GDP would be about $1.6 trillion lower in 2034 than CBO's baseline estimate.[45]

Even housing would suffer. Residential construction spending would decline by over $100 billion per year because removing all present and future undocumented immigrants would cause a large decline in the U.S. population.[46]

Removing the entire undocumented population would have negative effects on the deficit, too, although these effects are harder to calculate. Undocumented immigrants are low users of social services—they are not legally allowed to collect any federal entitlement benefits, but they do receive emergency medical care and care from federally funded Community Health Centers. Nonetheless, removing them would not result in large decreases in the cost of federal entitlement programs.[47] In addition, the vast majority children in school with an undocumented parent were born in the United States and are U.S. citizens. In fact, only 1.4 percent of all

students are undocumented immigrants.[48] Thus, removing all undocumented immigrants would not result in significant declines in public school spending because the government would not be able to forcibly remove most of these children. The tax revenues that sustain these programs would decrease, although it is difficult to say by how much. Estimates from the Social Security Administration and the CBO suggest that at least 50 percent of undocumented immigrants pay federal taxes. Since the population does not frequently use social services, the loss in tax revenue associated with removing them from the country would cause the federal deficit to grow. According to the Bipartisan Policy Center removing all undocumented immigrants would result in a deficit increase of $800 billion over 20 years.[49]

CONCLUSION

The costs of enforcing current law toward all 11.2 million undocumented immigrants, while keeping any new immigrants from entering unlawfully, are quite large. We estimate that the federal government would have to spend $400 billion to $600 billion over 20 years to accomplish these objectives. $100 billion to $300 billion would be spent on removing the entire current undocumented immigrant population from the United States. Moreover, an additional $315 billion would be needed to keep new immigrants from unlawfully living in the country. Not only would it cost the public fiscally, but it would also greatly burden the economy. The labor force would shrink by 6.4 percent or 11 million workers and, as a result, in 20 years the U.S. GDP would be 5.7 percent or $1.6 trillion percent lower than it would be without fully enforcing current law.

[1] See, for example, http://americanactionforum.org/sites/default/files/Immigration%20and%20the%20Economy%20and%20Budget.pdf .