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Fiscal Impacts of Denver's Migrant Sheltering and Support Services

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About the Author

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About Common Sense Institute

Common Sense Institute is a non-partisan research organization dedicated to the protection and promotion of Colorado's economy. CSI is at the forefront of important discussions concerning the future of free enterprise and aims to have an impact on the issues that matter most to Coloradans. CSI's mission is to examine the fiscal impacts of policies, initiatives, and proposed laws so that Coloradans are educated and informed on issues impacting their lives. CSI employs rigorous research techniques and dynamic modeling to evaluate the potential impact of these measures on the economy and individual opportunity.

Teams & Fellows Statement

CSI is committed to independent, in-depth research that examines the impacts of policies, initiatives, and proposed laws so that Coloradans are educated and informed on issues impacting their lives. CSI's commitment to institutional independence is rooted in the individual independence of our researchers, economists, and fellows. At the core of CSI's mission is a belief in the power of the free enterprise system. Our work explores ideas that protect and promote jobs and the economy, and the CSI team and fellows take part in this pursuit with academic freedom. Our team's work is informed by data-driven research and evidence. The views and opinions of fellows do not reflect the institutional views of CSI. CSI operates independently of any political party and does not take positions.

Introduction

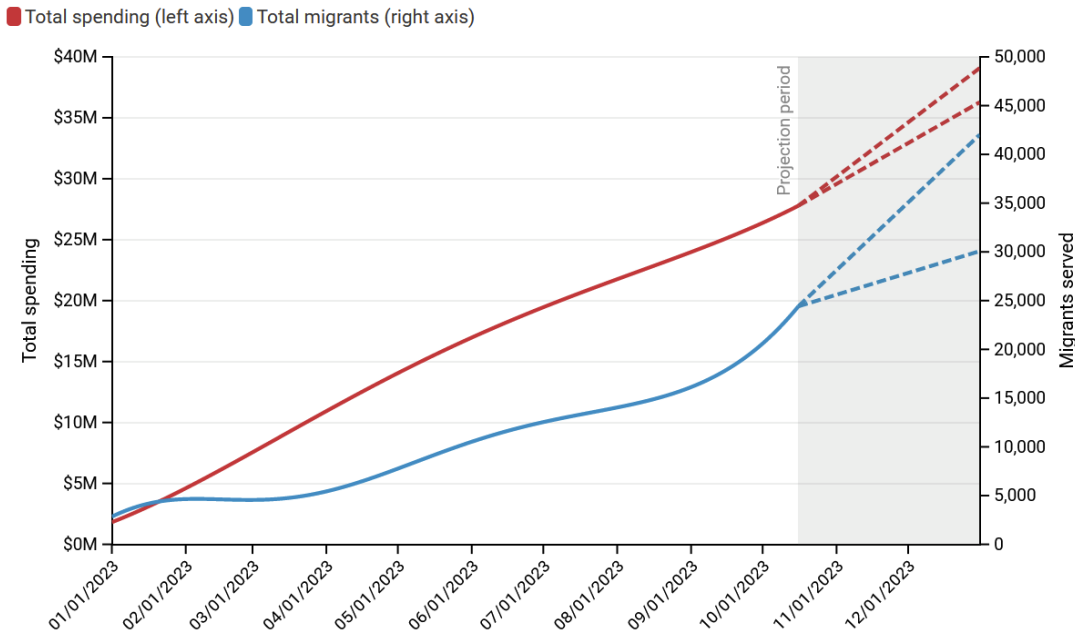
In early December of last year, the City of Denver opened an emergency shelter to accommodate the arrival of some 100 migrants from the U.S.–Mexico border.ⁱ In the following days, as the number of arriving migrants grew to overwhelm the existing capacity to shelter them, Denver’s government declared a state of emergency, sought financial support, and dramatically expanded the scope of its migrant support scheme. The flow of migrants into the city has fluctuated since then largely according to external policy conditions—in May, for example, the expiration of Title 42 federal immigration restrictions accompanied a sharp increase in migrant shelter occupancy in Denver. As of October 16, Denver Human Services has encountered a total of 24,415 migrants, 18,519 of whom have stayed at least one day in the city’s shelters, at a total cost of over \$28 million.ⁱⁱ

The southern border is currently experiencing an immigration surge more severe than the one in May. This is certain to, once again, strain Denver’s migrant support services and place additional pressure on local businesses and communities. The following sections present data about Denver’s migrant response, summarize government expenditure and financing to date, and forecast the City’s spending on migrants through the rest of the year. Many of the findings are derived from a regression model that CSI developed to describe the fiscal impacts of Denver’s migration trends.

Key Fiscal Impacts

Denver Migrant Support Services throughout 2023

CSI estimates actual and projected values of city spending and migrants served throughout 2023. Each set of projections represent a high migration scenario and a low migration scenario.



- **CSI estimates that the city will have spent between \$36.3 million and \$39.1 million on migrant support services by the end of 2023.** This range reflects low (year-to-date average) and high (last-month average) migration scenarios. The estimates do not include

private donations made to support the incoming migrants nor in-kind contributions provided by charitable organizations.

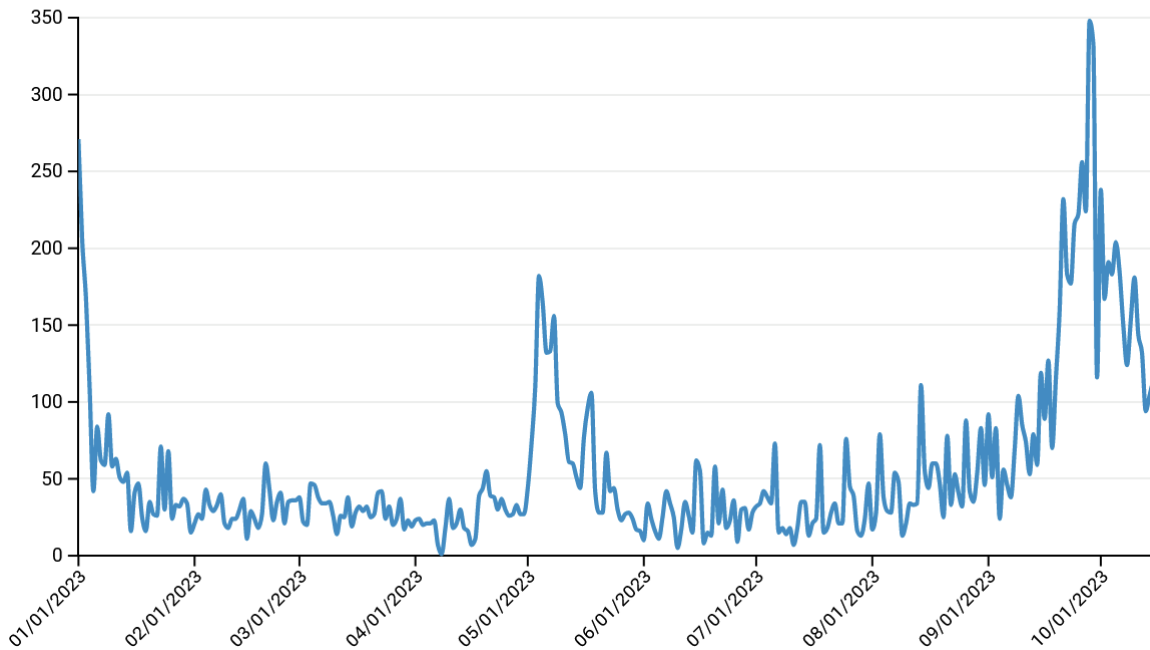
- This is an increase of between \$8.3 million and \$11.1 million (30–40%) upon the total as of October 16.
- The City’s spending patterns suggest that its migrant support services exhibit high fixed costs and low variable costs. Over the course of 2023, migrant arrival rates and shelter capacity have been weak predictors of spending. This suggests that program expenditure is chiefly driven by overhead costs like facility rents and staff salaries.
 - As a result, though it will help relieve shelter occupancy, the City’s decision to shorten the maximum length of shelter stay will only induce a minor cost reduction.

New Migrant Arrivals and Shelter Levels

New Migrant Arrivals at Denver Shelters

This series does not count the arrivals of migrants who did not seek shelter. As of October 16, those account for about a quarter of the total that the City of Denver has served.

■ Daily new arrivals



- Through October 16, 24,415 unique migrants have arrived in Denver and received government support. 18,519 of them spent at least one day in official shelters and each stayed for an average of just over 18 days.
- Between September 16 and October 16, Denver experienced a migrant arrival rate over three times higher than the year-to-date average. From January 1 through October 16, an average of 74 new migrants per day arrived at local shelters. Over the last month, however, the daily average has risen to 232. This level significantly exceeds even that observed during the surge in May. Many of these people arrived on buses from Texas

following a dramatic spike in U.S.–Mexico border crossings.ⁱⁱⁱ Though the number of daily migrants remains higher than usual, the surge seems to be abating (see the graph above).

- **According to the city government’s dashboard of migrant sheltering and support data, there were 3,051 migrants in official shelters on October 16.**^{iv} This is close to the highest concurrent number that the city has ever accommodated; due to declining numbers of arrivals, though, this volume has fallen somewhat since then. Of the migrants who spend time in Denver’s shelters, about 15% stay within the city long-term^v and 30% stay within Colorado.^{vi}

Who Pays?

- Because the city government did not anticipate the need to launch a migrant sheltering program until last November, Denver’s 2023 budget includes no provision for the cost of its operation. The City has, to date, covered this cost through its contingency fund and some of its agencies’ dedicated budgets while requesting private donations and federal aid.^{vii} **So far, Denver has received \$3.5 million from the state government and \$909,000 from the national government to reimburse its sheltering costs. In June, the Department of Homeland Security committed a further \$8.6 million of future funding.**
 - These contributions leave about \$15 million (54%) of the total October 16 cost unaccounted-for.
- It is unclear how the City’s spending on migrant services has impacted other budgetary endeavors. Although Denver’s contingency fund is large enough to fund the initiative through the rest of 2023 if it must, government agencies have been made to devote substantial shares of their resources to migrant support throughout the year.
 - CSI estimates that the total unbudgeted liability of Denver’s migrant services will be almost \$40 million by the end of December. This is nearly as much as the annual cost of the Homelessness Resolution Fund, whose establishment required express voter approval.^{viii}
- **Bottom Line** - The recent surge of immigration at the southern border, like others that occurred earlier this year, is largely a result of volatile federal policy and unwillingness to pursue comprehensive immigration reform. One of the consequences of that disorder is the financial burden that it thrusts upon local governments like Denver’s, which has incurred costs beyond its normal budgeted expenses as a result. Though these costs are currently being covered by contingency funds and partially reimbursed by external grants, they eventually risk either crowding out other financial priorities or increasing the ongoing cost of governance within the city—a cost that Denverites have to pay.

ⁱ <https://denvergov.org/Community/Assistance-Programs/Migrant-Support/Migrant-Sheltering/City-and-County-of-Denver-will-Activate-its-Emergency-Operations-Center-and-Joint-Information-Center-in-Response-to-Influx-of-Migrant-Arrivals>

ⁱⁱ <https://denvergov.org/Community/Assistance-Programs/Migrant-Support/Migrant-Sheltering/October-16-Update-on-Denvers-Migrant-Sheltering-Response>

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- iii <https://www.denverpost.com/2023/09/27/texas-greg-abbott-denver-migrants-mike-johnston/>
 - iv <https://www.denvergov.org/Community/Assistance-Programs/Migrant-Support#section-2>
 - v <https://www.cbsnews.com/colorado/news/colorado-nonprofit-migrants-destination/>
 - vi <https://www.foxnews.com/politics/colorado-gov-planning-send-migrants-new-york-city-mayor-says>
 - vii https://www.coloradopolitics.com/denver/feds-give-denver-8-million-for-immigrant-response/article_72978546-d218-56b3-982c-3c129514b8fa.html
 - viii <https://denvergov.org/files/assets/public/v/2/finance/documents/budget/2023/2023-ccd-budget-final.pdf>