

A Drain on the Public Purse?

by Mike Prokosch

Do immigrants pay more in taxes than they use in public services? Or are immigrants—especially undocumented ones—a drain on the public purse?

Immigrants and taxes became a hot issue in 1994, when a majority of California voters approved Proposition 187. This referendum barred undocumented immigrants from receiving health care, public education, and other social services. Courts overturned it, but several economic studies then claimed that immigrants actually pay a lot more in taxes than the services they use. According to these economists, undocumented immigrant workers pay billions of dollars in Social Security taxes that they will never claim because they use fake Social Security numbers (see *Saving Social Security?* at <www.nelrc.org/changeagent/extras/index.htm>).

However, more recent studies by the anti-immigrant Center for Immigration Studies and others paint a different picture. They see immigrants less as workers than as uninsured patients crowding emergency rooms, drivers crowding the highways, and children using public schools. Criticizing the earlier studies' assumptions, they say that immigrants are actually using more in public services than the taxes they are paying in.

Stress on Local Governments

Economic disputes like this are hard to settle, and this one reflects a growing problem: the stress on local and state government budgets. Since the early 1980s, the federal government has been cutting taxes for corporations and wealthy individuals. Then, to "balance" its budget, Washington has cut the aid that it sends to cities and states. With less money coming in, states and cities must raise their taxes or cut the services they provide to people. Either way, people are getting fewer services for their taxes, and they're angry.

Immigrants are part of this picture because many of the payroll and Social Security taxes they pay go to the federal government. However, most of the services they and others use come from cities and states.

Half of the federal budget pays for war; little of the rest goes into direct services like education and health care. It's the city and state governments that pay for most of the services we use. Schools, police, fire, snowplowing, parks, and youth jobs come out of your city budget. Housing, environment, and medical care are heavily funded by the state.

The federal government is making more money from immigration than it is paying. Local governments are losing out. And so the movement to bar immigrants from services started in a state that was already under economic stress.

Immigrants are scapegoats for failed government policy. If we view the problem as tax cuts for the rich and reductions in money for public services, then immigrants and native-born people *share* the problem. Blaming immigrants will keep us from identifying the real culprit: a government that has abandoned its middle class.

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To read the studies referred to in this article see:

Bureau of Economic and Business Research, University of Florida. *Immigrants Pay Their Fair Share: Study Shows Florida Immigrants Pay their Proportionate Share of Taxes – and Sometimes More.* Florida, Bureau of Economic and Business Research, University of Florida, 2001. <www.aifl.org/ipc/policy_reports_2002_pay.asp>.

Camarota, Stephen. *The High Cost of Cheap Labor: Illegal Immigration and the Federal Budget.* Center for Immigration Studies, 2004. <www.cis.org/articles/2004/fiscalexec.html>.