

**Report to Minnesota Governor Tim Pawlenty**

# **The Impact of Illegal Immigration on Minnesota**

**Costs and Population Trends**



Prepared By

The Office of Strategic Planning & Results Management  
Minnesota Department of Administration



December 8, 2005

The Honorable Tim Pawlenty  
Governor  
130 State Capitol  
75 Rev. Dr. Martin Luther King, Jr. Blvd.  
St. Paul, MN 55155

Dear Governor Pawlenty:

Today, I submit to you a report prepared by the Office of Strategic Planning and Results Management entitled "The Impact of Illegal Immigration on Minnesota." This report compiles a wide range of current information on the costs and population trends related to illegal immigration.

Please note that this topic is a subject of great interest to a number of organizations, who continue to study the topic. We will monitor these studies and report to you on an ongoing basis on the challenges and opportunities that derive from illegal immigration in Minnesota.

Sincerely,

Dana B. Badgerow  
Commissioner

## **PREFACE**

The focus of this report is costs and population trends related to illegal immigration. This report does not consider any of the benefits illegal immigrants provide in areas such as labor or tax revenue. More information will be forthcoming on several other topics related to the challenges and opportunities that illegal immigrants bring to Minnesota.

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## I. EXECUTIVE SUMMARY

Minnesota's illegal immigrant population is increasing. According to recent estimates, there are 80,000 to 85,000 illegal immigrants in Minnesota.<sup>1</sup> The number of illegal immigrants skyrocketed throughout the 1990s and continues to increase.<sup>2</sup> Minnesota's illegal immigrant population is greater than at least 20 other states.<sup>3</sup>

This population poses a substantial challenge to Minnesota. The illegal immigration challenge includes: (1) a financial strain on state resources, and (2) societal impacts, such as crime and economic loss.

In Minnesota, illegal immigration has the greatest cost impact on the K-12 education system, where over 17,000 children of illegal immigrants are educated. In addition, despite the Minnesota legislature's reforms in 2003 that significantly limited the benefits for illegal immigrants, they continue to utilize publicly-provided social services.

Another fiscal consideration is the costs associated with crimes illegal immigrants commit. The costs resulting from apprehension, prosecution and incarceration are considerable. In addition, there are other costs to society associated with these criminal acts.

The following chart provides an overview of the state costs:

| <b>Program Area</b>                    | <b>Illegal Immigrants' Cost Impact to Minnesota</b> |
|--|---|
| K-12 Public Education                  | \$146-\$158 million (for FY 2004) <sup>4</sup>      |
| Public Assistance Health Care Programs | \$17 million (for FY 2005) <sup>5</sup>             |
| Incarceration                          | \$13 million (for FY 2005) <sup>6</sup>             |
| Total                                  | \$176-188 million                                   |

Offsetting these costs, there are approximately 8,000 illegal immigrants who file state income taxes to replenish state resources.<sup>7</sup> Illegal immigrants also pay taxes by employer withholdings. Because they do not file tax returns, these funds are kept by the state and federal government resulting in "stranded withholdings." Although some argue that the value of these withholdings is significant, the exact dollar amount attributable to illegal immigrants is unknown.

In addition to financial costs to the state, illegal immigration incurs significant costs to society. These costs come in various forms. In the area of health care, illegal immigrants – who are largely uninsured – utilize emergency services and other health care, which increases uncompensated care costs.<sup>8</sup> In the area of public safety, many illegal immigrants are committing crimes: 1,571 criminal aliens were deported from the St. Paul Midwest area of operations in FY 2004, and over 500 remain in state prisons.<sup>9</sup> In addition, illegal immigrants arguably displace American workers, which contributes to lost jobs and wages.<sup>10</sup>

Recently, there has been considerable debate nationally on the issue of illegal immigration. This report illuminates the changing landscape of Minnesota’s illegal immigrant population and the costs associated with this unique population.

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## **II. INTRODUCTION**

Illegal immigrants are foreign-born people who are in this country without the proper authorization. They don’t have a valid visa or other necessary documentation to be here legally.<sup>11</sup> Some of the other terms used to refer to illegal immigrants include: “undocumented immigrants,” “undocumented migrants,” “undocumented aliens,” and “illegal aliens.”<sup>12</sup>

In addition to the term “illegal immigrant,” another term frequently used is “noncitizen.” A noncitizen is not necessarily an illegal immigrant. A noncitizen is anyone residing in this country who is not a citizen of the United States. The term noncitizen refers to various foreign-born people who are in this country temporarily or permanently, legally or illegally.<sup>13</sup>

Typically, illegal immigrants are in the country because they have entered the country in an unauthorized manner, they have overstayed their nonimmigrant visas, or they have otherwise violated the terms under which they were admitted to the country.<sup>14</sup>

According to estimates by the Pew Hispanic Center, as of March 2004, there were an estimated 10.3 million unauthorized migrants living in the United States. The undocumented population has grown rapidly in recent years. There were 8.4 million unauthorized migrants living in the United States in April 2000. The average annual growth over this four-year period was about 485,000 per year. Assuming the growth continued at the same rate, the Pew Hispanic Center’s estimate for

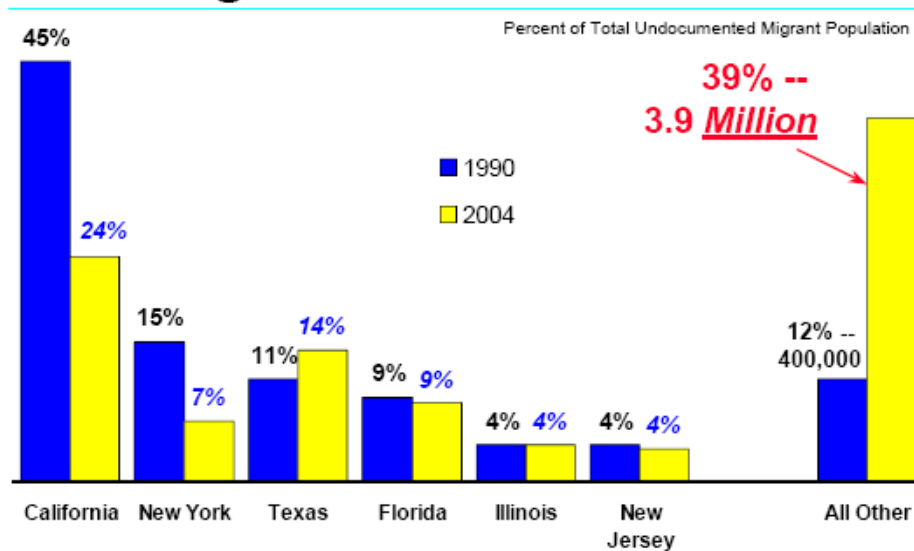
March 2005 is somewhat less than 11 million for the number of undocumented residents in the United States.<sup>15</sup>

According to various estimates, Minnesota’s illegal immigrant population is significant. In 2004, there were between 80,000 and 85,000 illegal immigrants in Minnesota.<sup>16</sup> This illegal immigrant population level puts Minnesota higher than at least 20 other states.<sup>17</sup>

In addition, Minnesota’s illegal immigrant population is increasing. In 2000, there were 60,000 undocumented immigrants in Minnesota, and in 1990, there were 13,000.<sup>18</sup> So since 1990, the population has increased 515%, from 13,000 to at least 80,000. The Midwest is considered a “high-growth” region for undocumented immigrants.<sup>19</sup>

The growing number of undocumented immigrants in Minnesota can be viewed as part of a national trend. According to the Pew Hispanic Center, since the mid-1990s the most rapid growth in the undocumented immigrant population has taken place in new settlement areas where previously they had been a relatively small presence. In 1990, about 88% of the undocumented population lived in only six states – California, New York, Texas, Illinois, Florida and New Jersey. However, by 2004, only 61% of the undocumented population lived in those six states.<sup>20</sup> The following figures further detail this phenomenon.<sup>21</sup>

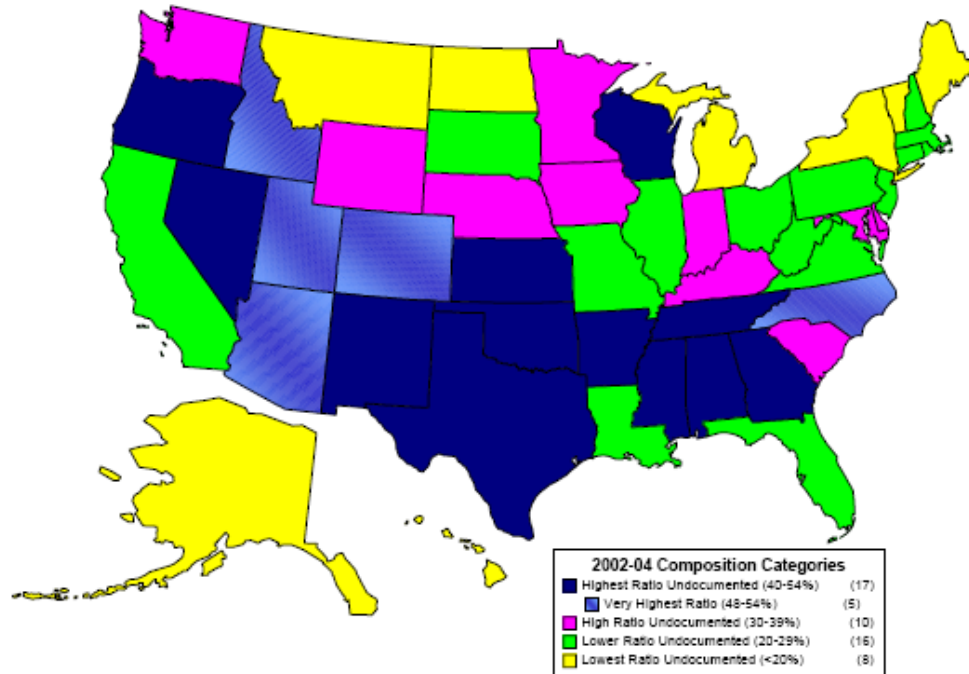
## **Major Redistribution Away From Big 6 Settlement States**



**Figure 6. Distribution of Undocumented Migrants, by State: 1990 and 2004**

Source: Pew Hispanic Center estimates based on March 2004 Current Population Survey (Passel 2005) and 1990 Census. Includes an allowance for persons omitted from the CPS or Census.

## **New Growth --> High Ratios of Undocumented**



**Figure 7. Ratio of Undocumented Migrants to Total Foreign-born Population, for States: 2002–2004**

Source: Pew Hispanic Center estimates based on March 2002, 2003, and 2004 CPS (Passel 2005). Ratio of estimated undocumented migrants, including an allowance for persons omitted from the CPSs to average CPS foreign-born population for March 2002–2004, expressed as a percent.

### **III. HOW MUCH DOES ILLEGAL IMMIGRATION COST MINNESOTA?**

#### **A. K-12 Costs**

The Pew Hispanic Center reports that there were about 1.7 million undocumented migrant children under 18 in the United States in 2004. Additionally, there were more than three million U.S.-born children of undocumented parents.<sup>22</sup>

## **The Cost of Illegal Immigrants to Minnesota's K-12 System**

According to data from the Urban Institute, there were 7,050 to 7,520<sup>23</sup> undocumented immigrants (age 5-18) enrolled in Minnesota's K-12 public school system in the 1999-2000 school year.<sup>24</sup> There were also 10,340 to 11,280<sup>25</sup> U.S.-born children (age 5-18) of undocumented immigrants enrolled in the K-12 public school system in the same school year.<sup>26</sup>

Using the state average operating expenditures per average daily membership (ADM) for the 1999-2000 school year (\$7,049) and the 2003-2004 school year (\$8,379),<sup>27</sup> it is possible to estimate the cost of undocumented immigrants to Minnesota's K-12 public education system.

| <b>The Cost of Undocumented Children and U.S.-Born Children of Undocumented Immigrants on Minnesota's K-12 Public School System</b> |   |  |                                      |
|---|---|--|--------------------------------------|
|   | Undocumented Immigrants Enrolled in MN K-12 Public Education in 1999-2000 School Year | U.S.-Born Children of Undocumented Immigrants in MN K-12 Public Education in 1999-2000 School Year | Total                                |
| Cost to MN for 1999-2000 School Year  | \$49.7 million to \$53.01 million   | \$72.89 million to \$79.51 million   | \$122.58 million to \$132.52 million |
| Cost to MN for 2003-2004 School Year <sup>28</sup>  | \$59.07 million to \$63.01 million  | \$86.64 million to \$94.52 million   | \$145.71 million to \$157.53 million |

## **Noncitizen Student Enrollment**

According to Minnesota House Research, noncitizen students represented an estimated 2% of the entire K-12 student population in the 2003-2004 school year. Although noncitizen students comprise a relatively small percent of all students, the numerical rate of their increase between school years was substantial. For example, between the 2001-2002 and 2002-2003 school years, the number of noncitizen students enrolled in school increased by an estimated 32.7%, compared to an overall student enrollment increase of 0.6%. The following table shows the estimated annual increase in noncitizen K-12 enrollment for recent years.<sup>29</sup>

| Table 12<br>Number of Noncitizen K-12 Students and All K-12 Students, by School Year  |         |         |          |         |          |         |          |
|---|---------|---------|----------|---------|----------|---------|----------|
|   | 2000-01 | 2001-02 | % change | 2002-03 | % change | 2003-04 | % change |
| Noncitizen students*  | 9,313   | 11,614  | 24.7%    | 15,414  | 32.7%    | 16,232  | 5.3%     |
| Total enrollment**  | 845,050 | 841,697 | -0.4%    | 836,854 | 0.6%     | 832,039 | -0.6%    |
| Noncitizens as a percentage of all students   | 1.1%    | 1.4%    |          | 1.8%    |          | 2.0%    |          |
| * Noncitizen student counts include some students enrolled in nonpublic schools.  |         |         |          |         |          |         |          |
| ** Enrollment numbers are taken from the MDE Student Data Center, fall enrollment reports. Enrollment numbers result from a fall count of public school students in kindergarten to 12 <sup>th</sup> grade. |         |         |          |         |          |         |          |
| Source: Minnesota Department of Education   |         |         |          |         |          |         |          |

## B. Higher Education Costs

The Institute for Higher Education Law and Governance at the University of Houston Law Center estimated in 2001 that about 25,000 undocumented students attend public U.S. colleges and universities, and another 50,000 to 75,000 are qualified but do not attend due to financial reasons.<sup>30</sup>

According to Urban Institute estimates, there were about 2,500 to 3,000 undocumented immigrants in Minnesota enrolled in a college or university in 2004.<sup>31</sup> In 2000, approximately 70% of the illegal immigrants who attended college or graduate school attended public universities.<sup>32</sup>

### In-State Tuition for Illegal Immigrants

The cost of in-state tuition for illegal immigrants is the subject of debate. New Mexico recently became the ninth state to offer lower, in-state college tuition to illegal immigrants. Nine states – California, Illinois, Kansas, New Mexico, New York, Oklahoma, Texas, Utah and Washington – now allow illegal immigrants who reside in the state to attend public colleges at in-state tuition rates. New Mexico, Oklahoma and Texas also offer scholarships to illegal immigrant students.<sup>33</sup>

In 2005, nine other states – Arkansas, Connecticut, Massachusetts, Minnesota, Mississippi, Nebraska, New Jersey, Oregon, and Rhode Island – considered similar legislation (commonly referred to as the “Dream Act”) to grant in-state tuition to illegal immigrants but did not adopt it.<sup>34</sup>

Upon review, the fiscal note for Minnesota’s bill indicated there was no fiscal impact.<sup>35</sup> However, cost estimates for other states adopting similar

legislation suggests otherwise. A 2003 study by the Center for Urban Economic Development at the University of Illinois at Chicago estimated that the annual cost to the state of Illinois of providing in-state tuition to undocumented Chicago students would be between \$3.3 million and \$11.6 million.<sup>36</sup>

In 2005, at least seven states – Arizona, California, Florida, Kentucky, North Carolina, Tennessee, and Wyoming – considered legislation to prohibit illegal immigrants from receiving in-state tuition. Arizona's bill passed the legislature, but it was vetoed by the governor.<sup>37</sup>

Three states – Georgia, New York, and Virginia – considered but did not pass legislation to bar unauthorized immigrants from enrolling in state post-secondary institutions.<sup>38</sup>

## **C. Health Care Costs**

### **Illegal Immigrants' Impact on Minnesota Health Care Assistance Programs**

Following legislative changes adopted in 2003 in Minnesota, undocumented immigrants are not eligible for most public assistance health care and welfare services, except emergency and pregnancy services.

Undocumented immigrants cost Minnesota health care assistance programs about \$35.5 million in FY 2005. The state paid approximately \$17.3 million of the \$35.5 million in costs.<sup>39</sup> The costs include the following:

- Minnesota Emergency Medical Assistance, which covers all emergent services including labor and delivery, cost \$16.3 million in FY 2005 for 1,295 undocumented recipients. The state and federal government each paid 50% of these costs.<sup>40</sup>
- Minnesota State Children's Health Insurance Program (SCHIP) cost \$15.5 million in FY 2005 for 4,354 undocumented recipients. The state paid 35% of these costs and the federal government paid 65% of these costs. SCHIP covers medical costs for pregnant women without other health insurance through the month of birth.<sup>41</sup>
- Minnesota Medical Assistance program's state noncitizen pregnant women medical fund cost \$3.7 million in FY 2005 for 2,548 undocumented recipients. The state paid the entire amount.<sup>42</sup>

### **Other Health Care Costs**

Illegal immigrants impose significant costs on the U.S. health care system. Costs to the federal government from uninsured illegal immigrants totaled \$2.2 billion in 2002.<sup>43</sup> Most of the cost is from federal assistance for uncompensated care at hospitals and does not include Medicaid costs.

Illegal immigrants have been shown to generate significant uncompensated care costs, which increase the overall costs of hospital care. According to a survey by the American Hospital Association (AHA), hospitals in 24 Southwest border counties in Arizona, California, Texas and New Mexico reported uncompensated care costs totaling nearly \$832 million in 2000. A subsequent report prepared for the U.S.-Mexico Border Counties Coalition determined that about 25% of those non-reimbursed costs resulted from emergency medical treatment provided to undocumented immigrants.<sup>44</sup>

A report by the Center for Immigration Studies, using 2004 data, found that 65% of illegal immigrants are uninsured. In contrast, fewer than 13% of U.S. natives and their children are uninsured.<sup>45</sup>

## **D. Public Safety Costs**

### **Illegal Immigrant Criminal Deportations**

U.S. Immigration and Customs Enforcement deported about 3,300 aliens in FY 2004 from the St. Paul area of operations. Of those, 1,571 were criminal aliens. The St. Paul area includes the states of Minnesota, Iowa, Nebraska, North Dakota South Dakota.<sup>46</sup>

The following national statistics indicate the types of crimes committed by those criminal aliens deported.<sup>47</sup>

**Top twenty categories of crimes**  
(number of aliens removed and % of total criminal aliens, ranking based on FY 2005)

|                           | FY 2004 |     | FY 2005 |     |
|---------------------------|---------|-----|---------|-----|
|                           | Number  | %   | Number  | %   |
| Total                     | 85,770  | 100 | 78,487  | 100 |
| Dangerous Drugs           | 32,526  | 38  | 30,810  | 39  |
| Immigration               | 13,206  | 15  | 11,423  | 15  |
| Assault                   | 9,193   | 11  | 8,557   | 11  |
| Burglary                  | 3,251   | 4   | 2,990   | 4   |
| Robbery                   | 2,790   | 3   | 2,760   | 4   |
| Sexual Assault            | 2,701   | 3   | 2,487   | 3   |
| Larceny                   | 2,689   | 3   | 2,371   | 3   |
| Family Offenses           | 2,399   | 3   | 1,922   | 2   |
| Sex Offenses              | 1,941   | 2   | 1,800   | 2   |
| Stolen Vehicle            | 1,715   | 2   | 1,586   | 2   |
| Weapon Offenses           | 1,597   | 2   | 1,522   | 2   |
| Fraudulent Activities     | 1,390   | 2   | 1,275   | 2   |
| Forgery                   | 1,414   | 2   | 1,208   | 2   |
| Homicide                  | 836     | 1   | 865     | 1   |
| Stolen Property           | 802     | 1   | 702     | 1   |
| Traffic Offenses          | 800     | 1   | 572     | 1   |
| Obstructing Police        | 542     | 1   | 439     | 1   |
| Kidnapping                | 422     | 0   | 446     | 1   |
| Health Safety             | 482     | 1   | 315     | 0   |
| Obstructing Judiciary etc | 415     | 0   | 297     | 0   |

**Costs of Incarcerating Illegal Immigrants in Minnesota**

On the federal level, according to a study by the Center for Immigration Studies, the costs imposed by illegal immigrants on the federal prison and court system are significant, totaling \$1.6 billion in 2002. Although persons in illegal households account for about 3.6% of the nation's total population, they account for almost 20% of those in federal prison and others processed by the federal courts.<sup>48</sup> The \$1.6 billion cost does not include federal State Criminal Alien Assistance Program (SCAAP) payments to the states.

On the state level, the Minnesota Department of Corrections estimates that it cost approximately \$14 million in FY 2005 to incarcerate illegal immigrants in Minnesota. Accounting for federal SCAAP payments that reimburse the state for some of these costs, the net total state cost was approximately \$12.8 million in FY 2005. The costs have increased 22.3% over the FY01-FY05 period. During this period, the number of incarcerated illegal immigrants increased from 380 in FY 2001 to 501 in

FY 2005. The 501 offenders constituted 5.9% of the FY 2005 overall average prison population in the state.<sup>49</sup> In addition, Minnesota received less in federal SCAAP payments in FY 2005 than it did in FY 2001.

The following chart and endnotes detail this information, as well as the methodology for the Department of Corrections' estimates.

| <b>The Costs of Incarcerating Illegal Immigrants in Minnesota</b> |  |  |                              |  |
|---|--|--|------------------------------|--|
| Fiscal Year   | Number of Illegal Immigrant Offenders Incarcerated in MN | Cost Estimate for Incarcerating Illegal Immigrants in MN | Federal SCAAP Payments to MN | Net Cost to State After Federal SCAAP Payments |
| FY01 <sup>50</sup>  | 380  | \$11.96 million  | \$1.524 million              | \$10.436 million                               |
| FY02 <sup>51</sup>  | 386  | \$11.26 million  | \$1.835 million              | \$9.425 million                                |
| FY03 <sup>52</sup>  | 415  | \$12.2 million   | \$1.465 million              | \$10.735 million                               |
| FY04 <sup>53</sup>  | N/A  | N/A  | \$1.782 million              | N/A  |
| FY05 <sup>54</sup>  | 501  | \$13.97 million  | \$1.205 million              | \$12.765 million                               |

### **E. Housing Costs**

According to Minnesota House Research, it is possible that some illegal immigrants benefit from state-financed programs like the MHFA Asset Program and the Housing Trust Fund, which assist landlords in providing housing to low-income families. However, there is no data available on this issue since the award goes to landlords and they are not required to report occupant information.<sup>55</sup>

### **F. Job Loss**

In 2004, there were about seven million undocumented migrant workers in the United States, according to estimates by the Pew Hispanic Center. This represents 5% of U.S. workers.<sup>56</sup>

In Minnesota, there were approximately 55,000 to 65,000 undocumented immigrant workers in the state in 2004, according to estimates by the Urban Institute.<sup>57</sup> This represents approximately 2% to 3% of Minnesota workers.<sup>58</sup>

A study by the Pew Hispanic Center found that newly arrived Hispanic immigrants to the country, most of whom are undocumented, took more than one-third of all new jobs in the United States in 2004. More specifically, the U.S. economy added 2.5 million new jobs in 2004; nearly one million of these jobs went to foreign-born Hispanics who have entered the United States since 2000, 70% of whom didn't have work permits.<sup>59</sup>

Although undocumented workers can place stress on the American workforce system, the McKnight Foundation explains that they also fill a demand for low-wage labor that's crucial to the American economy. Undocumented workers may eagerly take low paying jobs that others don't want. This may be a relief to employers who try to fill these jobs, but they also carry the risk of a government raid and the deportation of their workers if they hire undocumented immigrants. In some cases, employers exploit or take advantage of these workers.<sup>60</sup>

## **G. Unpaid Taxes**

On the federal level, according to a study by the Center for Immigration Studies, after all federal taxes were paid (direct and indirect) and all costs were deducted, illegal immigrant households created a net fiscal deficit at the federal level of more than \$10 billion in 2002. More specifically, households headed by illegal aliens imposed more than \$26.3 billion in costs on the federal government in 2002 and paid only \$16 billion in taxes, creating a net fiscal deficit of almost \$10.4 billion, or \$2,700 per illegal household. On average, the costs that illegal households imposed on federal funds were less than half that of other households, but their tax payments were only one-fourth that of other households.<sup>61</sup>

The following table further details this information:<sup>62</sup>

Table 2. Estimated Federal Taxes and Costs by Household, 2002

|   | Households Headed<br>by Illegal Aliens | All Other<br>Households | Illegals as a Share<br>of National Total <sup>1</sup> |
|---|--|-------------------------|---|
| <b>Taxes Paid</b>                             |  |                         |   |
| Income Tax                                    | \$1,371                                | \$7,103                 | 0.6 %   |
| Social Security <sup>2</sup>                  | \$1,687                                | \$4,310                 | 1.2 %   |
| Medicare <sup>2</sup>                         | \$446                                  | \$1,227                 | 1.1 %   |
| Unemployment                                  | \$83                                   | \$ 227                  | 1.1 %   |
| Corporate Income Tax                          | \$84                                   | \$1,230                 | 0.2 %   |
| Excise and Other Taxes <sup>3</sup>           | \$541                                  | \$1,002                 | 1.7 %   |
| <b>Total Tax Payments</b>                     | <b>\$4,212</b>                         | <b>\$15,099</b>         | <b>0.9 %</b>  |
| <b>Costs</b>                                  |  |                         |   |
| Social Security & Medicare                    | \$289                                  | \$5,127                 | 0.2 %   |
| Cash Welfare Programs <sup>4</sup>            | \$40                                   | \$361                   | 0.3 %   |
| Food Assistance Welfare Programs <sup>5</sup> | \$499                                  | \$266                   | 5.6 %   |
| Medicaid                                      | \$658                                  | \$1,232                 | 1.7 %   |
| Other Non-Cash Welfare Programs <sup>6</sup>  | \$182                                  | \$423                   | 1.3 %   |
| Treatment for Uninsured                       | \$591                                  | \$123                   | 13.1 %  |
| Other Transfers to Households <sup>7</sup>    | \$442                                  | \$898                   | 1.5 %   |
| Federal Education <sup>8</sup>                | \$371                                  | \$233                   | 4.8 %   |
| Federal Prisons/Courts & INS                  | \$760                                  | \$91                    | 20.8 %  |
| All Other Expenses <sup>9</sup>               | \$3,115                                | \$3,115                 | 3.1 %   |
| <b>Subtotal</b>                               | <b>\$6,949</b>                         | <b>\$11,870</b>         | <b>1.8 %</b>  |
| Defense/Veterans <sup>10</sup>                | 0                                      | \$3,231                 | 0.0 %   |
| <b>Total Costs (with Defense)</b>             | <b>\$6,949</b>                         | <b>\$15,101</b>         | <b>1.4 %</b>  |
| <b>Fiscal Balance (Taxes - Costs)</b>         | <b>\$(2,736)</b>                       | <b>\$(1)</b>            | <b>-</b>  |

Source: Center for Immigration Studies analysis of March 2003 Current Population Survey.

<sup>1</sup> Reports the share of total costs that illegal households account for. For example, for income tax, 0.6 % means that illegals pay 0.6 percent of all federal income taxes collected.

<sup>2</sup> Includes employer contributions.

<sup>3</sup> Includes estate taxes, all excise taxes, and tariffs.

<sup>4</sup> Temporary Assistance to Needy Families, Supplemental Security Income, and cash assistance to low income veterans. Illegals receive no veterans programs.

<sup>5</sup> Food stamps, Women, Infants and Children program, and Free School Lunch/Breakfast programs.

<sup>6</sup> Energy assistance, child care subsidies, public housing, rent subsidies, TANF social services, health care for low-income veterans. Illegals receive no veterans programs.

<sup>7</sup> Earned Income Tax Credit, Additional Child Tax Credit, unemployment, federal disability, higher education assistance, Stafford Student Loans, means-tested programs for refugees. Illegals are assumed to be receiving no federal disability or means-tested programs for refugees.

<sup>8</sup> All federal aid to schools, including programs for the children of migrants and limited English students.

<sup>9</sup> Includes those federal expenditures not accounted for in table, such as infrastructure maintenance and criminal justice.

<sup>10</sup> Include expenditures on veteran programs with exception of cash assistance and health care for low-income veterans.

### Taxes Paid by Illegal Immigrants in Minnesota

Nine years ago, the IRS created the Individual Tax Identification Number. It was created to collect taxes from wealthy foreigners with investments in the United States. The IRS soon realized it could also use the number to collect taxes from illegal immigrants.<sup>63</sup>

The state of Minnesota accepts the special filing numbers to process state income taxes, and state law requires illegal immigrants to file tax returns like others do provided they have enough income.<sup>64</sup>

A study released in 2004 showed that nearly 8,000 Minnesota residents used the numbers.<sup>65</sup> Some illegal immigrants may also use false social security numbers to pay state income taxes.<sup>66</sup> There is also information indicating that illegal immigrants do pay a significant amount of taxes through employer withholdings. However, because they do not file returns, illegal immigrants' portion of "stranded withholdings" paid to the state is unknown.

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## **IV. CONCLUSION**

Minnesota's illegal immigrant population is on the rise and so are the financial and social challenges associated with this increase. This report summarizes the information available on costs and population trends attributed to illegal immigrants, on a state and national basis.

To properly address this issue, policy makers need information on the impact this population has on state resources. This is especially true when one considers the impact on the state's K-12 education, health care and corrections systems.

For the first six months of 2005, state legislatures across the country considered almost 300 bills on immigrant and refugee policy issues and passed 47 new laws.<sup>67</sup> In contrast, the Minnesota legislature gave very little consideration to the issue during the 2005 session.

The facts contained in this report are the first step in understanding the impact of illegal immigration on Minnesota, the challenges we face and the actions that may be needed to address this growing concern.

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<sup>1</sup> The Urban Institute estimates that in 2004 there were 80,000 to 85,000 undocumented immigrants in Minnesota. This estimate is based on the Current Population Survey, March Supplement (2004 and 2003), with Urban Institute imputation of legal status. In addition, Jeffrey S. Passel of the Pew Hispanic Institute estimates that for 2004 there were 85,000 undocumented migrants in Minnesota. In his March 2005 publication, Passel only indicated a range of 55,000 to 85,000 undocumented migrants in Minnesota for 2002-2004. However, Passel recently clarified in a direct communication that Minnesota's specific estimate is 85,000. Passel's estimate is based on March 2002, 2003, and 2004 Current Population Surveys (Passel 2005), and includes an allowance for persons omitted from the CPS; it was based on "synthetic" methods. "Estimates of the Size and Characteristics of the Undocumented Population," Pew Hispanic Center, March 21, 2005.

<sup>2</sup> Id.; "Estimates of the Unauthorized Immigrant Population Residing in the United States: 1990 to 2000," Office of Policy and Planning, U.S. Immigration and Naturalization Service, Jan. 2003.

<sup>3</sup> "Estimates of the Size and Characteristics of the Undocumented Population," Pew Hispanic Center, March 21, 2005.

<sup>4</sup> This amount was calculated using data from the Urban Institute and the Minnesota Department of Education. For more information, see section III.A.

<sup>5</sup> Minnesota Department of Human Services. For more information, see section III.C.

<sup>6</sup> Minnesota Department of Corrections. For more information, see section III.D.

<sup>7</sup> "Tax time is for everyone, including illegal immigrants," Minnesota Public Radio, April 10, 2005.

<sup>8</sup> "Disease, unwanted import," The Washington Times, Feb. 13, 2005.

<sup>9</sup> U.S. Immigration and Customs Enforcement (ICE), Department of Homeland Security; Minnesota Department of Corrections. The St. Paul Midwest area includes the states of Minnesota, Iowa, Nebraska, North Dakota South Dakota.

<sup>10</sup> "Migrant work force; Demand for undocumented high," El Paso Times, June 16, 2005.

<sup>11</sup> "Noncitizens and Minnesota Law: A Guide for Legislators," Minnesota House Research, December 2004.

<sup>12</sup> "Undocumented Immigrants: Facts and Figures," Urban Institute, Jan. 12, 2004.

<sup>13</sup> "Noncitizens and Minnesota Law: A Guide for Legislators," Minnesota House Research, December 2004.

<sup>14</sup> "Noncitizens and Minnesota Law: A Guide for Legislators," Minnesota House Research, December 2004.

<sup>15</sup> "Estimates of the Size and Characteristics of the Undocumented Population," Pew Hispanic Center, March 21, 2005.

<sup>16</sup> The Urban Institute estimates that in 2004 there were 80,000 to 85,000 undocumented immigrants in Minnesota. This estimate is based on the Current Population Survey, March Supplement (2004 and 2003), with Urban Institute imputation of legal status. In addition, Jeffrey S. Passel of the Pew Hispanic Institute estimates that for 2004 there were 85,000 undocumented migrants in Minnesota. In his March 2005 publication, Passel only indicated a range of 55,000 to 85,000 undocumented migrants in Minnesota for 2002-2004. However, Passel recently clarified in a direct communication that Minnesota's specific estimate is 85,000. Passel's estimate is based on March 2002, 2003, and 2004 Current Population Surveys (Passel 2005), and includes an allowance for persons omitted from the CPS; it was based on "synthetic" methods. "Estimates of the Size and Characteristics of the Undocumented Population," Pew Hispanic Center, March 21, 2005.

<sup>17</sup> "Estimates of the Size and Characteristics of the Undocumented Population," Pew Hispanic Center, March 21, 2005.

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<sup>18</sup> “Estimates of the Unauthorized Immigrant Population Residing in the United States: 1990 to 2000,” Office of Policy and Planning, U.S. Immigration and Naturalization Service, Jan. 2003. The estimates were developed using data on the foreign-born population from the 2000 Census, INS administrative data, and a new methodology for estimating annual trends in population growth.

<sup>19</sup> “Undocumented Immigrants: Facts and Figures,” Urban Institute, Jan. 12, 2004.

<sup>20</sup> “Estimates of the Size and Characteristics of the Undocumented Population,” Pew Hispanic Center, March 21, 2005.

<sup>21</sup> Id.

<sup>22</sup> “Estimates of the Size and Characteristics of the Undocumented Population,” Pew Hispanic Center, March 21, 2005.

<sup>23</sup> This number was calculated using data provided by the Urban Institute. According to the Urban Institute, in Minnesota there were 7500-8000 undocumented immigrants (age 5-18) enrolled in all K-12 education in 2000; the Urban Institute bases these estimates on Census 2000 data, with Urban Institute imputation of legal status. The Urban Institute also reports that 2000 Census figures show that in Minnesota 94% of undocumented immigrant children who were enrolled in K-12 education attended public schools.

<sup>24</sup> The Urban Institute reports that the 2000 Census was distributed in spring 2000, which corresponds to the 1999-2000 school year.

<sup>25</sup> This number was calculated using data provided by the Urban Institute. According to the Urban Institute, in Minnesota there 11,000-12,000 U.S.-born children of undocumented immigrants (age 5-18) enrolled in all K-12 education in 2000; the Urban Institute bases these estimates on Census 2000 data, with Urban Institute imputation of legal status. The Urban Institute also reports that 2000 Census figures show that in Minnesota 94% of U.S. born children of undocumented immigrants who were enrolled in K-12 education attended public schools.

<sup>26</sup> The Urban Institute reports that the 2000 Census was distributed in spring 2000, which corresponds to the 1999-2000 school year.

<sup>27</sup> The Minnesota Department of Education (MDE). According to MDE, these numbers represents a statewide average of the PreKindergarten-12 Operating Expenditures of school districts excluding Capital Expenditures per ADM (Average Daily Membership) for the 1999-2000 and 2003-2004 school years. Average Daily Membership is the average number of pupils enrolled in public schools throughout the school year. PreKindergarten includes those students enrolled in special education programs. Approximately 95% of the statewide costs per ADM are covered by state and local funds.

<sup>28</sup> The cost estimate for the 2003-2004 school year is based on the enrollment estimates for the 1999-2000 school year. Given the growing number of illegal immigrants in Minnesota since 2000, the cost estimate for the 2003-2004 school year would, if anything, underestimate the cost to Minnesota.

<sup>29</sup> “Noncitizens and Minnesota Law: A Guide for Legislators,” Minnesota House Research, December 2004.

<sup>30</sup> Michael A. Olivas, Director of the Institute for Higher Education Law and Governance at the University of Houston Law Center, “A lifetime of America, but ineligible for college aid,” The Star Tribune, July 9, 2001.

<sup>31</sup> The Urban Institute. The estimate is based on the Current Population Survey, March Supplement (2004 and 2003), with Urban Institute imputation of legal status.

<sup>32</sup> The Urban Institute.

<sup>33</sup> “Immigrant Policy – News from the States: 2005,” National Conference of State Legislatures (NCSL), Aug. 11, 2005.

<sup>34</sup> Id.

<sup>35</sup> Minnesota Department of Finance, Consolidated Fiscal Note – 2005-06 Session, Bill #: S0627-0, Chief Author Sandra Pappas, Feb. 25, 2005.

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<sup>36</sup> “Education for All: Chicago’s Undocumented Immigrants and Their Access to Higher Education,” Center for Urban Economic Development, University of Illinois at Chicago, March 2003.

<sup>37</sup> “Immigrant Policy – News from the States: 2005,” National Conference of State Legislatures (NCSL), Aug. 11, 2005.

<sup>38</sup> Id.

<sup>39</sup> Minnesota Department of Human Services.

<sup>40</sup> Id.

<sup>41</sup> Id.

<sup>42</sup> Id.

<sup>43</sup> Steven A. Camarota of the Center for Immigration Studies, “Disease, unwanted import,” The Washington Times, Feb. 13, 2005.

<sup>44</sup> “Disease, unwanted import,” The Washington Times, Feb. 13, 2005.

<sup>45</sup> Steven A. Camarota of the Center for Immigration Studies, “Disease, unwanted import,” The Washington Times, Feb. 13, 2005.

<sup>46</sup> U.S. Immigration and Customs Enforcement (ICE), Department of Homeland Security.

<sup>47</sup> Office of Detention and Removal, U.S. Immigration and Customs Enforcement (ICE), Department of Homeland Security.

<sup>48</sup> “The High Cost of Cheap Labor: Illegal Immigration and the Federal Budget,” Center for Immigration Studies, August 2004.

<sup>49</sup> Minnesota Department of Corrections.

<sup>50</sup> Minnesota Department of Corrections. The Department of Corrections used the following methodology in calculating these figures: In FY 2001, the names of 380 individuals were submitted to qualify for SCAAP funding for the Minnesota Department of Corrections. The average length of stay for offenders in Minnesota in FY01 was 18.08 months. Assuming these offenders serve similar sentence lengths as all other offenders, the request for funding would be for the entire year for each of these individuals. With a daily per diem of \$86.25 in FY01, and 380 offenders, the annual cost to incarcerate illegal immigrants could be approximately \$11.96 million.

<sup>51</sup> Minnesota Department of Corrections. The Department of Corrections used the following methodology in calculating these figures: In FY 2002, the names of 386 individuals were submitted to qualify for SCAAP funding for the Minnesota Department of Corrections. The average length of stay for offenders in Minnesota in FY02 was 18.33 months. Assuming these offenders serve similar sentence lengths as all other offenders, the request for funding would be for the entire year for each of these individuals. With a daily per diem of \$79.89 in FY02, and 386 offenders, the annual cost to incarcerate illegal immigrants could be approximately \$11.26 million.

<sup>52</sup> Minnesota Department of Corrections. The Department of Corrections used the following methodology in calculating these figures: In FY 2003, the names of 415 individuals were submitted to qualify for SCAAP funding for the Minnesota Department of Corrections. The average length of stay for offenders in Minnesota in FY03 was 18.96 months. Assuming these offenders serve similar sentence lengths as all other offenders, the request for funding would be for the entire year for each of these individuals. With a daily per diem of \$80.52 in FY03, and 415 offenders, the annual cost to incarcerate illegal immigrants could be approximately \$12.2 million.

<sup>53</sup> Minnesota Department of Corrections.

<sup>54</sup> Minnesota Department of Corrections. The Department of Corrections used the following methodology in calculating these figures: In FY 2005, the names of 501 individuals were submitted to qualify for SCAAP funding for the Minnesota Department of Corrections. The average length of stay for offenders in Minnesota in FY05 was 21.69 months. Assuming these offenders serve similar sentence lengths as all other offenders, the request for funding would be for the entire year for each of these

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individuals. With a daily per diem of \$76.40 in FY05, and 501 offenders, the annual cost to incarcerate illegal immigrants could be approximately \$13.97 million.

<sup>55</sup> Minnesota House Research.

<sup>56</sup> "Estimates of the Size and Characteristics of the Undocumented Population," Pew Hispanic Center, March 21, 2005.

<sup>57</sup> The Urban Institute. The estimate is based on the Current Population Survey, March Supplement (2004 and 2003), with Urban Institute imputation of legal status.

<sup>58</sup> The Urban Institute. The Urban Institute reports that Current Population Survey data from 2002-2004 shows that there were 2.6-2.7 million workers in Minnesota, of which 2-3% were undocumented immigrants. The Urban Institute defines workers as employed 18-64 year olds.

<sup>59</sup> "Migrant work force; Demand for undocumented high," El Paso Times, June 16, 2005.

<sup>60</sup> "Minnesota: Immigrant Gateway," The McKnight Foundation, 2005.

<sup>61</sup> "The High Cost of Cheap Labor: Illegal Immigration and the Federal Budget," Center for Immigration Studies, August 2004.

<sup>62</sup> Id.

<sup>63</sup> "Tax time is for everyone, including illegal immigrants," Minnesota Public Radio, April 10, 2005.

<sup>64</sup> Id.

<sup>65</sup> Id.

<sup>66</sup> "Noncitizens and Minnesota Law: A Guide for Legislators," Minnesota House Research, December 2004.

<sup>67</sup> "Immigrant Policy – News from the States: 2005," National Conference of State Legislatures (NCSL), Aug. 11, 2005.