



Does immigration help US economy go boom—or bust?

By Robin Micheli

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The immigration crisis on the U.S. border isn't just about money—far from it—but it does force the nation to consider an critical economic question: Do undocumented immigrants ultimately contribute more to the U.S. economy than they take out?

Eight years ago Texas saw undocumented immigrants as a positive for its state economy. According to a 2006 financial analysis by the Texas comptroller's office, revenues generated by the roughly 1.4 million undocumented immigrants living in Texas in 2005 exceeded what the state spent on them by \$424.7 million. The absence of those immigrants, Texas estimated, "would have been a loss to our gross state product of \$17.7 billion."

Times—and attitudes—have clearly changed.

More than 57,000 unaccompanied minors have been arrested crossing the border since last October, 10 times the number in 2012. Most of these were children—increasingly 12 and younger and female—either fleeing violence in their home countries of El Salvador, Honduras and Guatemala or seeking family reunification.

Texas is ground zero for the influx of unaccompanied alien children, 85 percent of whom enter the country through its borders. And state officials aren't talking about gross state product now.

In early July, Texas Governor Rick Perry, a potential 2016 candidate for president, told the U.S. House Committee on Homeland Security that he was seeking \$500 million in reimbursement for a decade's worth of spending by the state on border security and enforcement.

Those costs continue to rise. In June, Perry ordered the Texas Department of Public Safety to ramp up border operations, an additional \$1.3 million a week. On July 22, Perry announced he would dispatch 1,000 National Guard troops to the border, with a reported price tag of \$12 million a month.

Texas Attorney General Greg Abbott recently ordered all 170 or so state agencies to tally costs related to the surge of child immigrants. If the federal government won't reimburse those costs in full, he'll sue, according to a quote he gave to the *San Antonio Express-News* on July 10.

Abbott is no stranger to lawsuits against the federal government, having filed more than 25 during his tenure. In the latest case, Abbott is taking on President Obama's immigration emergency-funding proposal, which excluded any refunds to the state.

To address the crisis, President Obama has asked Congress for \$3.7 billion in additional funding. If Congress doesn't reach a consensus before recessing on August 2, the administration said federal border agencies will begin running out of money by mid-August. The House and Senate introduced proposals that would deal with the problem, largely by providing the administration emergency funds to care for the children, review their cases and probably return most of them to their home countries. Both chambers pared Obama's request for two years of emergency funds to just this year; the Senate is offering \$2.7 billion and the House of Representatives \$1.5 billion.

The blink of a budget

Texas Attorney General Abbott called President Obama's proposal "offensive to Texas taxpayers." Abbott estimated the grand total would come to at least \$50 million, but his office declined to explain how they arrived at that number. "You could get there in the blink of an eye," said Jerry Strickland, the attorney general's communications director.

Others contend that Abbott's argument can be dismissed in the blink of an eye.

"That's a rounding error in Texas' budget," said economist Frederick Floss, executive director of the Fiscal Policy Institute, a New York-based think tank that has researched the issue of immigration and state economics. The \$50 million figure represents about 0.02 percent of the Texas budget. "I think we're overreacting to what is obviously a humanitarian problem. And we can't have individual states making up their own policies—that's only going to increase the costs," Floss said.

Across the country, controversy is escalating over what happens to undocumented children after they're taken into custody. They need somewhere to stay while awaiting legal review of their cases, and federal officials are struggling to place them.

Obama has asked state governors' help in providing temporary shelters, but many have been reluctant to comply despite receiving assurances that the federal government will foot the bill. The U.S. Department of Health and Human Services (HHS) pays all costs related to the shelters, including transportation, infrastructure, personnel and training, food and clothing, classroom education, mental and medical health services.

There is minimal to no cost incurred by local communities during the sheltering process, but of concern for some people is what happens once undocumented children are discharged from the shelters. Kenneth Wolfe, a spokesman for the Administration for Children and Families, the division of HHS caring for the undocumented children, said in an email that most undocumented children have a stay of "less than 30 days on average." The concern some people have is that children will end up living for years in a local community, where they'll be entitled to education and other government services paid for with tax dollars.

Most children aren't released into the immediate area of the shelters. So far, they've primarily gone to large, established communities of Central Americans across the U.S., according to federal data released last week. Eighty-five percent have been placed with relatives and more

than half to at least one parent. Texas is where the highest number of children—4,280—have been released, followed by New York, with 3,347.

A zero-sum game?

The dispersion may be part of why even communities where no shelters are proposed are up in arms.

The tidal wave of children crossing the border has reignited intense passions around the core question of whether immigrants are entitled to receive costly government benefits and services.

Massachusetts Governor Deval Patrick—referencing his faith in referring to the situation as "a humanitarian crisis"—has offered two possible locations as short-term shelters for 1,000 children.

Patrick received a letter of support signed by 21 lawmakers, but Mayor Judith Flanagan Kennedy of Lynn, Massachusetts, wasn't one of them. Kennedy has complained that her city's services have already been overwhelmed by an influx of immigrant children, telling Fox News that "over 1,000 not-native-born children," primarily Guatemalan, have entered Lynn's school system in the last four years, forcing her to increase school budgets 9.3 percent and to cut other city budgets from 2 percent to 5 percent.

"Education and health systems are already overloaded," said Steven Camarota, director of research at the conservative Center for Immigration Studies. He said that a large fraction of these kids have special needs—related to language, trauma and low-income backgrounds—that will add to the cost. But, he added, "it's not just cost that matters. It's competition for scarce public resources. And part of the resentment is about the laxity, having an open border and an administration bent on releasing everybody and not focused on enforcement."

Asked to comment on Kennedy's remarks at the mid-July event, Patrick reiterated the importance of thinking of this issue in terms of families.

The complete economic picture requires a broader perspective than provided by those isolated on the cost or humanitarian side of the debate.

"Child migration will affect certain states and localities differently, based on where costs such as education are incurred but also based on gains in terms of spending for things like shelter and transportation," said Michelle Mittelstadt of the Migration Policy Institute. Long-term economic benefits of immigrants entering the workforce should also be considered, she said.

Though immigration may strain some local budgets in the short term, costs and benefits tend to balance out in the end, said Alex Nowrasteh, immigration policy analyst at the Cato Institute, a libertarian think tank. "We all pay taxes and receive government benefits," Nowrasteh said. "What we see again and again is that the fiscal cost of immigrants over time is about the same as it is for American citizens, which in the long run is about zero."