

# Economic benefits of illegal immigration outweigh the costs, study shows

18 May 2020, by Avery Ruxer Franklin



Credit: 123rf.com/Rice University

The economic benefits of illegal immigration are greater than the costs of the public services utilized, according to an expert at Rice University's Baker Institute of Public Policy.

Indeed, for every dollar the Texas state government spends on public services for undocumented immigrants, new research indicates, the state collects \$1.21 in revenue.

José Iván Rodríguez-Sánchez, a postdoctoral research fellow at the Baker Institute, investigates the topic in a newly published research paper. He stresses that it's important to assess both the positive and negative impacts of illegal immigration.

"Undocumented residents have a [positive influence](#) and impact on the economy, since they pay taxes and fees and constitute an important part of the labor market," he wrote. "Even if we consider the costs of undocumented immigrants to the state of Texas, the benefits outweigh the costs."

Rodríguez-Sánchez used Texas as a [case study](#) because "it is one of the most populous states in the United States, with an unauthorized population considered representative of that of the whole country," according to the paper.

In 2018, the year on which the report is based, Texas had "an estimated 1.6 million undocumented residents, representing 5.7% of the total state population," according to the paper. Those residents support the economy by working in industries such as construction, agriculture, manufacturing and services—with an unemployment rate of only 5.7% in the state, according to the paper. They pay sales tax and consumer taxes, such as on gasoline and motor vehicle inspections.

In [fiscal year](#) 2018, Texas collected \$2.4 billion in state taxes from this group.

"Like any other Texan, undocumented immigrants pay sales and excise taxes when they buy goods and services," he wrote. "They pay property taxes on their owned or rented houses. Other payments that undocumented immigrants make to the state are related to fees and fines, tuition and utilities."

The analysis found that illegal immigration cost Texas a total of \$2 billion in 2018 through education, health care and incarceration costs. These include [costs](#) associated with public schools, higher education, substance abuse services, immunizations and emergency [health care](#).

Rodríguez-Sánchez also analyzed the potential impact of deporting all such residents from Texas. "In this case, deportation would represent a shock to the Texan economy," he wrote.

"If all undocumented workers were deported, Texas would lose more than \$41.9 billion in direct employment compensation, defined as pretax salary and wage earnings. The total lost would be \$70.3 billion, which represents a reduction of 7.7%

in state employment compensation," he wrote. "If even 20% of this group were deported, the state would lose approximately \$8.4 billion in direct employee compensation, and the total impact would be \$14 billion."

The report estimates that tax revenue collected from such residents exceeded what the state spent on them, resulting in a net benefit of approximately \$420.9 million in fiscal year 2018.

"This means that for every dollar spent on public services for [undocumented immigrants](#), they provide \$1.21 in fiscal revenue for the state of Texas," Rodriguez-Sanchez wrote.

Provided by Rice University

APA citation: Economic benefits of illegal immigration outweigh the costs, study shows (2020, May 18) retrieved 1 March 2021 from <https://phys.org/news/2020-05-economic-benefits-illegal-immigration-outweigh.html>

*This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.*