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COMPREHENSIVE IMMIGRATION REFORM: IMPACT OF IMMIGRATION ON STATES AND LOCALITIES

HEARING

BEFORE THE

SUBCOMMITTEE ON IMMIGRATION, CITIZENSHIP, REFUGEES, BORDER SECURITY, AND INTERNATIONAL LAW

OF THE

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COMPREHENSIVE IMMIGRATION REFORM: IMPACT OF IMMIGRATION ON STATES AND LOCALITIES

THURSDAY, MAY 17, 2007

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON IMMIGRATION, CITIZENSHIP,
REFUGEES, BORDER SECURITY, AND INTERNATIONAL LAW
COMMITTEE ON THE JUDICIARY,
Washington, DC.

The Subcommittee met, pursuant to notice, at 4:06 p.m., in Room 2237, Rayburn House Office Building, the Honorable Zoe Lofgren (Chairwoman of the Subcommittee) presiding.

Present: Representatives Lofgren, Gutierrez, Jackson Lee, Conyers, and King.

Staff present: Ur Mendoza Jaddou, Majority Chief Counsel; R. Blake Chisam, Majority Counsel; George Fishman, Minority Counsel; and Benjamin Staub, Professional Staff Member.

Ms. LOFGREN. Let me first apologize for being a full hour late. The Subcommittee on Immigration, Citizenship, Refugees, Border Security, and International Law will come to order.

As I have explained to our witnesses, the full Committee was in a markup downstairs, and the markup seemed to go on a little bit longer than we had planned. And then, of course, as soon as we were through, the House of Representatives called us over for a vote. So we will proceed as quickly as possible.

This is the 10th hearing we have had on comprehensive immigration reform. And we have studied—I will put my full statement in the record, but we have studied a variety of topics related to comprehensive immigration reform, and today we are going to turn our attention to the cost of immigration to the States and localities.

In general, most scholars tend to agree that immigrants, on the whole, benefit the U.S. economy and American culture, and the Subcommittee's previous hearings have addressed these issues in detail. However, despite the overall benefits of immigration to the Nation, most scholars tend to concur that illegal immigration can have deliterious effects on States and localities, and it is those effects that we will address during this hearing.

We have a quorum to proceed. Ordinarily I would not proceed with the absence of the Ranking Member, but I have been advised that at least two of the witnesses have to leave to catch airplanes, so I am sure that Mr. King would not object to our allowing those two witnesses in particular to begin with their testimony.

I see also our Chairman, Mr. Conyers, is here.

We realize that at this point a number of States and localities have taken legislative action themselves about the issue of immigration all over the board. And clearly the issue of immigration is a Federal issue, and the fact that localities and States are stepping forward I think is another indicator that it is really time for the Federal Government to step up to the bat and take action.

The National League of Cities, the Nation's oldest and largest organization devoted to strengthening and promoting cities, shares these frustrations, and we will hear from them.

When Mr. King arrives, obviously, he will have his statement in the record.

[The prepared statement of Ms. Lofgren follows:]

PREPARED STATEMENT OF THE HONORABLE ZOE LOFGREN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA, AND CHAIRWOMAN, SUBCOMMITTEE ON IMMIGRATION, CITIZENSHIP, REFUGEES, BORDER SECURITY, AND INTERNATIONAL LAW

I would like to welcome the Immigration Subcommittee Members, our witnesses, and members of the public to the Subcommittee's eleventh hearing on comprehensive immigration reform.

We started our series of hearings at Ellis Island where we examined the need for comprehensive immigration reform to secure our borders, to address economic and demographic concerns, and we reviewed our nation's rich immigrant history. We have studied immigration reform from 1986 and 1996 in an effort to avoid the mistakes of the past. We've considered the problems with and proposed solutions for our current employment and worksite verification system. In light of recent proposals by the White House to eliminate family priorities in immigration and replace them with a completely new and untested point system, we studied the contributions of family immigrants to America and various immigration point systems used around the world. And just yesterday, we had a hearing to explore integration of immigrants and their children into the United States. There we learned that if creating new Americans is a goal of our immigration policy, we should ensure that comprehensive immigration reform reflects that objective. Purely temporary worker programs with little opportunity for those who contribute to our economy to become full members of the country that they've helped to build run contrary to the goal of Americanism and assimilation, because such programs relegate people to a life in a permanent underclass.

Today we turn our attention to the costs of immigration to states and localities. In general, most scholars tend to agree that immigrants, on the whole, benefit the U.S. economy and American culture. The Subcommittee's previous hearings have addressed these issues in detail.

Despite the overall benefits of immigration to the nation, most scholars tend to concur that *illegal* immigration can have deleterious effects on states and localities. It is those effects we will address during this hearing.

The witnesses today will explain that most scholars agree that illegal immigrants do create certain fiscal costs to taxpayers. Where there are studies—and they are varied because of the lack of accurate data—the costs are actually much smaller than many may assume. Still, the costs to taxpayers appear to be fairly minimal, costing the average taxpayer less than $200 per year.

These costs relate to local expenditures on schools, hospitals, and criminal incarceration, disproportionately accrued by states and localities. The federal government is a greater beneficiary of the tax revenues.

Many states and localities are frustrated about this inequality of benefits between them and the federal government and the lack of federal action to solve the illegal immigration issue. According to the National Conference of State Legislatures:

> As of April 13, 2007, state legislators in all of the 50 states had introduced at least 1,169 bills and resolutions related to immigration or immigrants and refugees. This is more than twice the total number of introduced bills (570) in 2006.
>
> Up to this point in the 2007 legislative sessions, 18 states (Arkansas, Colorado, Hawaii, Idaho, Indiana, Kansas, Kentucky, Maryland, Montana, North Dakota, Nebraska, New Mexico, New York, South Dakota, Utah, Virginia, West Virginia and Wyoming) have enacted at least 57 bills in this policy arena, already ⅔ of the total number of laws enacted in 2006. State legislatures have also adopted

> at least 19 resolutions and memorials in their 2007 sessions. Most state legislatures remain in session, an indication that it is quite likely that there will be even more activity this year.

The National League of Cities (NLC), the nation's oldest and largest organization devoted to strengthening and promoting cities, shares the same frustrations as NCSL. The NLC recognizes that local governments are caught in the middle of the economic impacts of illegal immigration. As the federal government controls the flow and regulation of immigration, the responsibility of integrating immigrants and providing services such as social services, health care and education, lies within the local governments. It is the local governments who are bearing the financial impact of both legal and illegal immigration.

Given these local concerns regarding illegal immigration, the time is now for Congress to address comprehensive immigration reform.

Ms. LOFGREN. Mr. Conyers, would you like to make an opening statement? We do have two witnesses who have to run for airports. Would you like to just enter your opening statement?

Mr. CONYERS. Before I put it in the record, I just want to emphasize that most of us realize that States do not want to shift the burden of enforcement to them.

And, secondly, this is not just an enforcement problem, the reform of immigration, that this maybe ninth hearing has to do with, and that the immigration debate highlights the need for universal health care.

We know that immigrants are anything but a burden. It has been documented over and over. But I think that one of the responsibilities of this important series of hearings by the Immigration Subcommittee of the Judiciary Committee is that we analyze the cost, the benefits, and the opportunities of working together.

I would like my complete statement to be entered into the record, and I thank the gentlelady, the Chairwoman.

[The prepared statement of Chairman Conyers follows:]

PREPARED STATEMENT OF THE HONORABLE JOHN CONYERS, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN, AND CHAIRMAN, COMMITTEE ON THE JUDICIARY

In this hearing, we will delve a little deeper into the issue of whether immigration is a net positive for our communities.

There are some things that we know going into this debate.

First, we know that the States do not want us to shift the burden of enforcement to them. Nor should we. This is a Federal responsibility, and we must rise to the challenge.

Second, this is not just an enforcement issue. In yesterday's hearing, we agreed that immigrants should be brought into the American social fabric through programs such as language and civics classes. Those programs do not happen on their own. Those programs do not happen on their own, and civic engagement, education, and opportunity shouldn't just be for immigrants, but for everyone. We need to support the States and localities to provide these critical services.

Third, we know that the immigration debate highlights the need for universal health care. For example, a Health Affairs Journal study found that undocumented immigrants are not the cause of over-crowded emergency departments and higher health care costs. Rather, the problem is that more and more Americans lack health care coverage. We need to address this and take the burden of our local health systems.

Finally, we know that immigrants are anything but a burden. As the Economic Research Service of the Department of Agriculture states on this point:

> "[The infusion of Hispanic immigrants] has helped to stem decades of population decline in some States, revitalizing many rural communities with new demographic and economic vigor. Such population infusions may affect the allocation of State and Federal program funding to rural areas for education, health, other social services, and infrastructure projects."

In fact, these infusions have widely been interpreted as impacting Congressional redistricting in some states. Former Governor Tom Vilsak was so struck by this issue and by the need to ensure future stability that he pursued a strategy of recruiting immigrants to come to Iowa.

Immigration presents us with costs, benefits, and opportunities. Working together, we can meet the challenges and reap the rewards of these new Americans.

Ms. LOFGREN. Without objection. And thank you so much, Mr. Conyers, for being here today.

Without objection, the testimony of Governor Janet Napolitano, the governor of Arizona, will also be submitted for the record.

[The prepared statement of Governor Napolitano is inserted in the Appendix.]

Ms. LOFGREN. I would like to introduce our witnesses.

Here we have the Honorable Sharon Tomiko Santos, who is a Representative in the Washington State House of Representatives. Seattle first elected Representative Santos to the Washington House in 1998. She now serves as the majority whip. She is a leader on education, health care, and affordable housing, and she served as an NGO delegate to the United Nations' fourth World Conference on Women and is a recipient of the Martin Luther King, Jr. "Keeping the Dream Alive Award." She earned her bachelor's degree from Evergreen State College and her master's degree from Northeastern University.

I am also pleased to welcome the Honorable Dennis Zine, a friend from California, a member of the City Council, representing Los Angeles's 3rd District. Councilman Zine has worked for nearly 4 decades in public service, beginning as an officer in the Los Angeles Police Department 37 years ago. In addition to his duties as Councilman, Mr. Zine volunteers with organizations such as Mothers Against Drun,k Driving, the Haven Hills Home for Battered Women and the Jewish Home for Aging. He is the treasurer for the Independent Cities Association and represents Los Angeles on the National League of Cities Public Safety and Crime Prevention Steering Committee.

I am also pleased to introduce Dr. Stephen Appold, a scholar at the Frank Hawkins Kenan Institute of Private Enterprise at the University of North Carolina's Kenan-Flagler Business School. Prior to his post at UNC, he taught at Carnegie-Mellon University and the National University of Singapore. He also taught in the executive education program for labor unionists in the Ong Teng Cheong Institute of Labor Studies in Singapore. Dr. Appold received a bachelor's and master's degree from the State University of New York Stony Brook and a master's and doctoral degree from the University of North Carolina.

And, finally, I am pleased to open the minority's witness on the panel, the Honorable John Andrews, former President of the Colorado State Senate. Former Senator Andrews now serves as a senior fellow at the Claremont Institute in Denver. He served as a State Senator between 1998 and 2005, leaving on a term limit. Prior to his distinguished tenure in public office, he chaired the State policy network and directed TCI Cable News. After graduating from Principia College, former Senator Andrews was also a U.S. Navy submarine officer.

Each of your written statements will be made a part of the record in its entirety. We have asked each of you to summarize

your testimony in 5 minutes, and that little machine in the front will be your guide. When the yellow light goes on, it means you have a minute left.

I am going to ask first Mr. Zine to speak. He has to leave at 4:30 to catch a plane. And then I think Mr. Andrews will be following shortly, and then we will go to the other witnesses who do not have as urgent situations.

Mr. Zine?

TESTIMONY OF THE HONORABLE DENNIS P. ZINE, COUNCILMAN, CITY OF LOS ANGELES, NATIONAL LEAGUE OF CITIES

Mr. ZINE. Thank you. Good afternoon. Thank you, Madam Chair and Members of the Subcommittee.

I am Dennis P. Zine, council member from the City of Los Angeles, here today on behalf of the National League of Cities as a member of the board of directors for the National League of Cities and the Chairperson of the Immigration Task Force for the National League of Cities.

The Task Force was established 2 years ago to deal with the 12-plus million undocumented people in the country.

I have been with the L.A. City Council for 6 years. Before that, I was with the Los Angeles Police Department as an officer and a supervisor for over 30 years. I am also the son of Lebanese immigrants, so I am well aware of the impact of immigration from the perspective of law enforcement and also a vulnerable population, and as someone responsible for the management of a major city, the City of Los Angeles.

The National League of Cities is pleased to have this opportunity to speak to you this afternoon to present our views on the impact of immigration on America's cities and towns and the need for comprehensive Federal immigration reform legislation. The absence of a functional Federal system regulating an orderly flow of immigration has resulted in financial, cultural, and political strains in communities across America.

Local governments are caught in the middle of this debate with no control over the flow and regulation of immigration but with the responsibilities of integrating immigrants into our communities and providing the services necessary for stable neighborhoods.

Recent headlines highlighting new restrictive laws are the depressing example of the stress local governments face in dealing with the fast-growing immigration populations and finding the best way to balance the needs of newcomers with our established residents.

As immigrants, both legal and illegal, flood our communities, more than 90 cities and counties have proposed, passed or rejected laws prohibiting landlords from leasing to undocumented immigrants, penalizing businesses that employ undocumented workers or training local police to enforce Federal immigration laws. You may have heard of the confrontation between the Los Angeles Police Department and the pro-immigration groups on May 1 in Los Angeles. It was not a pretty picture and the LAPD does not even enforce illegal entry laws.

While immigrants have strengthened our country and our communities in numerous ways, many communities are straining to

find the right approach in such an unsettled environment over immigration and Federal immigration policy.

In addition to cultural impacts on the community, the responsibility for providing social services, education and health care is falling on State and local governments, which are feeling the financial impact of both legal and illegal immigrants in cities and towns. California has long been a gateway for new immigrants. However, my colleagues in new destination States now face many of the same challenges that we have encountered for many, many years.

Despite some cities receiving the headlines for their restrictive policies, many local governments across the Nation are working hard to integrate immigrants without regard to their immigration status into their communities. Discussions with local officials across the Nation point to positive impacts on communities by reversing population declines, stabilizing or increasing school enrollments, local industrial employers relying heavily on immigrant populations to take jobs that would otherwise go unfilled.

Undocumented immigrants also contribute significantly to spending power of local economies. Sales tax is charged to all who purchase goods and products in our stores. In general, most of these residents are hardworking people trying to provide for their families and build a brighter future for their children. Many communities have established welcome centers, held diversity events, and undertaken other activities to make the new residents feel that they are a valued part of the community.

Local law enforcement personnel find it difficult if not impossible to build trust among undocumented populations and many immigrants are reluctant to report crimes or cooperate in criminal investigations with the police for fear that their undocumented status will be uncovered and they may face prosecution and deportation. A lack of valid documentation also leaves immigrants vulnerable to exploitation by unscrupulous individuals and makes it easer for the small minority of immigrants involved in criminal activity to hide and even exploit others with impunity.

Local government's primary concern is to protect the safety of all residents by building trust among all populations with our cities, regardless of immigrant status. Families are forced to live underground, unable to get drivers' licenses or car insurance in most States, unlikely to obtain health insurance, and afraid to report crimes to the police.

Because immigrants, whether legal or illegal, generally live or work in our cities and towns, new legislation to significantly improve the Federal immigration system is a critical issue for the National League of Cities. National League of Cities asks you to act quickly to enact comprehensive reform to the current immigration laws to bring some sense and reasonableness to America's immigration policy.

We are talking about comprehensive immigration reform legislation which should include the following: enforcement of existing laws, including strong worksite enforcement and accurate worker verification; increased staff and resources at the borders; increased enforcement against those individuals who initially enter the country illegally with student, tourist or business visas but remain in this country after their visas expire; effective enforcement of the

Federal law that makes it illegal to knowingly hire and employ undocumented immigrants and to penalize employers significantly who continue to violate the law; better verification system, including a universal, reliable, effective, secure, nondiscriminatory identification verification system using the top technology; better avenues for legal immigration, including legal means of immigration of foreign nationals who want to work here temporarily, as well as those who desire to become legal, permanent residents, gain citizenship; and a pathway to citizenship for undocumented immigrants living in the United States through payment of appropriate fees, back taxes, background checks, absence of criminal gang activity, work history, and the ability to meet English and civic requirements; funding to help alleviate the impact on communities, including public safety, language, health education.

Border security along with employee verification and other reasonable measures will bring about safety and security for the American people and at the same time assist those desiring to achieve the American dream which we all enjoy.

And in conclusion, this isn't a partisan issue, it is across all political lines and impacts hundreds of communities across America. The solution rests in your hands. We implore you to act and finally resolve this.

In conclusion, NLC looks forward to working with you, and I thank you for your time. Five minutes and seventeen seconds. [Laughter.]

[The prepared statement of Mr. Zine follows:]

PREPARED STATEMENT OF DENNIS P. ZINE

STATEMENT OF COUNCILMAN DENNIS ZINE, CITY OF LOS ANGELES
ON BEHALF OF THE NATIONAL LEAGUE OF CITIES
HOUSE JUDICIARY SUBCOMMITTEE ON IMMIGRATION, CITIZENSHIP, REFUEES, BORDER SECURITY AND INTERNATIONAL LAW
MAY 17, 2007

Good afternoon. Thank you Madam Chair and members of the Subcommittee.

My name is Dennis Zine. I am a Member of the City Council of Los Angeles and am here today representing the National League of Cities, the nation's oldest and largest organization devoted to strengthening and promoting cities. I am a member of NLC's Board of Directors and chair of NLC's Immigration Task Force.

NLC is pleased to have this opportunity to speak to you this afternoon to present our views on the impact of immigration on America's cities and towns and the need for comprehensive federal immigration reform legislation. The absence of a functioning federal system regulating an orderly flow of immigration has resulted in financial, cultural and political strains in communities across the nation. As this debate drags on local governments are caught in the middle – the federal government controls the flow and regulation of immigration but the responsibility for integrating immigrants into the community and providing services rests primarily with us.

Local elected officials work very hard to build vibrant and stable communities that are centers of commerce, promote economic development and sustain families. Major changes such as large influxes of new residents – illegal or legal – create instability.

Recent headlines highlighting new restrictive laws on housing for illegal immigrants in Farmer's Branch, TX, Hazelton, PA and in Fairfax, VA, right here in the backyard of the Capitol are examples of the stress local governments are facing in dealing with fast-growing immigrant populations, and how to best balance the needs of newcomers with more established residents.

As immigrants – both legal and illegal -- flood our communities, more than 90 cities or counties have proposed, passed or rejected laws prohibiting landlords from leasing to illegal immigrants, penalizing businesses that employ undocumented workers or training police to enforce federal immigration laws.

While immigrants have strengthened our country and our communities in innumerable ways, many communities are straining to find the right approach in such an unsettled environment over immigration and federal immigration policy.

In addition to cultural impacts on the community, the responsibility for providing social services, education and health care is falling to state and local governments, which are feeling the financial impact of both legal and illegal immigrants in cities and towns.

NLC will soon release the findings of the 2007 State of America's Cities survey which will help quantify the impact of immigration on our communities. Based on my discussions with colleagues, cities across the country report that increases in immigrant populations pose new service challenges at the same time that they bring benefits to the community. While immigrants are important contributors to local economies, cities also absorb the cost of providing services and are challenged by the social integration of those immigrants into the fabric of the community.

Based on US Census Bureau data, in 2003, 11 percent of the foreign born population lived in the Midwest, 22 percent in the Northeast, 29 percent in the South and 37 percent in the West. Four out of 10 foreign born residents lived in a central city with a slightly smaller number in metropolitan areas outside a central city.

According to the Migration Policy Institute several states have experienced significant growth in their immigrant populations between the periods of 2000 – 2005. The number of states with sizable immigrant populations has grown dramatically beyond the traditional states where immigrants settled previously. With rapid growth in these "new destination" states, the lack of experience in dealing with immigrants have posed both major benefits and challenges in the communities where they choose to live.

Despite some cities receiving the headlines for their restrictive policies, many local governments across the nation are working hard to integrate immigrants – without regard to their immigration status – into their communities.

In Minnesota, for instance, a series of discussions with local officials highlighted the positive effects that immigrants have had on their communities. They have reversed population declines and stabilized or even increased school enrollments. Local industrial employers rely heavily on the immigrant population to take jobs that would otherwise go unfilled. Undocumented immigrants also contribute significant spending power to the local economy.

In general, most of these residents are hard-working people trying to provide for their families and build a brighter future for their children. Many communities have established welcome centers, held diversity events, and undertaken other activities to make the new residents feel that they are a valued part of the community.

Based on our current federal immigration system, cities face a major challenge in documenting identity when needed. Local law enforcement personnel find it difficult to build trust among undocumented populations and many immigrants are reluctant to report crime or cooperate in criminal investigations for fear that their undocumented status will be uncovered and they may face prosecution or deportation. Lack of valid documentation also leaves immigrants vulnerable to exploitation by unscrupulous people and makes it easer for the small minority of immigrants involved in criminal activity to "hide" and even exploit others with impunity.

Local government's primary concern is to protect the safety of all residents through engendering trust across all populations within our cities regardless of immigrant status.

According to a June 2005 report from the Pew Hispanic Center, roughly 35 percent of undocumented immigrants have lived in the US for ten years or more, 1.6 million are children, and another 3.1 million US citizen children have at least one undocumented parent. These families are forced to live underground, unable to get drivers' licenses or car insurance in most states, unlikely to obtain health insurance, and afraid to report crimes to local law enforcement.

With immigrants barred from most federal public assistance, the burden of providing social services, education and health care falls to the state and local governments, who are increasingly feeling the financial impact of both legal and illegal immigrants living in their communities.

Local governments are left with the responsibilities and the tab for providing social services, education and health care. The financial burden is exacerbated when police officers, fire inspectors, health personnel and social services personnel are forced to carry out federal functions because the federal government has not adequately funded and staffed its immigration enforcement agencies.

NLC opposes the conscription of local personnel such as police officers, fire inspectors, health personnel and social services personnel to enforce federal immigration laws Municipalities strongly urge the federal government to not transfer the responsibility of enforcing US immigration laws to local personnel by making undocumented status in the US a criminal offense.

Because immigrants – whether legal or illegal – generally live and work in our cities and towns, new legislation to significantly improve the federal immigration system is an important issue for the National League of Cities.

NLC calls on Congress to act quickly to enact comprehensive reform of the current immigration laws to bring some sense to America's immigration policy. Comprehensive immigration reform legislation should include:

- Enforcement of existing laws: including strong worksite enforcement and accurate worker verification; increased staff and resources at the borders; increased enforcement against those individuals who initially enter the U.S. legally with student, tourist, or business visas, but remain in this country after their visas expire through increased coordination with the SEVIS and US-VISIT programs, effective enforcement of federal law that makes it illegal to knowingly hire and employ undocumented immigrants and to penalize employers significantly who continue to do so.

- Better verification systems: including a universal, reliable, effective, secure, non-discriminatory identification verification system, using the most up-to-date technology.

- Better avenues for legal immigration: including a legal means of immigration for foreign nationals who want to work here temporarily, as well as those who desire to become legal permanent residents or gain citizenship; and a "path to citizenship" for undocumented immigrants living in the United States through payment of appropriate fees and back taxes, background checks, absence of criminal or gang activity, consistent work history, and the ability to meet English and civics requirements.

- Funding to help alleviate the impact on communities including public safety, language services, housing, health, education and social services.

Our membership strongly supports a comprehensive solution for reestablishing an orderly, regulated system that serves our nation, one that protects our borders and our citizens, welcomes foreign workers that businesses need – both high and low skilled – with their families and provides a humane, reasonable path to legalization for illegal immigrants who have contributed to our communities. We look forward to working with you to enact comprehensive immigration reform.

Thank you for the opportunity to present our views.

Ms. LOFGREN. Thank you, Councilman.

Mr. CONYERS. Madam Chairman, is the gentleman going to leave before the witnesses have concluded their presentations?

Mr. ZINE. Yes.

Ms. LOFGREN. I think he is going to have to. And also Mr. Andrews.

Mr. ZINE. Yes, Mr. Conyers.

Mr. CONYERS. Could I ask him to include subsequently in writing the incredible Los Angeles police riot that you referenced in your statement.

And I would like to get a comment from a veteran law enforcement person as well as a distinguished Councilman: what is the effect of all of these raids and roundups on places in which likely immigrants may be?

We have got a huge law enforcement problem going on as we speak, and you would be appropriate to help us sort that out.

Mr. ZINE. We have that, and that is one of the problems with no comprehensive reform. We have jurisdictions throughout the country that have decided to do it on their own. And as the Chair said, you have individual localities establishing their own rules and regulations in the absence of a Federal regulation.

So we have, for example, in some counties in California, they do immigration enforcement. In Los Angeles, we don't. But you can't have this, "I crossed this community into another community and we are going to be incarcerated because we don't have proper status in the country."

Mr. CONYERS. So what about the Los Angeles police rioting on immigrants?

Mr. ZINE. Well, when that happened—see, we don't have a policy. We have what is called "special number 40." We don't enforce the status of an individual in the country. We are banned from that through an order that has been in place in Los Angeles City for many years.

But what happened in that particular situation is you had a demonstration, a May Day demonstration. There was a dispersal order after police were assaulted with some rocks and bottles, after a motorcycle supervisor was knocked off his motorcycle. So there was the command to disperse the crowd. And I will be the first to admit that the way they dispersed that crowed was not appropriate.

Mr. CONYERS. It wasn't premeditated?

Mr. ZINE. No, no, no. There was a scheduled demonstration, a May Day demonstration, which they annually have. This demonstration——

Mr. CONYERS. No. I mean the action of the police, was that premeditated?

Mr. ZINE. Well, I would hope not.

Mr. CONYERS. Well——

Mr. ZINE. And we are doing an investigation that is due the end of this month to bring all the facts forward. We know that that is not the typical procedure by any law enforcement agency, when you have members of the media, women and children, that get involved in this situation with the dispersal of a crowd, but——

Mr. CONYERS. Finally—Madam Chair, you have been very generous—do you know the record of the Los Angeles Police in terms of illegal activity and violence visited upon their citizenry? This isn't an isolated case.

Mr. ZINE. Well, the Los Angeles Police Department is under a Federal consent decree because of situations that have taken place in the past, and we hope with this administration and Antonio Villaraigosa as our mayor, this city council, which I am a proud member of, Bernard Parks, former chief of police, is a council member, we are rectifying the situation that has been—shall we say some of the sad situations that have taken place in Los Angeles City in the past.

Ms. LOFGREN. Thank you, Mr. Conyers.

I wonder if we could ask Mr. Andrews to deliver his testimony and then we might have just a few minutes left to direct questions to these two members, and then they will have to run.

TESTIMONY OF THE HONORABLE JOHN ANDREWS, FORMER PRESIDENT OF THE COLORADO STATE SENATE

Mr. ANDREWS. Madam Chairman, thanks for your courtesy in taking me out of order.

Madam Chair, Mr. Conyers, Members of the Committee, it is an honor to speak with you this afternoon.

I am John Andrews. I was President of the Colorado Senate, 2003 to 2005. Our western State is not on the frontline of America's southern border, but we are a second-line State. We have been identified as a gathering and transmission point for a massive mission point for a massive flow of people that have entered this country illegally.

I bring you from Colorado an appeal to build a fence and secure the border first and foremost. I appeal to you not to reward lawbreakers with green cards and citizenship.

People in Colorado are self-reliant in their way of life, optimistic in their outlook, welcoming to newcomers from anywhere in the world. We are not complainers, and we are not alarmists. But we know a problem when we see one, and we expect a bargain to be kept.

Right now millions of Coloradans see the invasion of illegal aliens as an urgent problem for our State. We attribute that problem to the Federal Government's failure to keep its bargain with Americans everywhere for secure borders and the rule of law. Amnesty for illegal aliens was supposed to fix this problem 20 years ago. It did not.

Estimates today put the illegal alien population of Colorado at somewhere between 250,000 to 750,000 people, up to 15 percent of the entire population. Our schools, our health care system, and our criminal justice system are groaning under this burden. Our common culture and common language are fraying. We feel Washington has let us down. It seems Congress and the White House just don't care.

Most of those individuals who broke the law to come here or stay here are probably good people with good motives. But we can't be sure. Some may be enemy sleepers with deadly intent. Nor can we

be sure how many of them are actually here, or what countries they came from.

But I can assure you, Madam Chairman, their country of origin does not matter to Coloradans. What matters is their disruptive impact on our State, disrupting self-government, disrupting safe neighborhoods, disrupting affordable public services.

Feeling betrayed by Federal inaction, Coloradans last year started a petition to protect affordable public services by restricting them to legal residents only, except in emergencies or by Federal mandate. That petition was called Defend Colorado Now. I was one of four co-chairmen, Democrats and Republicans, Anglos and Hispanics, helping lead that campaign.

A study done for our group, based on documented statistics in the public record, found that illegal aliens were costing Colorado taxpayers over $1 billion a year through the extra burden on services and that they were reducing family paychecks by another $2 billion a year through lower wages. The entire study is available online and I have provided that citation for the Committee's reference.

In 2005, Colorado voters had approved a ballot issue to raise taxes by about $1 billion a year, which wouldn't have been necessary if the Federal Government had kept its bargain for secure borders. Then in 2006, with that petition, we set out to do what we could about the problem ourselves.

You are absolutely right, Madam Chairman. It can't be solved State by State.

Our petition happened to fall short, but it did push the legislature into passing some of the toughest ID requirements and workplace sanctions of any State.

The legislature also took an extraordinary step. It asked voters to approve a lawsuit against the Attorney General of the United States, as if Mr. Gonzales didn't have enough on his hands, which demands enforcement of Federal immigration laws in order to give us some budgetary relief in the areas of health care, law enforcement, criminal defense and incarceration, education. It passed by a landslide and the Colorado lawsuit is now in Federal court.

We aren't holding our breath, but it shows the public impatience on this issue.

I grew up in a Colorado mountain town called Buena Vista. This week there was a national news report alleging that radical Islamists have a paramilitary training camp at Buena Vista. I wonder if some of them are illegal aliens, similar to the Fort Dix cell that was recently broken up. That is the risk we take with an unsecured border in the middle of a global war.

As the father of a Denver police officer, I have to take such threats seriously. One of my son's fellow officers, Donald Young, was brutally murdered by an illegal alien 2 years ago this month. My son has a T-shirt that says "Never Forget." Coloradans won't forget, but we can't solve this problem without your help here in Congress.

The help we need is for you to build the fence and secure the border, period. No amnesty. No so-called comprehensive solution for cheap votes and cheap labor. Just stop the invasion.

Thank you for the opportunity to present our State's concerns.

[The prepared statement of Mr. Andrews follows:]

PREPARED STATEMENT OF JOHN ANDREWS

I'm John Andrews, former President of the Colorado Senate, now a senior fellow with the Claremont Institute. People in my state are self-reliant in their way of life, optimistic in their outlook, and welcoming to newcomers from anywhere in the world. We are not complainers, and we are not alarmists.

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Amnesty for illegal aliens was supposed to fix this problem 20 years ago. It did not. Estimates today put the illegal alien population of Colorado at somewhere between 250,000 to 750,000 people—as much as 15 percent of the entire population.

Our schools, our health care system, and our criminal justice system are groaning under this burden. Our common culture and common language are fraying. We feel that Washington has let us down. It seems Congress and the White House just don't care.

Most of those individuals who broke the law to come here or stay here are probably good people with good motives. But we cannot be sure. Some may be enemy sleepers with deadly intent. Nor can we be sure how many of them are actually here, or what countries they came from.

I can tell you that their country of origin does not matter at all to my fellow Coloradans. What matters is their disruptive impact on our state—disrupting self-government, disrupting safe neighborhoods, disrupting affordable public services.

Feeling betrayed by federal inaction, Coloradans last year started a petition to protect affordable public services by restricting them to legal residents only, except in emergencies or by federal mandate. The petition was called Defend Colorado Now. I was one of four co-chairmen, Democrats and Republicans, Anglos and Hispanics, leading that campaign.

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The legislature also asked voters to approve a lawsuit against the US Attorney General, demanding enforcement of federal immigration laws in order to give us some budgetary relief in the areas of health care, law enforcement, criminal defense and incarceration, and education. It passed by a landslide and the Colorado lawsuit is now in federal court. We're not holding our breath, but it shows the public impatience on this issue.

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Thank you for the opportunity to present my state's concerns.

ATTACHMENT

Source: http://www.defendcoloradonow.org/studies/cost_study_dr_2006mar28_overview.html

Defend Colorado Now

A Compendium of Illegal Immigration Data

On March 28, 2006, Defend Colorado Now released a study entitled A Compendium of Illegal Immigration Data* , by Donald Rice.The following is an overview of the study:

Last November, Colorado engaged in a contentious debate over Referenda C and D seeking the authority for the state government to keep some of the funds scheduled to be returned to the taxpayer under the Tabor Amendment. At the same time, without debate and with little discussion by the media or the political leaders, illegal immigration in Colorado was costing Colorado taxpayers two or three times the amount so bitterly fought over last November.

Now for the first time, Donald Rice sets forth in one study the most authoritative collection of estimates of the costs to Colorado taxpayers and workers of illegal immigration. Using only the most authentic of sources, Rice found that illegal immigration cost Colorado over $1 billion in 2006 and promises to do so in growing amounts, next year and the year after, infinitum. This is a cautious, fact-based study which Defend Colorado Now feels significantly understates the magnitude of the problem because illegal immigration has so dramatically increased and the original studies necessarily cited by Rice are years behind reality and understate the real cost. Studies look in the rear view mirror and always understate a growing problem. Like a flood on the South Platte, by the time we get the report from Douglas County, a much larger flood has hit Denver.

That said, the Rice study gives us a scholarly, rock-solid study with unimpeachable statistics.

A silent invasion of illegal aliens has spread throughout Colorado, providing some employers with "cheap labor" but imposing immense costs on Colorado taxpayers and placing serious new burdens on our school systems, health care systems and law enforcement. A burden that has no moral or legal justification!

Rice estimates (p. 8, line 55) that the total cost to Colorado of illegal immigration for Medicaid, K-12, education and incarceration is $1,025,518,839 per year. That number includes $64,531,983 of State General funds spent on Medicaid for illegals.

Rice also estimates an additional economic loss to Colorado workers of $2 billion ($2,030,807,803) caused by the downward drag of illegal labor to wages paid by Colorado employers.

We submit this report as a scholarly, conservative, bottom-line economic impact analysis that while it understates the full magnitude (DCN estimates there may be twice the number of illegal immigrants in Colorado than the figures Rice necessarily uses), clearly shows that illegal immigration is costing Coloradoans in reduced paycheck and increased taxes.

Source: http://www.defendcoloradonow.org/studies/cost_study_dr_2006mar28_overview.html

Rocky Mountain News 11/11/07
MEDIA INCURIOUS ABOUT ILLEGAL ALIEN CRIMES
By John Andrews

What ever happened to investigative journalism? As a young White House staffer in 1974, I saw it bring down a president. In the past month, our lazy journalistic watchdogs couldn't even sniff out the main story between two would-be governors. Granted, Bill Ritter's victory over Bob Beauprez was so broad and deep that no great difference ultimately resulted from the October storm over plea bargains and leaks. Still that episode is worth reviewing, not as a rehash of the campaign, but as a case study in media attitudes.

You remember the endless stories about a federal agent with the Immigration and Customs Enforcement agency (ICE) who allegedly gave Beauprez information on a criminal alien who had benefited from a plea bargain allowed by Ritter when he was district attorney. The media compliantly played up the Democrat's attack on his Republican opponent for using the information in an ad. And they had a field day with the FBI leak investigation.

This was grossly hypocritical, because if the leak had come to them, they would have both used it and protected their source. It also revealed an odd disinterest in the information itself and its relevance to the former DA's qualifications for higher office. Why weren't the media energetically digging up this seamy stuff on their own? Instead of joining one side's "shoot the messenger" ploy against the other, a truly vigilant press would have been (and still should be) probing into what other skeletons are buried in the data on illegal alien crime. Try these questions for starters:

- What percentage of arrests for DUI offenses in 2005 were illegal aliens? Recall that Justin Goodman of Thornton was killed in 2004 on his motorcycle by an illegal alien driver who had six prior DUI and driving violations in Boulder and Adams counties. The man had never been referred to ICE for deportation.

- Does the Denver City Attorney's standing policy of not asking questions in court about the legitimacy of Mexican driver's licenses presented by defendants have any consequences for the law-abiding citizens of Denver? Recall that the man who killed police officer Donnie Young had used an invalid Mexican driver's license to avoid jail in Denver municipal court only three weeks before.

- Why is it that a full year after the Colorado Attorney General stated that one-quarter of Colorado's outstanding fugitive homicide warrants are for people who have fled to Mexico, no newspaper has asked how many of the individuals named in the warrants were illegal aliens with prior arrests? (In Los Angeles County, there are over 400 such fugitive warrants.)

- How are sanctuary cities like Durango, Boulder and Denver responding to SB 90, the new state law passed in 2006 to outlaw sanctuary cities? What is ICE doing to respond to SB 90?

- If Denver received federal reimbursement for the incarceration of over 1100 illegal aliens in 2004, why were only 175 deported when they finished their terms? What subsequent crimes did the other 925 criminal aliens commit?

- After the murder of Officer Donnie Young in May 2005, the Denver ICE office renewed its routine surveys of the Denver jail population to identify illegal aliens subject to deportation. How many criminal aliens have actually been deported out of the Denver jail since then, compared to prior years when such checks were not being made?

- Nationally there are over 100,000 criminal aliens being sought by ICE "fugitive teams." How many of these criminals are believed to be in Colorado, and how many full-time ICE agents are looking for them?

Investigative journalism on these questions would require the cooperation of law enforcement, it's true. But reporters routinely tap those sources (and protect their identities) when pursuing a story. After all, "the public has a right to know." Then don't we also have a right to know the criminal histories of illegal aliens, the consequences of plea bargaining, and the social cost of the special status afforded illegals by the sanctuary policies in Denver and other cities?

John Andrews is a fellow of the Claremont Institute and former President of the Colorado Senate.

Ms. LOFGREN. Thank you both very much.

I know that you both indicated that you have to leave at 4:30. We have questions, but we also don't want you to miss your planes, so if you need to leave at this point, we do understand.

Mr. ANDREWS. I would be happy to take a few minutes, Madam Chair.

Ms. LOFGREN. I will begin the questioning.

Let me ask Mr. Zine. It has been a pleasure to work with the City of Los Angeles and the National League of Cities. You note in your testimony that the National League "opposes the conscription of local personnel to enforce Federal immigration laws and you urge us not to transfer responsibility of enforcing immigration laws to States or local government."

What do you think would be the consequences of doing that? What is your concern about the unintended consequence of having State and local governments enforce Federal immigration laws?

Mr. ZINE. The concern with that is that we don't have sufficient personnel to handle the routine calls for service. We are trying to get to 10,000 police officers in the City of Los Angeles. We have a 4 million person population. We are 9,500 and we are struggling to recruit police officers.

We don't have the personnel to handle our basic responsibilities. If we start doing immigration enforcement—when I joined the police department in 1968, we did immigration enforcement. And we would find an individual who was illegal in this country, we would take them down to Immigration, they would take custody. The volume wasn't what it is today. It is really physically impossible with the limited resources we have.

The other issue is, it breaks down that relationship we try to build with the immigrant populations. We speak over 130 languages in the City of Los Angeles. If we start doing that with our police officers, we are going to break down whatever we have established in relationships community policing with many of the people who come here from Armenia, from many, many countries. It is not just one particular ethnic group.

And the problem is that we don't have the personnel, we are going to break down whatever relationships we have established with these groups, and many of them are hardworking people trying to strive for that American dream.

Ms. LOFGREN. I am going to not use all of my time and allow the Ranking Member to ask his questions. We are doing an abbreviated set of questions so we can get to the others on the panel.

Mr. KING. Thank you, Madam Chair.

Thank you for your testimony, both of you.

Mr. Zine, first, as I listen to your testimony here, this thought occurs to me. You have quite a list of things that we need to do. Quite comprehensive in this list, and many of them have significant merit.

I will take you back, though, to—I can't get past a question, it happens to me once in a while, if I can't resolve something on the road to somewhere, I have to go back and fix that spot. And so that piece that I don't comprehend is the comprehensive immigration reform proposal at its very base and foundation, and that is a recognition by I believe this panel and certainly a consensus of the

witnesses that have been before it that if you legalize people that are currently here illegally, they will have access to more government services, not less. And the cost then to local government in particular increases significantly.

So as I listen to your proposal for solutions, I would wonder why you want to have my burden on local government, at least so far as those benefits are concerned, rather than less, which would come from enforcement of the immigration law.

Mr. ZINE. What we are talking about is a buy-in to the system. We are talking about having to pay the taxes, having to pay the fees, having them legitimized within the system.

What we have found is deportation doesn't work. People get deported and they come right back. So we are looking at realistically how do we deport 12 million people, what do we do with the children that are born here in America that we are now going to have to deal with.

Mr. KING. Mr. Zine, even though abbreviated, I still don't think I understand that in that you will have more burden on the local taxpayer on a per capita basis just by legalizing the people that are here. If they aren't going to move out of Los Angeles County, you are still going to have that burden, only it will be greater because they will have access to more services.

So doesn't that put more burden on the people that are currently there?

Mr. ZINE. Well, they have access to all the services now, within the County of Los Angeles, the county hospitals, the education system. That is one of the problems that we have. They are already taking advantage of those systems and costing the taxpayers.

Mr. KING. I don't think we are going to agree on that.

Mr. ZINE. They are not excluded, in other words. They are not excluded from any of the basic services that we provide, whether it be education or hospital.

Mr. KING. But they are excluded from some Federal services, and that I will think you will acknowledge.

Mr. ZINE. But not local services.

Mr. KING. Thank you. That is your business down there, I guess.

Let me ask you another question, then. You don't cooperate with Federal officials. You are a sanctuary city. And that is—I think we understand the meaning of that term as I use it here. If we give you—grant you—or if you get your version of comprehensive immigration reform, would you then consider amending that ban on cooperating with Federal law enforcement officials and help us cooperate at the local level to enforce the new immigration law?

Mr. ZINE. Well, once we approach something that is realistic, that we see employer verification, if you are going to work, no matter what type of industry you are going to work in, you are going to have that verification, we would be more than happy to work in cooperative relationship to enforce that against the employer, against the employee, so we have something with some teeth. Right now we don't have anything.

Mr. KING. Will you gather information on the street as it came across to the officers, which is now prohibited?

Mr. ZINE. It is now prohibited, but once we have this—but, see, part of it is you have to be legitimate. The employer-employee.

Once we have reached that point, you have got to have it. We want enforcement. Then it would go to the police commission and go to the city leaders.

Mr. KING [continuing]. Officers on the street that know they are looking at people that are unlawfully present standing on the streets of Los Angeles today, and they are prohibited from engaging those people. Would you maintain that kind of a policy or would you cooperate with Federal law and help us, when we turn over the new coin?

Mr. ZINE. Once the new coin is turned over, then I am sure the policymakers would have a different approach. But let me say this about illegal immigration. An individual commits a crime in Los Angeles and they are illegal, we do enforce the immigration laws against people that are committing crimes.

Mr. KING. I understand that.

Mr. ZINE. We are not going out there and asking for identification. Once they commit a crime, then we use all the resources of the Federal, local and State governments. But that is another policy matter that would come before us for review.

I would support something like that because we are not going to have it without teeth and cooperation.

Mr. KING. Thank you.

I yield back.

Ms. LOFGREN. Thank you.

Mr. Gutierrez?

Mr. GUTIERREZ. Thank you very much.

I thank the witnesses for their testimony.

In Chicago we have Michigan Avenue. It is know as "The Magnificent Mile." But there is a street called 26th Street in Little Village. It is not called "Magnificent 26th Street." But it collects second only to "The Magnificent Mile" in sales tax, the second street in the whole city of Chicago. It is a two-mile long, immigrant community rebuilding that community and bringing sales tax there. I just wanted to make that point very quickly.

I wanted to ask Mr. Andrews, in Colorado, are undocumented or as you refer to them illegal workers exempted from paying sales tax when they make a purchase at a local store?

Mr. ANDREWS. Of course not, Congressman.

Mr. GUTIERREZ. When they pay their cable bill, are they exempted from the tax that is imposed on the cable bill?

Mr. ANDREWS. Not at all.

Mr. GUTIERREZ. No. How about when they pay their electric bill and we tax their electric bill?

Mr. ANDREWS. Not at all.

Mr. GUTIERREZ. Gas bill? I guess they are not exempted from that bill. Let me see what else. I am just trying to think of what taxes I pay. Let me see. My phone bill and my cell phone bill has Federal, state and local taxes on my phone bill, both my phone bill at my home and my cell phone bill. I pay property taxes. I imagine you know that they own property, they own homes. So they are not exempted in the state of Colorado from paying property taxes. I imagine you agree with that?

Mr. ANDREWS. I see where you are going, Congressman——

Mr. GUTIERREZ. I just want an answer to the question. Are they exempted from paying property taxes?

Mr. ANDREWS. There is no exemption that I know of for any tax.

Mr. GUTIERREZ. Gasoline taxes, when they fill their tank up with gasoline? Tobacco taxes, if they have that particular vice? Liquor taxes, if they have that one? If they open a business, I imagine they are not exempted from paying fees to the city or the State. And they are not exempted from paying Federal income tax, State, local tax, or any city tax. They are really not exempted from any of the taxes.

So these 250 to 750, this wide range of people that we don't know how many there are, are not exempted from paying any of those taxes.

Mr. ANDREWS. To the extent, sir, that they are on the books. And their employment, if some of them are of the books, obviously they are not being taxed.

Mr. GUTIERREZ. I knew you were going to go to that point, Mr. Andrews. But the employer is required to deduct from their payroll. And did you know, Mr. Andrews, that there are over $30 billion in unaccounted, unidentified, can't identify who the people are, in the Social Security Trust Fund? Over $30 billion.

Do you know that every year tens of thousands of "no match" letters are sent out to employers by Social Security because they can't match the name, yet those funds are continuing to flow to our Social Security Trust Fund?

Mr. ANDREWS. All I am able to speak to, Congressman, is the methodology of our study in Colorado, which accounting for the taxes estimated to be contributed by those illegally present in the United States, still leaves us with a net taxpayer burden in Colorado of $1 billion a year, sir.

Mr. GUTIERREZ. I know that there are politicians, I am sure present company excluded, who wish to say our school system is failing, crime is on the increase, because I listened to your testimony and read it, and then simply attribute it to undocumented workers in this county when indeed they do pay taxes in abundance.

Thank you very much, Madam Chairman, and thank you for letting me extend my time.

Ms. LOFGREN. Thank you.

The gentleman's time has expired, and Mr. Zine has left us.

The Ranking Member has asked unanimous consent that he be recognized for 2 minutes. And, without objection, he is recognized for 2 minutes.

Mr. KING. I thank the Chair, and she reads hand signals very well.

I would like to give Senator Andrews an opportunity to explain that viewpoint that I think might have been somewhat frustrated, and I yield to you.

Mr. ANDREWS. Thank you, Mr. King, but I think my response to Mr. Gutierrez, point well taken about the contributions in sales and other forms of taxation that are made by individuals present in Iowa or Illinois or Colorado, legally or illegally. The methodology of the study, to which I have referred the Committee in its full text, posted on the Web site of the Defend Colorado Now campaign,

made allowances for the estimated tax contributions of this three-quarter million illegal population in Colorado and still concluded that legal residents were paying an extra $1 billion in public services to support them.

Mr. KING. Picking up on that, what I get in the middle of my packing plant area, where I grew up and where I live, are manilla envelopes full of check stubs from people that are working in the packing plant and there will be nothing deducted for State or Federal income taxes, because there are people that are claiming the maximum number of dependents, whether they actually have them or not, it is very unlikely.

They do pay Social Security and they sacrifice their Social Security to the account that Mr. Gutierrez mentioned, but oftentimes, and we had testimony before this Committee just last year, that somewhere between 45 percent and 55 percent are being paid off the books. They don't pay income tax. They don't pay Social Security. But that Social Security that goes into that account is something that is unlawfully earned, every time. And so I don't think we have an obligation to hand somebody back some money that they unlawfully earned.

I yield back to Mr. Andrews.

Mr. ANDREWS. I do need to go. I appreciate the Chairman's courtesy in changing the schedule in order that I can make my plane.

It was my honor to testify here in 2003 on the Matricula Consular card, restrictions passed with my legislative sponsorship in Colorado. I remember a spirited exchange between myself and Congressman Gutierrez at that time, and I welcome the opportunity to have a similar exchange with the Committee today.

Thank you so much.

Ms. LOFGREN. Thank you very much, Senator.

And as mentioned before, we may have written questions that we will ask you to respond to.

We are now going to turn to our other patient witnesses.

First, Councilwoman Santos, we are honored to hear from you.

TESTIMONY OF THE HONORABLE SHARON TOMIKO SANTOS, WASHINGTON STATE HOUSE OF REPRESENTATIVES, NATIONAL CONFERENCE OF STATE LEGISLATURES

Ms. SANTOS. Madam Chairwoman, Ranking Member King and Members of the Subcommittee, I am Washington State Representative Sharon Tomiko Santos.

I appear today on behalf of the National Conference of State Legislatures, a bi-partisan organization representing the 50 State legislatures and the legislators. I co-chair NCSL's Executive Committee Task Force on Immigration and the States.

Madame Chairwoman, thank you for your leadership in examining the impact of immigration on the States. My comments represent NCSL's policy on immigration reform, and I ask that our policy be placed in the record.

With bipartisan consensus, we call on the Federal Government to act now to pass comprehensive immigration legislation to enhance our border security, address the inequities in our system and assist the States with the impact and integration of immigrants, especially in our health care, education and justice systems.

States are often left to pay for programs required by Federal law as well as services mandated by the courts with limited Federal reimbursements. Our Nation's immigration laws must not contain unfunded mandates nor preempt areas of existing State authority.

CBO estimates significant cost shifts to the States in education and health care systems. States are still the provider of last resort, especially in protecting public health and safety and providing emergency health care. Public hospital ERs are often the first point of entry for medical care. We also are expected to provide public health services and to help control potential bioterrorism threats, SARS, and avian flu.

We struggle with the demands upon our pre-K to 12 education systems. In the Seattle public schools, students speak more than 100 languages and dialects. Statewide, the ESL population has doubled in the last 10 years. According to superintendents with high immigrant enrollment, at least 16,000 Washington students are in danger of not being graduating due to language requirements.

We need additional resources to meet the No Child Left Behind requirement. We also believe that it is imperative to provide language and education to newcomers, including temporary and guest workers, to facilitate their successful integration into society as well as into the economy. Substantial Federal funding for English-language instruction and ESL can assist the States in these efforts.

States must be able to count on a reliable guaranteed funding source to manage the fiscal impact of providing health and education to immigrant populations. Last year's Senate bill and the STRIVE bill included State impact grants to ameliorate these costs. NCSL will only support comprehensive immigration reform legislation if it includes these crucial grants to the States. These funds must be subject to State legislative appropriations, providing public accountability for these funds.

The cost of incarcerating unauthorized immigrants that have committed crimes in State and local jails should be fully borne by the Federal Government through the State Criminal Alien Assistance Program. Currently, SCAAP only reimburses about 25 percent of the cost incurred by States. The President's fiscal year 2008 budget eliminates these reimbursements. Shifting Federal costs to States weakens our intergovernmental partnership to combat crime and is an untenable, unfunded Federal mandate.

I ask you to place correspondence between my governor and the U.S. attorney general in the record.

Ms. LOFGREN. Without objection.

[The letter referred to is included in the attachments to Ms. Santos' prepared statement.]

Ms. SANTOS. Thank you, Madam Chairwoman.

This document invoices the Federal Government for non fairly reimbursing my State under SCAAP. In fiscal year 2005, Washington spent $27 million to temporarily hold Federal prisoners. We were reimbursed $1.72 million.

Madam Chairwoman, we urge you to convey to the appropriators the vital need for Federal funding for SCAAP and to include full reimbursement in any comprehensive immigration reform law.

In late 1999, a terrorist was apprehended crossing Washington's northern border. U.S. security needs must be met at all ports of entry and we support full Federal funding for technological and infrastructure improvement and renewed cooperation to counter human trafficking and drug smuggling. Security needs, however, must also recognize that border State economies are intertwined with our neighbors.

NCSL supports comprehensive immigration reform that includes a temporary worker program and an earned legalization program for unauthorized immigrants that is not amnesty but a way for people who want to remain here in this country to accept a reasonable punishment and work toward legalizing their status.

State legislators deeply care about immigration reform, Madam Chairwoman. I ask that the NCSL reports of State legislative action be placed in the record. This year, more than 1,000 legislative bills have been introduced. It is unprecedented.

You truly are the only policymakers that can fix this problem.

I thank you for this opportunity to testify, and I look forward to your questions.

[The prepared statement of Ms. Santos follows:]

PREPARED STATEMENT OF SHARON TOMIKO SANTOS

Good Afternoon.

Madame Chairwoman, Ranking Member King and Members of the Subcommittee on Immigration, Citizenship, Refugees, Border Security, and International Law. I am State Representative Sharon Tomiko Santos. I serve as a member of the Washington State House of Representatives and as House Majority Whip. I appear today on behalf of the National Conference of State Legislatures (NCSL), a bi-partisan organization representing the 50 state legislatures and the legislatures of our nation's commonwealths, territories, possessions and the District of Columbia. I am also co-chair of NCSL's Executive Committee Task Force on Immigration and the States.

Madame Chairwoman, I would like to take this opportunity to thank you for your leadership on this issue and your recognition of the importance of examining the impact of immigration on states and localities. State legislators deeply care about immigration reform and in a bipartisan fashion call on the federal government to pass legislation that will enhance our border security, while addressing the inequities in our current system. The federal government must also deal with the consequences of its immigration policy decision-making. Immigration reform must assist the states with the impact and integration of immigrants, especially on our health care, education and justice systems.

I represent one of the most diverse communities in Seattle, Washington, the 37th District, home to a 25 percent foreign-born population. Overall, more than 12 percent of the state's population is foreign-born and only nine other states have a higher growth rate when it comes to their foreign-born population. Our state has been strengthened by the contributions of immigrants. Immigrants have been a source of economic development, especially in the agriculture and technological sectors. Over 60 percent of the state's agricultural industry is comprised of immigrant labor.

Federal immigration policy will determine whether we have a stable and reliable workforce. The value of our hand-harvested fruit industries exceeds $1.6 billion an year. Particularly, our apple and cherry industries are heavily dependent on migrant and seasonal farm workers. Immigration policy will also have an impact on other Washington-based industries, such as the public utility industry and the impending retirement wave in this sector. Forty-two percent of Puget Sound Energy's work force is eligible to retire in the next five years.

Madame Chairwoman, the United States security needs must be met on all ports of entry, the southern and also the northern border. As you know, Washington is a border state and in late 1999, a terrorist was apprehended crossing this very northern border. We must keep our citizens secure. Yet, without compromising this critical security need, we need to consider that the northern border region is becoming increasingly economically integrated. One example that comes to mind is the upcoming 2010 Olympic Winter Games in Vancouver, Canada. For my state it is crit-

ical to harness the beneficial effects connected to an event of this magnitude and to facilitate a visit to the United States for many guests from all over the world.

Although immigration policy falls under the jurisdiction of the federal government, the impact of these policies are directly felt by the states. States are often left to pay for programs required by federal law as well as services mandated by the courts with limited federal reimbursements. The arrival of immigrants into an area requires programs and policies specifically directed towards the needs of immigrants while encouraging economic, social, and civic integration within the community.

Last year, NCSL's leadership created an Executive Committee Task Force on Immigration and the States to examine both the state and federal roles in immigration reform, to consider NCSL policy and to examine the impact of immigrants on states. I speak today representing the bipartisan consensus that led to the adoption of our current NCSL policy on Immigration Reform. Immigration is now a 50-state issue—concerning not only border states like my own but states in the South and Midwest, some of whom have seen a 400 percent increase in the number of foreign born residents over the last ten years. Madame Chairwoman, I ask that the NCSL policy be placed in the record.

While immigration policy is a federal responsibility, there has been an unprecedented level of activity in state legislatures on this issue, especially in the absence of a federal solution.

All 50 state legislatures have addressed immigration-related legislation in their 2007 legislative sessions and over 1150 bills have been introduced. This is already twice the number of bills compared to the full 2006 sessions (570). Up to this point, 18 states have enacted 57 bills (as compared to 90 enactments during the entire 2006 legislative sessions.)

The main topics addressed by these bills are employment, law enforcement, benefits and education. Also, there is significant activity by the states in preventing human trafficking. Many state legislatures are still in session, meaning that it is quite likely that there will be even more activity as the year progresses. Madame Chairwoman, I ask that the full NCSL reports of state legislative activity from 2006 and 2007 be placed in the record.

Madame Chairwoman, we urge you and the members of the Subcommittee to consider the impact of immigration policy changes on the states. Federal immigration policy must strike a balance among core principles of our democracy: preserving the safety and security of our nation, encouraging the economic strength of our states and communities, and recognizing our history as a nation of immigrants. Our nation's immigration laws must not contain unfunded mandates nor preempt areas of existing state authority. Federal immigration reform will not be comprehensive unless it addresses the impact of immigration on the states—border security and law enforcement, the costs of health and education and civic integration.

BORDER SECURITY AND THE ROLE OF STATE AND LOCAL LAW ENFORCEMENT

Border enforcement is critical and we support full federal funding, especially for personnel and improvements in technology and infrastructure. State lawmakers have also called for renewed cooperation to counteract human trafficking and drug-smuggling.

Madame Chairwoman, NCSL opposes proposals to shift the federal responsibility of enforcing civil immigration law to state and local law government, thus diverting critical resources from state and local law enforcement agencies and compromising public safety. Enforcement of federal immigration laws is a federal responsibility; state governments are already required to assist the federal government in criminal immigration violations. Civil immigration law enforcement, i.e. being in the country without permission, should remain the responsibility of the federal government, and only the federal government. State and local government law enforcement and public safety personnel are already asked, without the benefit of adequate federal assistance, to incarcerate, detain and transport unauthorized immigrants who have committed crimes. States do not have the funding and/or resources to train their employees in the matters of immigration law, unless the state has signed a Memorandum of Understanding (MOU), which will be specific to that state. The MOU, currently used by states such as Alabama and Florida and counties such as Los Angeles County and Mecklenburg County, gives states and localities the option to enter into a voluntary formal agreement with the U.S. Department of Homeland Security. When training under the MOU process is fully funded by the federal government, we view this as a viable way to give states and communities the choice of whether local enforcement of federal immigration laws is appropriate for them. As you know, training for state and local officers regarding the complexities of immi-

gration law is crucial to avoid the risk of compromising successful community policing efforts and exposing governments to increased liability from the very communities that they serve as well as to avoid complaints of racial profiling.

The burden of incarcerating unauthorized immigrants who have committed crimes, been convicted and are serving their time in state and local jails should be fully borne by the federal government. The State Criminal Alien Assistance Program (SCAAP) is a federal program through which states are reimbursed for the costs associated with incarcerating unauthorized aliens. SCAAP currently reimburses state and local governments for approximately 25 percent of the total costs incurred. There have been repeated efforts by the federal government to zero out this funding, including in the President's FY 2008 budget. Shifting these costs to cities and states weakens the intergovernmental partnership to combat crime. No immigration reform legislation will be complete without due attention to both the programmatic and fiscal aspects of SCAAP.

Madame Chairwoman, Washington state taxpayers bear a significant amount of the costs incurred through the incarceration of criminal unauthorized immigrants. I ask that correspondence between my Governor Christine Gregoire and the U.S. Attorney General be included in the record. Governor Gregoire has invoiced the federal government for not fairly reimbursing Washington state through the SCAAP program. In FY 2005, the Department of Corrections incarcerated almost a thousand criminal unauthorized immigrants at a cost of $74 a day. This amounts to a total of $27 million. Of this amount, the federal SCAAP program only reimbursed Washington $1.72 million. This represents approximately $4.75 per day. The total shortfall of federal reimbursements amounted to over $25 million in FY 2005. It is an untenable unfunded federal mandate. We urge you to ensure full reimbursement to the states for the cost of incarcerating undocumented immigrants both in any comprehensive immigration reform law and the FY 2008 appropriations. Madame Chairwoman, as the committee of jurisdiction we urge you to convey to the appropriators the vital need for full funding of this program.

HEALTH CARE, EDUCATION AND CIVIC INTEGRATION

CBO has estimated significant costs to the states in education and health care systems. The 1996 federal welfare law established a five year bar on SCHIP/Medicaid, food stamps, TANF and SSI for legal immigrants. Yet, state governments are still the providers of last resort, particularly in protecting public health and public safety and providing emergency health care. State governments also fund and provide critical English-language instruction and public education to newcomers that are essential for promoting public safety, reducing community tensions and integrating newcomers into our communities, including those who might be here on a temporary basis. Currently, public hospital emergency rooms are often the first point of entry when this population needs medical care. The costs are significant as medical conditions are often in an advanced stage. Because states and local governments enhance their partnership with the federal government in anti-terrorism activities, we are concerned about effectively providing public health services, which include encouraging residents to seek emergency health care and report disease to health officials in order to control potential bioterrorism threats, SARS, and avian flu. It is important that any immigration reform bill address health care planning and services that remove the burden from public hospitals and take into consideration the necessity of public health interventions.

Madame Chairwoman, we also struggle with the needs of pre-K to 12 education. I represent two school districts, Seattle and Renton. In the Seattle public schools district, students speak more than a hundred languages and dialects, including Vietnamese, Spanish, Chinese, Cambodian, Lao, Tagalog, Korean, Samoan, Amharic, Tigrigna, Russian, Ukrainian, and Somali. In the Renton school district, seventy-five home languages or dialects are represented among students and the English learner population (ELL) has increased more than 51 percent since 2000. Statewide, the ELL population has doubled in the last ten years. Most of these students are second and third generation, rather than immigrant students, and the majority of these students are Hispanic.

Thirty-five superintendents from districts with high Hispanic student enrollment petitioned Governor Gregoire, the State Superintendent and Members of the Legislature regarding the delay of Washington State Assessment of Student Learning (WASL) requirements. In the petition, the superintendents identify improvements in the system but also make it very clear that 16,000 students in Washington are in danger of not being allowed to graduate from high-school due to language requirements. Let me quote the superintendents' petition: "The educational system (. . .) has failed to let us meet the needs of so many of our students because the

system has not provided us with adequate time and resources to get the job done." We need additional resources to ensure that these children meet the No Child Left Behind (NCLB) standards.

Additionally, we believe that it is imperative to provide language and education to newcomers to our country in order to accomplish successful integration into American society and culture. English-language acquisition is essential for newcomers, including temporary workers. Substantial federal support for English-language instruction would enable states and towns to better educate children and adults and help to integrate these newcomers into our communities. As state and local government elected officials we find that the inability to communicate and understand each other serves as a flash point for aggravating tensions between newcomers and citizens. Assisting state and local government in English-language instruction for newcomers can help to alleviate these tensions and improve overall community relations.

STATE IMPACT GRANTS

A critical component of last year's Senate bill and this year's STRIVE bill is state impact grants to ameliorate the costs states bear in health and education. NCSL will only support comprehensive immigration reform legislation if it includes these crucial grants.

It is essential that state and local governments have a reliable, guaranteed funding source to manage the fiscal impacts of providing health, education (both pre-K–12 as well as ESL and civics for adults) to immigrant populations, including temporary and guest workers. These funds must be subject to state legislative appropriations, providing accountability for application of these funds to vital services. We urge inclusion of this or a similar provision in comprehensive immigration reform legislation this year.

OTHER KEY ISSUES FOR COMPREHENSIVE IMMIGRATION REFORM

There are a number of key features that NCSL deems necessary in order for any comprehensive immigration legislation to succeed. NCSL supports comprehensive immigration reform that includes a temporary worker program and an earned legalization program for unauthorized immigrants that is not amnesty but a way for people who want to remain in this country to accept a reasonable punishment and work towards legalizing their status.

NCSL supports the creation of a temporary worker program, which will better ensure border security by providing a legal channel for people wanting to come into our country. This program will require state-federal cooperation.

NCSL supports efforts prioritizing the promotion of citizenship and creating an earned legalization program for unauthorized immigrants currently in the country. This should not be a program providing for amnesty, but rather create a way for people who want to remain in this country to accept a reasonable punishment and work towards citizenship.

NCSL supports full, appropriate and necessary federal funding for increases in Department of Homeland Security border enforcement personnel and for improvements in technology and infrastructure. Investments in technology and infrastructure can effectively leverage manpower and maximize the capacity of federal border enforcement agents in securing the borders. Related to efforts against human trafficking and drug smuggling, states have been leaders in addressing these concerns. We encourage the federal government to increase its enforcement of these crimes. The federal government should plan and fully fund the required services and facilities related to these crimes.

Madame Chairwoman, Ranking Member King and Members of the Subcommittee, I thank you for this opportunity to testify and look forward to questions from members of the subcommittee.

Attachments:

1. NCSL Immigration Reform Policy
2. 2006 State Immigration Legislation
3. 2007 State Immigration Legislation
4. Letter From Washington Governor Gregoire to U.S. Attorney General Alberto Gonzales

ATTACHMENTS

NATIONAL CONFERENCE *of* STATE LEGISLATURES

The Forum for America's Ideas

APPENDIX

To The Testimony of

Washington State Representative
Sharon Tomoko Santos

Before the

SUBCOMMITTEE ON IMMIGRATION, CITIZENSHIP, REFUGEES, BORDER SECURITY, AND INTERNATIONAL LAW,
COMMITTEE ON THE JUDICIARY,
UNITED STATES HOUSE OF REPRESENTATIVES

May 17, 2007

1. NCSL Immigration Reform Policy
2. 2006 State Immigration Legislation
3. 2007 State Immigration Legislation
4. Letter From Washington Governor Gregoire to U.S. Attorney General Alberto Gonzales

Immigration Reform

The National Conference of State Legislatures (NCSL) recognizes the challenges facing our country in matters related to immigration. Federal immigration policy must strike a balance among core principles of our democracy: preserving the safety and security of our nation, encouraging the economic strength of our states and communities, and recognizing our history as a nation of immigrants. The Constitution sets out the parameters of the federal government's jurisdiction over immigration policy. This traditionally has included admissions and terms and conditions for work and residence. However, the impact of the federal government's immigration policy decisions are directly felt by the states. States and localities implement programs required by federal law, provide services mandated by the courts, and initiate programs and policies to address the specialized needs of immigrants and encourage their integration into the economic, social and civic life of their adopted communities. States often bear the costs of immigration, especially in our education, health and law enforcement systems, with limited federal reimbursement.

State legislators call on Congress and the Administration to pursue comprehensive immigration reform that enhances our border security and addresses the inequities in the current system. Immigration reform and implementation requires true collaboration between state and federal leaders. Our nation's immigration laws must not contain

unfunded mandates nor preempt areas of existing state authority. Federal immigration reform will not be comprehensive unless it addresses the impact of immigration on the states.

Border Security & Enforcement

Securing all of America's borders, ports, and airports, is essential to preserving our national security and maintaining the safety of all Americans. NCSL urges the federal government to fulfill its responsibilities with regard to border security and encourages a renewed state-federal cooperation in countering human trafficking and drug smuggling.

NCSL supports full, appropriate and necessary federal funding for increases in Department of Homeland Security border enforcement personnel and for improvements in technology and infrastructure. Investments in technology and infrastructure can effectively leverage manpower and maximize the capacity of federal border enforcement agents in securing the borders. Related to efforts against human trafficking and drug smuggling, states have been leaders in addressing these concerns. We encourage the federal government to increase its enforcement of these crimes. The federal government should plan and fully fund the required services and facilities related to these crimes.

State lawmakers are also concerned about interior enforcement. Employment verification is a critical component of enforcement requiring federal reforms. NCSL reaffirms that states have the right to provide incentives and sanctions to encourage compliance. State governments are also employers, and we oppose efforts to treat state governments

differently from the private sector in meeting federal employment verification requirements.

The Role of State and Local Law Enforcement

NCSL has long-standing policy ("Immigration Law Enforcement") related to the role of state and local law enforcement in immigration law. State legislators believe that enforcement of federal immigration laws is a federal responsibility. State involvement in enforcement of our nation's immigration law should be at state option under the current Memorandum of Understanding (MOU) process provided for in the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (IIRIRA).

NCSL holds firmly that states do not have "inherent authority" to enforce federal civil immigration law. We also oppose efforts to perpetuate this myth of "inherent authority" indirectly by shifting federal responsibility of immigration enforcement to state and local law officers through the criminalization of *any* violation of federal immigration law. State and local government law enforcement and public safety personnel are already asked, without the benefit of adequate federal assistance, to incarcerate, detain and transport illegal immigrants who have committed crimes. Making unlawful presence a crime would force state and local law enforcement agencies to educate themselves in the vast complexities of civil immigration law and regulation without the benefit of federal training and expertise, and with little, if any, likelihood of adequate federal funding.

NCSL is strongly opposed to any efforts to shift enforcement of civil immigration laws to state and local law enforcement agencies.

State lawmakers do support the existing MOU process that gives states and localities the option to enter into a voluntary formal agreement with the U.S. Department of Justice and the U.S. Department of Homeland Security. When training under the MOU process is fully funded by the federal government, this is a viable way to give communities the choice of whether local enforcement of federal immigration laws is appropriate for them. NCSL supports efforts to provide adequate federal funding for training of law enforcement personnel in states who choose to enter MOUs.

NCSL strongly supports full reimbursement to states for the State Criminal Alien Assistance Program (SCAAP). The current SCAAP program only provides 25% reimbursement of current costs, according to a recent General Accountability Office study. NCSL also opposes any effort to coerce state participation in enforcement of federal immigration law by withholding SCAAP program funds.

Unfunded Mandates and Cost-Shifts to States

CBO has estimated significant costs to the states in education and health care systems. The 1996 federal welfare law established a five year bar on SCHIP/Medicaid, food stamps, TANF and SSI for legal immigrants. Yet, state governments are still the providers of last resort, particularly in protecting public health and public safety and providing emergency health care. State governments also fund and provide critical

English-language instruction and public education to newcomers that is essential for promoting public safety, reducing community tensions and integrating newcomers into our communities, including those who might be here on a temporary basis. Most immigration reform proposals in Congress would impose significant cost-shifts to state and local government. NCSL urges Congress to include in immigration reform a funding stream to address the entire fiscal impacts on state governments of any guestworker program, earned legalization and/or increases in the number of immigrants. Such funding should be subject to appropriation by state legislatures so that it can be best targeted to the state's individual needs including government, faith-based or non-profit institutions, most in need of the support.

Temporary Worker Program

NCSL supports the creation of a temporary worker program. It is our view that a temporary worker program goes hand-in-hand with achieving true border security. Providing a legal channel for those that want to come to our country for work will reduce illegal border crossings and enable our federal law enforcement agents to focus their efforts on individuals attempting to enter or already in the country for the purpose of doing our nation harm. A temporary worker program will also strengthen many sectors of our economy by providing a legal workforce.

With the creation of a temporary worker program, concerns arise about the provision of health and education services to the temporary workers. The idea of requiring sending countries to subsidize some of these costs should be further investigated. We encourage

Congress to consider such ideas on a demonstration project level. We look forward to working with Congress and with the U.S. Department of Homeland Security to determine the best way to prevent cost-shifts to state government for these costs.

Earned Legalization

NCSL affirms the right and responsibility of the federal government to determine federal immigration policy, including the existence and form of any earned legalization program. NCSL reiterates our existing policy supporting the promotion of citizenship as a national priority. Efforts should be made and sufficient resources should be allocated to facilitate the naturalization process in a timely manner. NCSL supports the creation of an earned legalization program for illegal immigrants currently in the country. Illegal immigrants are living and working in our communities. They are our neighbors and as both workers and entrepreneurs they contribute to the economic vitality of our nation. Our schools are making investments in children from "mixed-status" households where the parents are illegal immigrants, yet the children are citizens. A mass deportation or crackdown on illegal immigrants currently in the country would have detrimental impacts on our communities.

An earned legalization program should not offer amnesty. Rather, it should offer a punishment that is proportional to the offense. Those immigrants who accept punishment and indicate their willingness to become full members of our society should have the opportunity to do so. Encouraging immigrants to come out of the shadows will lead to

safer and more secure communities, by allowing law enforcement officials to focus their efforts on those who wish to do the community harm.

* NCSL has many other policies related to immigration including:

Refugee Assistance and Immigration Reform

Nutrition Assistance

State Authority Over Drivers' Licensing and Birth Certificates

Federal Funding to Assist States with Health Profession Shortages

Medicare Prescription Drug Reform (Medicaid section and emergency health care)

SCHIP

Immigration Law Enforcement

Identity, Security, Driver's Licenses and State Identification Cards

Adopted NCSL Executive Committee Task Force on Immigration and the States May 5, 2006

Adopted NCSL Executive Committee May 6, 2006

Adopted NCSL Business Meeting August 17, 2006

NATIONAL CONFERENCE of STATE LEGISLATURES

The Forum for America's Ideas

November 1, 2006

2006 State Legislation Related to Immigration: Enacted and Vetoed

In 2006, 570 pieces of legislation concerning immigrants have been introduced in state legislatures around the country. At least 90 bills and resolutions passes the legislatures in 2006. 84 bills were signed into law, more than double the amount of 2005. 6 bills were vetoed. While legislation covered a wide variety of topics, many states focused on education, employment, identification and driver's licenses, law enforcement, legal services, public benefits, trafficking, and voting procedures.

Bills were enacted in **32** states: Arizona, California, Colorado, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Iowa, Kansas, Louisiana, Maine, Maryland, Michigan, Mississippi, Missouri, Nebraska, New Hampshire, New Jersey, New York, North Carolina, Ohio, , Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Vermont, Virginia, Washington, and Wyoming.

ENACTED LAWS

Main Topics:	LAWS	STATES
Education	3	3
Employment	14	9
Identification/Driver's License	6	5
Law Enforcement	8	6
Legal Services	5	5
Omnibus	1	1
Public Benefits	10	7
Trafficking	13	9
Voting	6	6
Resolutions	12	6
Miscellaneous	6	6
Total	**84**	**32**

ENACTED LAWS 2006

Education

Nebraska LB 239 (signed 4/14/2006) allows unauthorized immigrant students to qualify for in-state tuition (section 1).

Virginia SB 542 (signed 4/6/2006) establishes eligibility for in-state tuition for those holding an immigration visa or classified as a political refugee in the same manner as any other resident student. Students with temporary or student visa status are ineligible for Virginia resident status and in-state tuition (section C).

Wyoming SB 85 (signed 3/10/2006) provides scholarships to Wyoming students to attend community colleges and the University of Wyoming. The bill bars non-citizens and non-Legal Permanent Residents from receiving scholarship funding in this bill. Students whose parents have claimed foreign residency status during the student's high school attendance are also ineligible (section W.S. 21-16-1303).

Employment

Colorado HB 1343 (signed 6/6/2006) prohibits state agencies from entering into contract agreements with contractors who knowingly employ illegal immigrants and requires prospective contractors to verify legal work status of all employees. The contractor must confirm that the Basic Pilot Program has been used to verify the status of all employees. If the contractor discovers that an illegal alien[1] is employed, the contractor must alert the state agency within 3 days (section 1).

Colorado HB 1001 (signed 7/31/2006) requires that contractors verify the work status of their employees before applying for economic development incentive awards. Contractors receiving awards and later found to employ unauthorized workers must repay the award and will be ineligible for another award for 5 years (section 1).

Colorado HB 1009 (signed 7/31/2006) mandates that licenses, permits, registration, certificates be issued only to lawfully present persons, and mandates removal of authorization if the applicant is found to be unlawfully present (sections 1-3).

Colorado HB 1015 (signed 7/31/2006) mandates employers to withhold 4.63% from the wages of an employee without a validated Social Security number, a validated taxpayer ID number or an IRS-issued taxpayer ID for non-resident aliens (section 2).

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[1] A variety of terms exist that refer to the entire class of immigrants residing in the United States without authorization. These terms include unauthorized immigrant, unauthorized migrant, undocumented immigrant, illegal immigrant, and illegal alien. For consistency, this brief usually refers to 'unauthorized immigrant' for those immigrants who have either entered unauthorized into the United States or who have overstayed their visas. The term "illegal alien" is used where state legislation specifically refers to "illegal alien". The term "non-citizen" includes both legal and unauthorized immigrants.

Colorado HB 1017 (signed 7/31/2006) requires that employers examine the work status of each new employee within 20 days of hire and retain proof that employees have legal work status. The state has the power to audit and verify the proof. Employers hiring unauthorized workers face a penalty of $5,000 for the first offense of showing "reckless disregard" in submitting requested documents or for submitting falsified documents (section 1).

Idaho HB 577 (signed 3/11/2006) limits unemployment benefits to U.S. citizens and legal residents only (section 2).

Idaho HB 649 (signed 3/24/2006) prohibits balance billing when administering worker's compensation benefits. Benefits are available only to citizens and authorized immigrants. ("Balance billing" means billing or otherwise attempting to collect directly from an injured employee payment for medical services in excess of amounts allowable in compensable claims).

Kansas HB 2157 (signed 3/23/2006) limits unemployment benefits and employment protection status to citizens and those with legal immigration status. Immigrants who were admitted into the United States legally and completed work during this time period are also eligible for benefits for that specific time period only (section 1:4:C:m).

Louisiana SB 753 (signed 6/23/2006) allows any state agency or department to conduct an investigation of a contractor's hiring policies if the employment of unauthorized immigrants is suspected. The district attorney can issue an order to fire undocumented workers, and, if the contractor does not comply within 10 days of receiving notice, the contractor is subject to penalties of up to $10,000. This applies only to contractors employing more than 10 people (section 1).

New York SB 6504 (signed 8/16/2006) extends the waiver of the citizenship requirement for obtaining a veterinary license until 2009.

Pennsylvania HB 2319 (signed 5/11/2006) is known as the Prohibition of Illegal Alien Labor on Assisted Project Act. The bill defines an illegal alien as one who violates federal immigration laws yet is a paid employee within the state. This bill prohibits the use of labor by illegal immigrants on projects financed by grants or loans from the state government. Appropriate federal authorities should be contacted in the event a contractor knowingly employs illegal aliens and continues to accept a state contract (section 3).

Tennessee HB 111 (enrolled 6/1/2006) prohibits contractors from contracting with state agencies within one year of the discovery that the contractor employs illegal immigrants (section 1).

Washington SB 6885 (signed 3/9/2006) excludes labor performed by nonresident aliens from the definition of "employment" when establishing unemployment insurance benefits (section 22).

Washington SB 6194 (signed 3/27/2006) acknowledges that men and women of color suffer significant inequities in almost all aspects of daily life. To address this issue, this bill mandates multicultural education for health professionals in order to increase understanding of the relationship between culture and health (section 1).

Identification/Drivers' License

Colorado SB 110 (signed 5/30/2006) concerns the fabrication of fraudulent documents for legal status and identification purposes. This bill provides funding for a full-time investigator position in the attorney general's office, and implements a $50,000 civil fine for counterfeiting identification documents (section 1).

Colorado HB 1306 (signed 5/30/2006) requires an audit of a 2003 law restricting the use of foreign identification papers, including consulate identification cards. The report would, among other things, determine if a birth certificate issued outside of Colorado should qualify as a verifiable document (section 1).

Florida HB 7079 (signed 6/22/2006) requires proof of legal immigrant status or proof of pending adjustment to legal immigrant status of driver's license applicants (section 322.08).

Maine LD 501 (signed 2/10/2006) forbids the acceptance of the following expired documents as identification for state driver's licenses: expired visas issued by the United States, expired documents issued by foreign countries, and foreign passports with an elapsed departure date.

Missouri SB 1001 (signed 6/14/2006) states that a learner's permit, driver's license, or renewal license may not be extended to a person not lawfully residing in the state (section 302.171.1).

South Carolina HB 3085 (signed 6/12/2006) mandates that an individual is guilty of fraud if another person's personal information, such as social security numbers, driver's license numbers, checking and savings account numbers, and credit and debit card numbers, is used for the purposes of gaining employment (section 16).

Law Enforcement

Colorado SB 90 (signed 5/1/2006) prohibits any state or local government from enacting legislation that impedes law enforcement agencies from cooperating or communicating with federal officials concerning an arrestee who is suspected to be illegally present in the U.S. (section 1). Police officers are required to report any suspected illegal immigrant arrestees to ICE, although this does not apply to persons arrested for a suspected act of domestic violence until a conviction has been reached. The act also declares that state and local law enforcement officials should actively pursue any and all federal monies available that reimburse states for enforcing federal immigration

laws. Any local government that does not subscribe to this act will not be eligible for state grants (section 2).

Colorado HB 1014 (signed 7/31/2006) instructs the state attorney general to pursue reimbursement from the federal government for all costs associated with illegal immigration, including incarceration, education, and healthcare (section 1).

Illinois SB 2962 (signed 7/3/2006) maintains that if an undocumented immigrant is found guilty of crime, the person may be deported (section 19).

Illinois SB 624 (signed 7/18/2006) states that an alien who is convicted of a felony or misdemeanor may be deported if an order of deportation has already been ordered or if deportation wouldn't lessen the crime (section 5).

New Jersey SB 2007 (signed 7/8/2006) appropriates $5,000,000 for the State Criminal Alien Assistance Program and $2,403,000 for the Alien Labor Certification service grant.

Ohio SB 9 (signed 3/1/2006) states that state and local authorities should comply with the U.S. Patriot Act. This bill requires that a driver's license applicant be a resident or a temporary resident of the state of Ohio (section 4507.08). The legislation requires ICE to be notified when a suspected non-citizen pleads guilty to or is convicted of a felony. The bill also requires a list of all unauthorized immigrants currently serving prison terms to be compiled and given to ICE to determine if ICE wishes to gain custody of any undocumented prisoner. Aliens currently serving prison terms should be released to the custody of ICE upon completion of their prison term (section 2909.30).

South Dakota SB 63 (signed 2/28/2006) includes ICE officers in the definition of a federal law enforcement officer (section 1).

Virginia HB 1046 (signed 4/5/2006) provides that juvenile intake officers shall report to ICE a juvenile who has been detained based on allegations of violent juvenile felony and who the intake officer has probable cause to believe is in the United States illegally.

Legal Services/Assistance

California HB 2060 (signed 9/30/2006) establishes the Naturalization Services Program to be implemented by the Department of Community Services to, among other things, contract with and allocate funds to organizations to provide free naturalization services.

Kansas HB 2485 (signed 3/20/2006) requires notary publics to advertise that they are not authorized to practice law nor give advice as immigration lawyers (section 1). Notary publics can be terminated if their citizenship status is revoked (section 2).

Maine HB 1398/ LD 1996 (signed 5/4/2006), referred to as the Immigration and Nationality Law Assistance Act, specifies requirements for those wishing to provide immigration law services, allowing only those lawyers who have passed the bar to dispense legal immigration advice. The bill also makes state requirements the same as federal requirements for those wishing to practice immigration law (section 3). An immigration assistance provider may not state that he or she receives special privileges or expedited service from any government agency. Notary publics are required to advertise that they do not offer immigration legal services (section 4).

Tennessee HB 3069 (signed by House and Senate Speakers 6/8/2006) prohibits a notary public who is not an attorney licensed to practice law in the state from advising or assisting in selecting or completing forms affecting or relating to a person's immigration status unless that conduct is specifically authorized by federal law (section 3).

Vermont S 0182 (signed 5/2/2006) requires courts to advise defendants of immigration consequences when pleading guilty to criminal offenses. These consequences include denial of U. S. citizenship or deportation. If the court fails to alert the defendant prior to an admission of guilt, the verdict must be retracted and the defendant may enter a plea of not guilty (section 1).

Omnibus

Georgia's SB 529 (The Georgia Security and Immigration Compliance Act) covers multiple topics and was signed by the Governor on April 17, 2006. The bill requires public employers to participate in a federal **work authorization** program for all new employees beginning July 1, 2007; subcontractors must also register and participate (section 2). The bill increases the penalties for **human trafficking** (section 3). The bill authorizes the state to negotiate a memorandum of understanding with the U.S. Department of Justice or U.S. Department of Homeland Security regarding **enforcement** of federal immigration and customs laws (section 4). If a person is charged with a felony or drunk driving and confined to **jail**, an effort shall be made to determine the nationality; if the person is a foreign national, a reasonable effort shall be made to determine that the person has been admitted into the United States lawfully (section 5). The bill also establishes and enforces standards of ethics by those that provide **immigration assistance services** who are not licensed attorneys (section 6). The bill denies certain deductible **business expenses** unless the worker has been authorized and verified to work in the U.S., beginning in 2008 (section 7). The bill requires **income tax withholdiug** at 6 percent for those who failed to provide a correct taxpayer identification number (section 8). State agencies must also verify the lawful presence of an individual over age 18 before awarding certain **benefits**; emergency assistance, vaccines and other programs are exempted (section 9).

Public Benefits

Arizona HB 2448/SB 2738 (signed 4/24/2006) requires U.S. citizenship or legal immigrant status to receive health benefits. An unauthorized immigrant can receive emergency medical services only (section 1).

Arizona SB 1137 (signed 6/1/2006) limits eligibility for the Comprehensive Care for the Elderly program to citizens and those with legal alien status (section 1).

California SB 1534 (signed 9/30/2006) authorizes cities, counties, and hospitals to provide aid (including healthcare) to any person who would be eligible if not for the immigration status requirements of PRWORA.

California SB 1569 (signed 9/29/2006) extends eligibility for state and local public benefits, Medi-Cal health care and refugee cash assistance and employment services, to non-citizen victims of trafficking, domestic violence and other serious crimes, to the same extent as available to individuals admitted to the United States as refugees. This law requires the State Department of Social Services to adopt regulations, which may be emergency regulations, to implement these provisions no later than July 1, 2008.

Colorado HB 1002 (signed 7/31/2006) mandates that unauthorized immigrants should receive services including the investigation, identification, testing, preventive care, and treatment of epidemic or communicable disease, including TB, HIV, AIDS, and venereal diseases (sections 1-7).

Colorado HB 1023 (signed 7/31/2006) restricts public benefits from those who are not U.S. citizens or Legal Permanent Residents. Applicants for public benefits **who are eighteen years old or older** must show a valid ID, such as a Colorado driver's license or ID card, military ID, etc., **before** receiving benefits. Restricted benefits include: retirement, welfare, health, disability, public or assisted housing, postsecondary education, food assistance, and unemployment. All Colorado residents, regardless of legal status, can receive emergency medical services, immunizations and treatments for communicable diseases, other services necessary for life and safety, pre-natal care, and short-term emergency relief. Use of the SAVE verification program is required. If caught using false information or fraudulent documents in order to receive benefits, an offender could face up to a year and a half in jail and a $5,000 fine for each offense (section 1).

Hawaii HB 2966 (signed 6/9/2006) amends public housing rules and regulations to restrict down payment and mortgage loans to legal aliens, and defines 'qualified applicant' as one who is a citizen or resident alien (part II).

Maine's HB 1242/LD 1734 (signed 3/16/2006) is entitled "An Act to Increase Accessibility to Health Insurance," and defines a person as "legally domiciled" in the state if one has a resident visa (section 1). The bill allows those non-citizens who have resident visas and who are living in Maine to be eligible for Medicare coverage (section 2).

Maryland HB 89 (signed 5/2/2006) requires the Governor to support the Maryland Medical Assistance Program for healthcare services for specified legal immigrant children under 18 and pregnant women in the annual budget, beginning in FY 2008. At least $3 million shall be appropriated each year to provide these services. Pregnant legal immigrant women who entered the country after August 22, 1996 and who meet eligibility guidelines for federal and state medical assistance programs qualify (section 2).

Rhode Island HB7120 (enacted 6/30/2006) provides that no new non-citizen child be enrolled in the Rhode Island Medicaid program after December 31st, 2006 (40-8-1(d)).

Trafficking[2]

Colorado SB 206 (signed 5/30/2006) makes smuggling humans a Class 3 felony, unless the adult is an illegal immigrant, which makes the offense a Class 2 felony. Smuggling includes offering transportation to someone of illegal residency status to enter, pass through, or remain in either the United States or Colorado in exchange for money. A separate offense is brought against the smuggler for each person assisted (section 1).

Colorado SB 207 (signed 5/30/2006) makes human trafficking a crime and increases penalties. Trafficking a human includes selling, exchanging, bartering or leasing an adult (16 years old or older) in exchange for money. Trafficking also includes receiving the services of an adult in exchange for money (section 1). Trafficking of any child under the age of 16 results in a Class 3 felony (section 2).

Colorado SB 225 (signed 6/6/2006) creates a division in the Colorado State Patrol Department of Public Safety to address human smuggling and human trafficking on state highways (section 1).

Colorado SB 004 (signed 7/31/2006) includes threats to report a person's immigration status to law enforcement officials in the definition of extortion (section 1).

Colorado SB 005 (signed 7/31/2006) makes threatening the destruction of immigration or work documents or threatening the notification of law enforcement officials of undocumented status in order to force a person into labor or services, with or without compensation, a Class 6 felony (section 1).

Florida SB 250 (signed 6/12/2006) makes human trafficking a crime. Trafficking includes threatening to destroy or destroying immigration documents for the purposes of forced employment (section 1). Victims of trafficking can receive up to three times the monetary amount for their services as restitution (section 3).

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[2] The terms *smuggling* and *human trafficking* are often thought to be interchangeable. However, *smuggling* refers to illegally crossing a border, and it is a crime for both the smuggler and the person smuggled. *Human trafficking* is the practice of forced labor, typically in the sex industry, and does not require a crossing of any border. The trafficker, not the victim, commits the criminal act.

Hawaii HB 2051 (signed 7/3/2006) establishes a task force to study effective strategies to combat human trafficking (section 1).

Iowa SB 2219 (signed 4/21/2006) makes human trafficking a crime and increases penalties. Training regarding the sensitive treatment of trafficking victims is ordered, and communication by law enforcement officials in the language of the victims is encouraged (section 1). A person engages in trafficking by physically restraining the victim or threatening to do so. A person also engages in trafficking by benefiting from the services of the victim or by receiving money for the victim's services. Threatening to destroy or destroying identification documents to force a person into service constitutes trafficking. Trafficking carries a Class D felony charge if the victim is over 18 and a Class C felony charge if the victim is under 18 (section 3). The value of the labor provided by the victim will be taken into account when restitution is considered (section 5). A trafficking victim may qualify, under certain circumstances, for a special immigrant visa and may also qualify for some federal assistance (section 6). The bill institutes a Victim Compensation Fund (section 8). The bill also calls for a study to examine the effects of trafficking on victims (section 9).

Maine HB 893/ LD 1296 (signed 4/28/2006) establishes a task force to investigate possible determents to trafficking (section 1).

Michigan HB 5747 (signed 5/25/2006) stiffens penalties for human trafficking. The bill defines trafficking as compelling a person into forced labor by causing or threatening bodily harm. The penalty for this crime is a prison sentence varying from up to 10 years to life, depending on the severity of the offense (section 462b). The bill also forbids forced labor or services by threatening the destruction of immigration documents, and increases penalties for human trafficking (section 462e). Makes the intention to traffick a human criminal (section 462h). Finally, kidnapping, attempting to kill, murdering, or engaging in criminal sexual conduct with a trafficking victim is punishable by life imprisonment (section 462i).

Mississippi HB 381 (signed 4/21/2006) increases the penalties for a person found guilty of human trafficking of any kind to prison sentence of up to 20 years. A person found guilty of recruiting a minor for employment in the sex industry can receive a prison sentence of up to 30 years (section 3). Destroying or threatening to destroy immigration documents for the purposes of restricting travel will result in a prison term of no more than 5 years. (section 4).

North Carolina HB 1896 (adopted 7/27/2006) makes trafficking a felony, and includes in the definition of trafficking threatening to destroy, conceal, remove, confiscate, or possess any actual or purported passport or other immigration document or any other actual or purported government identification document of another person (section 20).

Virginia SB 291 (signed 3/30/2006) makes the act of threatening an individual with reporting illegal status to officials for the purposes of extorting money a Class 5 felony.

Voting/Elections

Colorado SB 007 (signed 7/31/2006) makes the act of deliberately voting in an election without proper authorization a Class 5 felony (section 1).

Delaware SB 162 (signed 2/1/2006) amends the Delaware Code Relating to Elections. The amended bill requires that appointed elected officials swear "I will not knowingly or willfully receive or consent to the receiving of the vote of any alien…" upon the opening of a polling place on election day (section 52).

Missouri SB 1014 (signed 6/14/2006) mandates that applicants for voter registration may only use identification issued in the U.S. or Missouri (i.e. driver's license, passport, etc). The ID used must include a picture (section 115.427.1).

New Hampshire SB 403 (law without signature 6/16/2006) requires proof of citizenship for voter registration purposes (section 1).

South Dakota SB 118 (signed 2/22/2006) amends the requirements necessary for voting. A voter must present a passport or government-issued photo identification card before receiving a ballot (section 1).

Virginia HB 170 (signed 5/18/2006) requires the Department of Motor Vehicles (DMV) to provide the State Board of Elections with a list of non-citizen driver's license applicants each month. When collecting this information, the DMV may not offer voter registration to the applicant. The general registrar can cancel voter registration as a result of non-citizen status. The DMV is not required to verify any claims of residency (section 24.2-410.1). The general registrar is required to delete the names of those voters who have non-citizen status. Those names must be kept in a separate database for 4 years (section 24.2-404).

Miscellaneous

Alcohol and Tobacco: Wyoming HB 144 (signed 3/11/2006) allows a permanent resident card or internationally accepted passport to be used as acceptable documentation to rent a keg (section 1).

Gun permits: Georgia HB 1032 (signed 4/20/2006) provides for a check of ICE records for non-citizen gun-permit applicants. Non-citizen applicants are not permitted to obtain a gun permit (section 1).

Hawaii SB 2263 (signed 4/25/2006) requires the issuing authority to perform an inquiry on non-citizen applicants by using the ICE databases for the National Instant Criminal Background check system before approving or denying a gun permit (section 3).

Virginia HB 1577 (signed 4/19/2006) denies anyone unlawfully residing in the U.S. permission to obtain a handgun permit.

Residency Definition: Idaho HB 457 (signed 3/15/2006) excludes non-resident aliens, as defined under the Internal Revenue Code, from the definition of state resident (section 1).

Study: North Carolina HB 1723 (signed 8/16/2006) permits the Legislative Research Commission to study the impact of undocumented immigrants on the State, including healthcare, education and social services; criminal justice; the economy; economic and workforce development; and any other relevant issues (section 2.1).

Resolutions:

Arizona HCM 2018 (adopted 4/12/2006) urges Congress to include an agriculture commuter worker permit program as part of immigration reform legislation to allow foreign workers to commute across the border daily to work if they fulfill certain security-related requirements.

Arizona HJR 2001 (signed 4/28/2006) requests the United States Congress and the United States Department of Homeland Security to supplement ICE with state auxiliary reserve units under the Coast Guard.

Georgia SR 1426 (adopted 3/30/2006) recognizes the great value of continued immigration into Georgia.

Illinois HR 913 (adopted 3/14/2006) urges Congress to pass the DREAM Act (S.2075, HR 5131).

Illinois SR 523 (adopted 3/28/2006) Encourages the United States Congress to take action on federal immigration reforms, which would provide for family unification as part of comprehensive immigration reform.

Illinois SR 578 (adopted 3/28/2006) urges the Illinois Congressional Delegation and all of Congress to support the Secure America and Orderly Immigration Act of 2005 (S.1033, HR2330).

Illinois HR 849 (adopted 3/29/2006) urges the passage of the Secure America and Orderly Immigration Act of 2005 (S.1033, HR2330).

Illinois HR 1188 (adopted 5/3/2006) creates a False Identification Task Force to address the problem of the illegal sale of fraudulent driver's licenses and other false forms of identification.

Louisiana HCR 33 (adopted 4/6/2006) memorializes congress to take such actions as are necessary to secure our nation's borders, identify and deport immigration violators,

preclude automatic citizenship for children born of such violators, and to revise the work visa program to remove the means by which it is abused.

Louisiana HCR 194 (adopted 6/16/2006) requests the Louisiana State Law Institute to evaluate the impact of immigration on Louisiana laws and make recommendations to the legislature.

New York K 1820 (adopted 4/11/2006) calls for Congress to reject HR 4437.

North Carolina HR 2692 (signed 7/24/2006) expresses support for the establishment of an immigration court in North Carolina, urges congress to make conviction of driving while impaired a deportable offense, and supports expansion of the department of homeland security's program permitting local officers to identify persons not legally present in the United States and have been previously deported or who are wanted on outstanding felony charges.

VETOED BILLS

Arizona HB 2701 (vetoed 3/9/2006) would have allowed the governor to mobilize the National Guard to enforce the border if the state issues a state of emergency resulting from an excessive number of illegal border crossings.

Arizona SB 1157 (vetoed 4/17/2006) would have criminalized illegal entry into Arizona and allowed trespassers to be prosecuted.

Arizona HB 2577 (vetoed 6/6/2006) would have criminalized illegal immigration status, provided $160 million in aid to law enforcement agencies to stop flow of immigrants, established fines for businesses who continue to hire undocumented workers after warnings, required law enforcement agencies to train employees in immigration enforcement procedures, and denied education benefits to immigrants.

California SB 160 (vetoed 09/30/2006) entitled The California Dream Act, would have requested the University of California and required the California State University and the California Community Colleges to establish procedures and forms to enable students who are exempt from paying nonresident tuition, as specified (including illegal immigrants who have attended a public high school in California for at least three years and have filed the proscribed affidavit), to participate in all student aid programs administered by these segments.

New York SB 7405 (vetoed 9/13/2006) would have provided an additional one year waiver from citizenship and immigration status requirements for obtaining a pharmacist's license.

Wisconsin SB 567 (vetoed 5/26/2006) would have required all applicants for state benefit programs to show proof of citizenship or legal immigration status.

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NATIONAL CONFERENCE *of* STATE LEGISLATURES
The Forum for America's Ideas

April 18, 2007

Overview of State Legislation Related to Immigration and Immigrants
Introduced January to April 2007

As of April 13, 2007, state legislators **in all of the 50 states** had introduced at least **1169** bills and resolutions related to immigration or immigrants and refugees. This is more than twice the total number of introduced bills (570) in 2006.

Up to this point in the 2007 legislative sessions, 18 states (Arkansas, Colorado, Hawaii, Idaho, Indiana, Kansas, Kentucky, Maryland, Montana, North Dakota, Nebraska, New Mexico, New York, South Dakota, Utah, Virginia, West Virginia and Wyoming) have enacted at least 57 bills in this policy arena, already 2/3 of the total number of laws enacted in 2006. State legislatures have also adopted at least 19 resolutions and memorials in their 2007 sessions. Most state legislatures remain in session, an indication that it is quite likely that there will be even more activity this year.

Like in 2006, employment, law enforcement, benefits and education head the list of topics under consideration in state legislatures. More than half of all states have also addressed human trafficking issues.

States and Immigration Related Legislation, April 2007

States Enacting Legislation

(All 50 States have introduced immigration related legislation in 2007)

Proposed State Immigration Legislation, by Policy Arena

As of April 13, 2007

OVERVIEW

Benefits	149 bills	39 states
Documentation / ID	48 bills	22 states
Drivers Licenses	69 bills	31 states
Education	105 bills	30 states

Employment	199 bills	41 states
Health	92 bills	23 states
Human Trafficking	63 bills	28 states
Law Enforcement	129 bills	30 states
Legal Services	20 bills	10 states
Licensing	83 bills	28 states
Voting	46 bills	22 states
Miscellaneous	53 bills	24 states
Comprehensive Measures	9 bills	5 states
Resolutions	104 bills	27 states
TOTAL	**1169 bills**	**50 states**

HIGHLIGHTS

BENEFITS

Total: 149 bills introduced in 39 states. (Alabama, Arkansas, Arizona, California, Colorado, Connecticut, Hawaii, Iowa, Idaho, Illinois, Indiana, Kansas, Kentucky, Louisiana, Massachusetts, Maryland, Michigan, Minnesota, Missouri, Mississippi, Nebraska, New Hampshire, New Jersey, New Mexico, New York, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Vermont, Washington, West Virginia and Wyoming.)

Most bills would restrict benefits and services to legal immigrants and citizens and require proof of citizenship or legal immigration status. With respect to health care, several states would extend health care to specific immigrant populations. Several states are considering children's health insurance proposals that include immigrants.

DOCUMENTATION

Total: 48 bills in 22 states. (Arizona, California, Colorado, Connecticut, Florida, Iowa, Illinois, Kentucky, Missouri, Nebraska, Nevada, New York, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Utah, Virginia, West Virginia and Wyoming.)

These bills concern a variety of issues where documentation and identity verification requirements were tightened. Many states increase penalties for providing false documentation and identity theft. Some measures make citizenship/immigration document fraud a felony.

DRIVER'S LICENSES

Total: 69 bills in 31 states. (Alaska, Alabama, Arizona, California, Connecticut, Georgia, Illinois, Indiana, Kansas, Kentucky, Massachusetts, Maryland, Maine, Michigan, Minnesota, Missouri, Montana, North Dakota, New Hampshire, Nevada, New York, Oklahoma, Oregon, Rhode Island, South Carolina, Tennessee, Texas, Virginia, Vermont, Washington and Wyoming.)

Most bills would restrict qualification for licenses to citizens and legal immigrants. Several determine what documentation is the acceptable for proof of identity. Some bills add penalties for false documents. A few bills would extend driving certificates to unauthorized immigrants. Some states are considering legislation with respect to the federal REAL ID act. (For more information on the REAL ID Act, please log on to http://www.ncsl.org/realid/)

EDUCATION

Total: 105 bills in 30 states. (Arkansas, Arizona, California, Connecticut, Florida, Iowa, Idaho, Illinois, Indiana, Kansas, Michigan, Minnesota, Missouri, Mississippi, North Carolina, North Dakota, New Jersey, New Mexico, New York, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah, Virginia, Washington, Wisconsin and West Virginia.)

In general, these bills mandate that a determination of the immigration status of persons be complete before they may participate in educational programs. Some bills provide in-state postsecondary education tuition for immigrants who meet certain qualifications, other bills bar undocumented immigrants from qualifying for in-state tuition rates. A bill was introduced in Missouri that would prohibit the admission of unlawfully present aliens to public institutions of higher education. A bill introduced in Rhode Island would prohibit a child of an undocumented immigrant from attending any public school in this state. Proposed legislation in Connecticut would require the Department of Children and Families to provide college tuition and costs to undocumented immigrants in the department's custody. A bill in New Jersey would allow certain undocumented aliens to qualify for in-state tuition rates. Some states' proposals would establish initiatives and grants to promote English learning.

EMPLOYMENT

Total: 199 bills in 41 states. (Alabama, Arkansas, Arizona, California, Colorado, Connecticut, Florida, Georgia, Hawaii, Iowa, Illinois, Indiana, Kansas, Kentucky, Massachusetts, Maryland, Maine, Michigan, Minnesota, Missouri, Mississippi, Montana, North Carolina, North Dakota, Nebraska, New Hampshire, New Jersey, New Mexico, New York, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, Wisconsin and West Virginia)

These bills can be divided into two broad categories: employer-based and employee-based. Employer- based legislation prohibits employment of unauthorized workers, adds

penalties, and requires verification of work authorization. Worker-based legislation addresses eligibility for workers' benefits and employee sanctions.

HEALTH

Total: 92 bills in 23 states. (Arkansas, Arizona, California, Connecticut, Florida, Georgia, Hawaii, Iowa, Illinois, Massachusetts, Minnesota, Missouri, Mississippi, New Jersey, New York, Oregon, Pennsylvania, Rhode Island, South Dakota, Tennessee, Texas, Virginia and Washington.)

These bills generally propose to determine eligibility requirements for health programs and services. A Rhode Island bill would provide health insurance to certain children ineligible for federal medical assistance due to citizenship or alien requirements. A bill introduced in California would establish a pilot program to provide aid to victims of domestic violence who are undocumented immigrants. A Texas bill would prohibit inquiring into the immigration status of a patient in the context of emergency treatment. New York is considering a bill that would exclude undocumented immigrants from receiving health care services from a publicly funded health care facility.

HUMAN TRAFFICKING

Total: 63 bills in 28 states. (Arizona, California, Connecticut, Delaware, Florida, Hawaii, Iowa, Kentucky, Massachusetts, Maine, Maryland, Missouri, Montana, North Carolina, New Hampshire, New Jersey, New Mexico, New York, Ohio, Oklahoma, Oregon, Rhode Island, Tennessee, Texas, Utah, Virginia, Vermont and West Virginia.)

Criminal penalties for trafficking and for destroying immigration documents and establishment of services for victims are the subject of most human trafficking legislation. Several states (California, Connecticut, New Hampshire, Kentucky, Maine, Massachusetts, New Jersey, New Mexico, Ohio, Oklahoma, Rhode Island, Texas, and Virginia) would create state task forces and/or research commissions.

LAW ENFORCEMENT

Total: 129 bills in 30 states. (Alaska, Alabama, Arkansas, Arizona, California, Colorado, Connecticut, Florida, Iowa, Illinois, Indiana, Kansas, Kentucky, Maine, Missouri, Montana, North Carolina, New Hampshire, New Mexico, Nevada, New York, Oklahoma, Oregon, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah and Virginia.)

States are considering bills that authorize cooperation with federal immigration authorities (Memorandum of Understanding, MOU), prohibit non-cooperation, or offer enhanced authority to state and local law enforcement related to immigration. Some bills

would restrict certain state and local law enforcement from assisting in the enforcement federal immigration law.

LEGAL SERVICES

Total: 20 bills in 10 states. (Illinois, Indiana, Kansas, Kentucky, Massachusetts, Maryland, Minnesota, Oregon, Texas and Washington.)

In general, these bills seek to protect immigrants from certain practices by immigration consultants or notary publics, and advise defendants of the immigration consequences of criminal convictions, such as deportation. Bills also add penalties for fraud by immigration consultants and allocate funds for legal services, advice centers and organizations.

LICENSING

Total: 83 bills in 28 states. (Alaska, Alabama, Arkansas, Arizona, Florida, Hawaii, Illinois, Massachusetts, Maryland, Minnesota, Missouri, Mississippi, Montana, New Mexico, Nevada, New York, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah, Virginia, Washington, West Virginia and Wyoming.)

Most bills would restrict granting of business and professional licenses to citizens and legal immigrants and establish documents that are acceptable proof of identity. Proposed legislation also would add penalties for false documents.

VOTING

Total: 46 bills in 22 states. (Alabama, Arizona, California, Colorado, Georgia, Illinois, Kansas, Massachusetts, Minnesota, Missouri, Mississippi, Montana, North Carolina, New Hampshire, New
York, Oklahoma, Rhode Island, South Carolina, Tennessee, Texas, Utah and Washington.)

Most bills would require proof of citizenship or identity to participate in elections or to register to vote. They also define acceptable forms of identification. Some bills establish criminal penalties for providing false identity and immigration status information.

COMPREHENSIVE LEGISLATIVE PROPOSALS

Total of 9 bills introduced in 5 states. (Missouri, North Carolina, Oklahoma, South Carolina, Tennessee)

Missouri Senate Bill 348 - Missouri Omnibus Immigration Act. This bill makes employment of unauthorized aliens illegal and mandates every employer in the state to participate in the Basic Pilot Program to verify work authorization status. The state would

be required to enter into cooperative agreements (Memorandum of Understanding, MOU) with the federal government with respect to the enforcement of federal immigration law. Undocumented immigrants would be barred from attending public universities in the state and could not receive public assistance or benefits. The act also authorizes local governments to enact ordinances prohibiting employment of illegal aliens and denying business licenses to employers who employ such aliens.

Oklahoma Senate Bill 983, Senate Bill 413, Senate Bill 454, House Bill 2129. These bills, similar in nature, make employment of unauthorized aliens illegal and mandate employers' participation in the Basic Pilot Program. They also mandate government to verify all employees. The bills also provide for a MOU with the federal government on immigration law enforcement. Individual bills also restrict public benefits for undocumented aliens, establish eligibility criteria and address trafficking.

South Carolina House Bill 3141. This bill makes employment of unauthorized aliens illegal and mandates every employer in the state to participate in the Basic Pilot Program. The state also would be required to enter into a MOU with the federal government to designate state law enforcement officers to help enforce federal immigration law. The bill also requires verification of legal status for receipt of public benefits.

Tennessee House Bill 1216. Every public employer and all contractors would have to register to participate in the federal work authorization verification pilot program. Trafficking would be criminalized and defined. It would restrict tax benefits with respect to unauthorized workers and would require that lawful presence be verified to receive public benefits.

ENACTED / ADOPTED PROPOSALS

Total: 57 bills in 18 states. (Arkansas, Colorado, Hawaii, Idaho, Indiana, Kansas, Kentucky, Maryland, Montana, North Dakota, Nebraska, New Mexico, New York, South Dakota, Utah, Virginia, West Virginia and Wyoming).

Examples:

Arkansas H 1024	Prohibits state agencies from contracting with businesses that employ illegal immigrants.
Colorado H 1073	Requires the use of the Basic Pilot Program in public contracts.
Hawaii H 1108	Requires a check of Immigration and Customs Enforcement databases for non-U.S. citizens in the process of issuing a firearms license.
Idaho S 1157	Requires the verification of lawful presence in the United States to receive public benefits.
Maryland SB 6	The bill provides the Citizenship Promotion Program that would encourage eligible residents to learn English and to become

	naturalized U.S. citizens.
Oregon H 2356	Proposes that only an active member of the Oregon State Bar can act as an immigration consultant.
South Carolina S 531	Requests the Governor to declare by Executive Order that no illegal alien is eligible to receive public benefits.
Utah H 118	Defines eligibility for in-state tuition rates.
Virginia H 1673	Creates the Commission on Immigration as an advisory commission.
Virginia H 2923	Relates to the legislative commission to prevent human trafficking.
Wyoming H 313	Makes the use of false citizenship or resident alien documents a crime.

State legislatures have also adopted at least 19 resolutions and memorials related to immigration in the 2007 session so far.

Examples:

Arkansas HR 1003	Implores the President of the United States and Congress to secure our nations borders and to develop a comprehensive immigration policy.
Colorado HR 1008	Concerns Federal reimbursement for costs associated with incarceration of undocumented immigrants in Colorado.
Hawaii HR 247	Requests the expedited issuance of visas for family reunification of immigrant relatives.
Hawaii SR 21	Condemns the U.S. citizenship and immigration services' fee increase.
Idaho HJM 3	States that the REAL ID Act forces state employees to determine federal citizenship and immigration status.
New Mexico HJM 3	Request the federal government to provide greater funding and assistance to the state to offset disproportionate financial costs of being a Border State.

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July 17, 2006

The Honorable Alberto Gonzales
Attorney General of the United States
United States Department of Justice
950 Pennsylvania Avenue NW
Washington, D.C. 20530

Dear Attorney General Gonzales:

The United States Constitution provides the federal government with exclusive jurisdiction over immigration. It is the federal government's responsibility to incarcerate criminal illegal aliens. Despite this clear obligation, Washington State has incarcerated criminal illegal aliens for many years at great expense to state taxpayers. I am writing to you to request the U.S. government fulfill its legal duty to reimburse Washington State taxpayers for the cost of carrying out this federal function.

Federal law requires the Attorney General to either enter into a contract with the governor of a state to compensate that state for the cost of incarcerating criminal illegal aliens or to take the criminal illegal aliens into federal custody. *See* 8 U.S.C. § 1231(i)(1).

If you elect to compensate the state for its services, federal law bases compensation on the "average cost of incarceration of a prisoner in the relevant State." 8 U.S.C. § 1231(i)(2). The Department of Justice's State Criminal Alien Assistance Program (SCAAP) does not fulfill your legal obligation, because the program grossly under-compensates Washington for the actual average costs of incarcerating criminal illegal aliens. SCAAP has failed to meet this legal obligation since its inception. Now, however, the disparity between actual average costs and reimbursement has grown to an unmanageable burden on Washington taxpayers.

Enclosed you will find an invoice detailing the difference between the actual average cost of incarceration and the nominal federal reimbursement under SCAAP for Fiscal Year 2005, as well as the reimbursement Washington is owed for FY 2006 (request pending). I am confident you will agree with me that the discrepancy in the 2005 figures is unacceptable and cannot be repeated for FY 2006.

In FY 2005, the Department of Corrections (DOC) incarcerated an average of 995 criminal illegal aliens at a cost of $74.44 per day, for a total of $27,033,853.72. Of this amount, SCAAP only reimbursed Washington $1,723,823.00. This represents approximately $4.75 per day – just 6.38 percent of the average cost of incarceration. A $25,310,030.72 shortfall in federal reimbursement is untenable. I ask you to rectify this situation for FY 2006 and reimburse Washington the full amount owed of $24,421,312.75.

The Honorable Alberto Gonzales
July 17, 2006
Page 2

The DOC does not have enough prison capacity to house all Washington inmates and, as a result, must rent beds in other states. If the federal government assumed its rightful responsibility to incarcerate criminal illegal aliens, Washington would have greater capacity to incarcerate all of its offenders. It is intolerable for the federal government to use space in Washington prisons and then refuse to pay full compensation for services provided.

Pursuant to 8 U.S.C. § 1231(i)(1), I formally request that, as of August 1, 2006, you enter into a contract with Washington State for full reimbursement of the actual average cost of incarcerating criminal illegal aliens. In the alternative, you may direct the appropriate federal officials to immediately take custody of the criminal illegal aliens currently incarcerated in DOC facilities and move them to federal facilities.

It is imperative that this situation be resolved, so Washington State can budget accordingly. It is my sincere desire to reach a mutually beneficial resolution to this overwhelming financial burden on Washington taxpayers. I would be pleased to discuss this pressing matter with you personally.

Sincerely,

Christine O. Gregoire
Governor

Enclosure

cc: Washington State Congressional Delegation
Washington State Attorney General Rob McKenna

State of Washington

Invoice

Invoice Date: June 27, 2006

Description	Average Daily SCAAP Population	Per Diem Cost	Number of Days	Amount Due
FY06 State Expenditures - State Alien Assistance Program (SCAAP):				
July 2005	948	76.75	31	$2,291,217.75
August 2005	963	76.75	31	$2,293,897.00
September 2005	934	76.75	30	$2,219,610.00
October 2005	976	76.75	31	$2,322,148.00
November 2005	955	76.75	30	$2,227,912.50
December 2005	944	76.75	31	$2,246,012.00
January 2006	938	76.75	31	$2,231,736.50
February 2006	938	76.75	28	$2,015,762.00
March 2006	932	76.75	31	$2,217,461.00
April 2006	921	76.75	30	$2,120,602.50
May 2006	942	76.75	31	$2,241,253.50
Total Amount Due for FY 2006 State Expenditures				$24,421,312.75
FY05 State Expenditures - State Alien Assistance Program (SCAAP):				
July 2004	1,008	74.44	31	$2,441,483.12
August 2004	1,035	74.44	31	$2,388,407.40
September 2004	975	74.44	30	$2,177,370.00
October 2004	980	74.44	31	$2,282,255.96
November 2004	965	74.44	30	$2,155,938.00
December 2004	965	74.44	31	$2,226,972.60
January 2005	976	74.44	31	$2,258,571.92
February 2005	986	74.44	28	$2,073,996.40
March 2005	992	74.44	31	$2,289,176.88
April 2005	1,004	74.44	30	$2,242,132.80
May 2005	996	74.44	31	$2,298,400.44
June 2005	986	74.44	30	$2,201,635.20
SCAAP Reimbursement for FY2005 State Expenditures				($1,723,823.00)
FY05 Expenditures Not Reimbursed				$25,310,030.72
Total Amount Due				$49,731,343.47

State of Washington
Department of Corrections
Budget Resource Management

June 22, 2006

Ms. LOFGREN. Thank you very, very much. And all of those documents will, as mentioned, be placed in the record.

Dr. Appold, we would like to hear from you.

TESTIMONY OF STEPHEN J. APPOLD, Ph.D., KENAN INSTITUTE OF PRIVATE ENTERPRISE, UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL

Mr. APPOLD. Hi. I am Steve Appold from the Frank Hawkins Kenan Institute of Private Enterprise at the University of North Carolina at Chapel Hill.

I was part of the team that put together the Institute's report on the economic impact of the Hispanic population on the state of North Carolina. North Carolina was a key expansion State for Hispanic immigrants during the 1990's and the first half of this decade. This is, other States have more and a higher proportion of Hispanics, but during the 1990's the Hispanic population rose faster in North Carolina than in any other State.

A large proportion of North Carolina's Hispanic population consists of recent immigrants and their families, which is why we, for our purposes, can use those terms almost interchangeably. You could not do that in another State; in 10 years you won't be able to do that in North Carolina either.

But that influx of immigration brought about a large amount of interest and concern in the State about the impact on business, government and other aspects of social life.

The Kenan Institute was commissioned by the North Carolina Bankers Association to lay out some basic facts about the demography and economic impact of Hispanic immigration. Copies of the report are available from the Institute's Web site, and I have brought several copies with me. I don't see them, but I left them down in 2138 earlier today.

Our basic finding for North Carolina is that Hispanic immigrants are a fiscal drain on State and local governments, costing $61 million more or less in 2004 for an average of $102 per Hispanic resident, but create an overall economic advantage through their consumer spending and cost-effective labor that supports key industries, including construction and agricultural processing. I had better be careful saying that since I did walk through the rally earlier today.

But that is, much like localities offering relocation inducements to firms in order to capture the benefits of employment growth, the immigration business model, if I can call it that, that seems to be working in North Carolina is one of providing a focused subsidy in order to increase overall gain. The balance differs from State to State and will most likely vary over time.

Right now I want to concentrate on our methodology rather than discuss our results. Our analysis consisted of five key steps, each relying on and extending federally-funded data collection. We needed to estimate the total Hispanic population, Hispanic consumer spending power and economic impact of that spending, the taxes paid, critical public costs, and we limited our attention to three areas: education, health care delivery and criminal justice and productivity effects.

What we did was attempt a broad, overall synthesis so that many different data sources, including federally-funded data collection, extensive interviews with public official service providers and business people and public administrative records were used.

We wanted an accounting of costs and benefits that was as close to the ground as possible. Studies of immigrant impacts are often driven as much by their modeling assumptions as by the data, and we wanted to get as close to the data as possible. Unfortunately, we needed to estimate our information much more than we would have liked. The data for accurate, timely measurements often do not exist. Moreover, we found that we were sometimes forced to explore new ground in making those estimates.

Before I became involved with this project, I had assumed that everything that could be said already had been said since Hispanic migration has been occuring for several decades. I was wrong. Key areas of analysis that might support informed public policy were simply missing.

Since completing this study, we have refined our estimation methods and are continuing to do so. We have also performed similar analysis for another State and we are beginning to investigate the factors that determine the level of costs and benefits across States.

Thank you for your attention.

[The prepared statement of Mr. Appold follows:]

PREPARED STATEMENT OF STEPHEN J. APPOLD

Testimony of Stephen J. Appold
to the U.S. House of Representatives' Judiciary Committee's Subcommittee
Immigration, Citizenship, Refugees, Border Security, and International Law
Thursday, May 17, 2007

In 2005 the Frank Hawkins Kenan Institute Of Private Enterprise at the University of North Carolina at Chapel Hill undertook a comprehensive study of the demographic and economic impacts of the Hispanic population on the state of North Carolina. The study was conducted under the direction of John D. Kasarda and James H Johnson, Jr. I was a member of the project team.

The results of that study were published in Janauary 2006. Copies of the study report are available from the Institute's website (www.kenaninstitute.unc.edu) or from me. This testimony is adapted from that report.

North Carolina was a key "expansion state" for Hispanic immigrants during the 1990s and in the first half of this decade. A large proportion of North Carolina's Hispanic population consists of recent immigrants and their families.

Among the study's key findings:

- North Carolina's Hispanic population totaled 600,913, or 7 percent of the state's total population, in 2004, and accounted for 27.5 percent of the state's population growth from 1990 to 2004.
- Between 1995 and 2004, 38.2% of North Carolina's Hispanic newcomers migrated from abroad, 40.2 percent migrated from another U.S. jurisdiction, and 21.6 percent were born in North Carolina.
- Nearly half (45 percent) of North Carolina's Hispanic residents in 2004, and over three-quarters (76 percent) of those migrating to the state from abroad between 1995 and 2004, did not have authorized documentation.
- From school years 2000-01 to 2004-05, Hispanic students accounted for 57 percent of the total growth in the North Carolina Public Schools.
- The average Hispanic household contains 3.7 persons (compared to 2.4 persons in the average non-Hispanic household) and earns about $32,000 annually (compared to $45,700 for non-Hispanics).
- Prime working-age adults (18-44) make up a significantly higher percentage of the population in Hispanic (55.3 percent) than in non-Hispanic (37.3 percent) households.
- Hispanics filled one in three new jobs created in North Carolina between 1995 and 2005, with a significant concentration in construction.
- North Carolina Hispanics had an estimated total after-tax income of $8.3 billion in 2004. With about 20 percent of that total sent home to Latin America, saved, or used for interest payments, the remaining spending had a total impact of $9.2 billion on the state—much of

which is concentrated in the major metropolitan areas along the Interstate 40/Interstate 85 corridor, but which also supports businesses in every part of the state.

- Hispanics annually contribute about $756 million in taxes (direct and indirect) while costing the state budget about $817 million annually for K-12 education ($467 million), health care ($299 million), and corrections ($51 million) for a net cost to the state of about $61 million.
- The net cost to the state budget must be seen in the broader context of the aggregate benefits Hispanics bring to the state's economy. Above and beyond their direct and indirect impacts on North Carolina business revenues, Hispanic workers contribute immensely to the state's economic output and cost competitiveness in a number of key industries. Without Hispanic labor, for example, the state's construction industry output would likely be considerably lower and the state's total private-sector wage bill as much as $1.9 billion higher.

This testimony will focus on the methodologies used to obtain the last several key points. In assessing the economic impact of Hispanic immigrants on North Carolina, we addressed four key issues:

- The impact of Hispanic consumer spending on the state and its communities.
- The net balance of North Carolina Hispanic population's contributions and costs on the state budget.
- The effect of Hispanic workers on the total economic output and competitiveness of the state.
- The potential business opportunities North Carolina's expanding Hispanic presence provides.

Figure 1 depicts our conceptual framework for assessing the overall economic impact of Hispanics on North Carolina. On the contributions side, we focus largely on those that accrue to the state from:

- Consumer Spending. This is the total Hispanic after-tax personal income available for local spending on goods and services. Such spending has both direct and indirect effects on North Carolina business
- Revenues and Employment. Hispanic purchases also contribute to a host of state and local taxes including, among others, sales tax, highway use tax, motor fuel tax, alcohol tax, and cigarette tax.
- Payroll and Property Taxes. Hispanics directly contribute to North Carolina's revenue base through taxes on their earnings and property.[1]

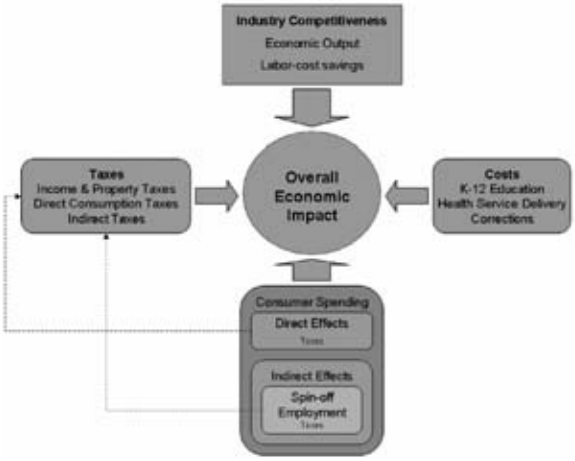
[1] The state and its localities also receive revenues from flow backs of portions of federal income taxes paid by Hispanics, but these are not considered in our technical analysis.

- Industry Competitiveness. Hispanic workers benefit North Carolina industries by augmenting the labor supply and economic output at competitive wages and salaries.

On the cost side, we estimate the financial impact of Hispanics on three major public costs that are typically considered in immigrant impact studies: K-12 education, health service delivery and corrections.

For much of our analysis, we utilized an input-output model known as IMPLAN. This model is based on inter-industry purchasing patterns, consumption patterns, and local production, retail, and service availability. IMPLAN traces consumer spending through over 500 sectors of North Carolina's economy to generate a variety of economic impacts at the state, metropolitan area, and county levels.[2]

Figure 1
Conceptual Framework for Assessing the Economic Impact of Hispanics in North Carolina



[2] The IMPLAN model is broadly used in economic impact analyses. It uses data provided by the U.S. Bureau of Economic Analysis, the Bureau of Labor Statistics, and various state and federal agencies. The model generates, among other results, the number of jobs, labor income, and taxes created by a specified input. It also generates economic output, roughly equated to business revenue, resulting from a group's direct, indirect, and induced economic impacts. The IMPLAN software can combine any number of counties into one study area. Computations were done by the Kenan Institute's Carolina Center for Competitive Economies.

Buying power data for N.C. Hispanic residents were the primary inputs to the IMPLAN model.[3] Generally, such income is spent locally. However, North Carolina's Hispanics (especially more recent immigrants) typically remit substantial portions of their income back to their country of origin. Based on recent research on Hispanic immigrants in North Carolina and other states,[4] we deflated Hispanic buying power by 20 percent before beginning our analysis. This reduction takes into account not only remittances, but also savings and interest payments that also reduce local spending.[5]

Methods and data used to estimate Hispanic tax contributions, labor output, and wage savings to North Carolina's industries, as well as Hispanic public costs, are described later in the testimony.

North Carolina's Hispanics had an estimated $8.35 billion in buying power (after tax income) in 2004. Even after discounting their buying power by 20 percent to account for remittances, savings, and interest payments, Hispanic purchases rippled through the state's economy, creating an overall economic impact in 2004 of $9.19 billion.

The indirect effects of Hispanic spending in North Carolina include 89,600 spin-off jobs and $2.4 billion in additional labor income in 2004. Hispanic spending also was responsible for $455 million in additional state tax receipts and $661 million in federal taxes, of which some of the latter eventually flows back to the state.

The effects of Hispanic consumer spending were calculated for the state, each metropolitan area, and each county for 1990, 2000, 2004, and 2010.

We then focused on measuring the major public costs of Hispanics to the State of North Carolina and its localities.

In estimating the costs to the state of the Hispanic population, we focused on three of the major and most often discussed public sectors in immigrant studies: K-12 public education, health services delivery, and corrections. There are no doubt other significant costs, but these three are generally agreed to be the primary ways to measure the impact of an immigrant group on state budgets.

After subtracting Federal transfers, North Carolina spent $10.1 billion on education in 2004. Approximately 61 percent of this amount was spent on K-12 education. For our K-12 educational cost estimates, we assumed that the percentage of expenditures attributable to Hispanics was

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[3] Humphreys, J. M. (2004). African American, Asian, Hispanic, and Native American Buying Power in North Carolina: Estimates for 1990-2004 & Projections through 2009. Durham, NC, North Carolina Institute of Minority Economic Development: 1-180.

[4] De Vasconcelos, P. (2004). Sending Money Home: Remittances to Latin America from the United States. Washington, DC, Inter American Development Bank; Suro, R., R. Fry, et al. (2005). Hispanics: A People in Motion. Washington, D.C., The Pew Hispanic Center: 1-20; Woodward, Douglas P. (2005). The Economic and Business Impact of Hispanics (Latinos). University of South Carolina. http://www.sph.sc.edu/cli/papers.htm.

[5] We further reduced the buying power and economic impact estimates by 5.6 percent to account for the fact that our estimate of the state's Hispanic population in 2004 was 5.6 percent less than that used by our data source for buying power.

proportional to their representation in the student population (7.5 percent). This amount in 2004 was estimated to be $466,847,000.[6]

To calculate net healthcare delivery costs to the state, we used our estimate of the state's Hispanic population, the Medical Expenditure Panel Study (MEPS) health service expenditure data, and the Centers for Medicare and Medicaid Services (CMMS) information on costs and sources of payments by race/ethnicity. These data show that Hispanics have a high dependence on public funding for their healthcare services, but they use such services less frequently than most other major racial/ethnic groups and, when they do, incur relatively lower costs. This may reflect their younger age distribution and, despite their low average income, a propensity to self-pay at least a portion of their costs. Our estimate of the net cost (after payments) to the state for health services to Hispanics in 2004 is $298,988,000.

For our estimate of costs to the state correctional system, we began with the total expenditures in the state budget. The Department of Corrections supplied the data on the total number of individuals in the system, whether in prison, on parole, or on probation, and the number of Hispanics as well. We then calculated the percentage of expenditures on Hispanics based on their percentage in the prison, parole, and probation populations in the state. That percentage is 5.2 percent, less than their share of North Carolina's total population (7.0 percent). The resulting estimated cost of Hispanics in 2004 to North Carolina's correction system is $50,724,000.

Against the costs, we measured the tax contributions.

We considered three different categories of taxes accruing to the state government as a result of Hispanics' presence in North Carolina in 2004.

The taxes on income and property are not considered disposable income and thus do not enter into the accounting of Hispanic buying power discussed above. State payroll tax contributions of the Hispanic population were calculated by computing the tax owed by the average Hispanic household, multiplying that amount by the estimated number of Hispanic households, and then adjusting that figure by a tax compliance rate of 65 percent.[7] The total annual amount of personal income tax paid by North Carolina Hispanics is estimated to be $145,082,000.

An estimate of business tax owed by Hispanic-owned small businesses in the state was calculated from information on the number of businesses, their average earnings, and the effective tax rate. The total annual amount of small-business tax paid by North Carolina Hispanics is estimated to be $85,920,000.

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[6] We note that the large majority of Hispanic school children are citizens of the United States, even if their parents are not.

[7] In reviewing previous reports on taxes paid by undocumented Hispanics (see Clark, R. L., J. Passel, et al. (1994). Fiscal Impact of Undocumented Aliens: Selected Estimates for Seven States. Washington, D.C., The Urban Institute: 1-200.), most authors assumed a compliance rate of 55 to 60 percent, with the remainder being paid under the table. Our discussions with North Carolina Hispanics indicate that more workers are obtaining social security numbers and/or tax identification numbers, legally or illegally, to obtain jobs on the payroll. These workers are paying taxes, which leads us to assume a higher compliance rate.

Separate property tax calculations were estimated for Hispanic homeowners and renters. In both cases, estimates of the average tax owed were calculated using information about home value and rent paid, average effective North Carolina tax rates, and the number of households in each tenure category. A similar procedure was used to calculate non-real estate property tax. The total annual amount of property tax paid by North Carolina Hispanics is estimated to be $62,772,000. The three sub-categories (personal income, small business income, and personal property taxes) total to $293,774,000.

Hispanics also pay taxes on their consumer spending. These were calculated by using information on Hispanic household spending patterns derived from national data and multiplying average spending by North Carolina's tax rates, with the two major categories being the state sales tax and the motor vehicle use tax. Together these total an estimated $114,062,000 paid by North Carolina's Hispanics in 2004.

The final, and largest, tax contribution category includes all state and local taxes generated as an indirect result of Hispanic consumer spending. These include the estimated $221,536,000 additional income and property taxes paid by businesses as a result of their operation, and the estimated $126,148,000 additional income, property, and consumer taxes paid by their employees. Calculated using the input-output model described above, these total an estimated $347,684,000.

Collectively, Hispanic residents were responsible for an estimated $293,774,000 in personal current taxes, $114,062,000 in sales and other consumption taxes, and $347,684,000 in taxes on the increased business and earning resulting from Hispanic spending. This totals $755,520,000 in North Carolina state and local taxes paid by N.C. Hispanics in 2004.

We then compared the major costs and contributions to the state's fiscal balance.

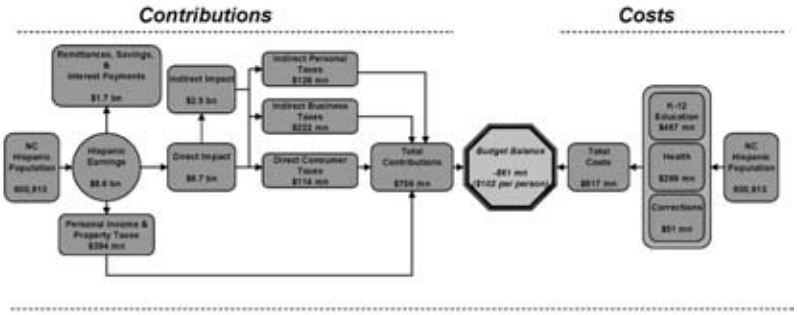
Determining the net cost or benefit of Hispanics to the state budget is a multifaceted and complex effort. It also is fraught with potential oversights and sometimes questionable assumptions. Studies conducted elsewhere of net public costs or benefits of Hispanics on states have often resulted in conflicting analyses, depending on the assumptions and models used.

Given these strong caveats, we developed a series of reasonable estimates of the primary direct and indirect contributions and costs of North Carolina's Hispanics to state and local budgets in 2004.

Our model is illustrated in Figure 2. We begin, on the left side of the figure, with the state's Hispanic population as tax contributors. Hispanic earnings are reduced by remittances, which leave the state's economy, and by taxes on income and property (sometimes termed personal current taxes or statutory taxes), which go directly into state and local coffers. Hispanic spending generates direct and indirect business revenue and employment, which generates three types of taxes: direct sales taxes, indirect business taxes, and indirect personal taxes. Altogether, as noted above, these totaled to an estimated $755,520,000.

On the right side of the figure, we consider the state's Hispanic population as consumers of state services. As noted above, North Carolina's Hispanic population is responsible for an estimated $816,559,000 in state public costs for K-12 education, health service delivery, and corrections.

Figure 2
Primary Direct and Indirect Contributions and Costs of North Carolina Hispanics to State and Local Budgets, 2004



The difference in 2004 between Hispanics' estimated major tax contributions of $755,520,000 and their estimated major public costs of $816,559,000 results in a net cost to the state of $61,039,000, or approximately $102 per Hispanic resident.

We then put the fiscal balance into the context of the labor power benefits to the state.

Hispanics comprise 7 percent of North Carolina's overall workforce and considerably more in certain key sectors. This labor has allowed the state's economic output to expand. In its absence, a substantial portion of North Carolina's economic vitality would likely disappear.

Determining the net effects of a withdrawal of Hispanic immigrant workers on North Carolina industries is virtually impossible. For illustration purposes, however, we looked at North Carolina's construction industry. Throughout North Carolina, this industry has become heavily dependent upon Hispanic workers, with Hispanics making up 29 percent of the state's construction workforce.

Ignoring labor substitution effects, construction work could be cut by up to 29 percent if Hispanic workers were withdrawn. The hypothetical impact in 2004 would have been the loss of up to $10 billion in value of construction done in the state, including: a revenue loss of up to $2.7 billion for companies supplying construction materials and supplies; a loss of up to $149 million in revenue for companies renting buildings, machinery and equipment; and up to 27,000 houses not being built.

A withdrawal of Hispanic construction workers would also mean up to a 29 percent reduction in non-building construction, including the installation of guardrails and signs, bridge construction, paving, and water and sewer construction. Even if the net effect were a fraction of the above upper-limit estimates—which, again, do not take labor substitution effects into account—there would be a

dramatic impact on North Carolina's construction sector (and other sectors, such as banking, through ripple effects) if Hispanics were to substantially withdraw from the state's workforce.

Another way to look at the impact of Hispanic workers on North Carolina's industries is in terms of wage savings, costs to consumers, and overall competitiveness of the industries. Hispanics have added substantially to North Carolina's supply of cost-effective labor. This has resulted in an estimated statewide wage savings of almost $1.9 billion (1.4 percent of the total wage bill).[8] The benefits are enjoyed by every county and by virtually all industries that export from the state and by many firms that serve local needs. In many cases, labor-cost savings are passed on to local consumers.

The Hispanic wage advantage is concentrated in two industries, agriculture and construction, where Hispanics comprise 31 and 29 percent of the labor force, resulting in savings of $147 million (6.6 percent) and $980 million (7.4 percent), respectively. Hispanics thus benefit the state by making an important rural export industry (agriculture) more competitive and by substantially reducing costs in an industry that fuels metropolitan area growth (construction).

On the other hand, it has been shown that Hispanic immigrants often depress wage levels of non-Hispanics, especially in lower-wage, labor-intensive sectors. Given the downward pressure less-educated Hispanics place on wages in these sectors, not everyone in North Carolina benefits from the influx of Hispanic workers.

Since writing this report on North Carolina, we have performed similar analysis on the State of Arkansas. We used similar methods and obtained somewhat different results. We do not expect that we can arrive at a final answer the question of net fiscal and economic impacts but believe they will vary from situation to situation.

Thank you for your attention.

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[8] Using data from the March 2005 Current Population Survey, the total wage bill for the state was estimated by multiplying the number of Hispanics and non-Hispanics with low levels of education (less than a high-school diploma) and high levels of education (a high-school diploma or higher) in each industry by their respective average hourly wage rates and mean number of hours worked over the previous year. The calculation was then repeated using the average non-Hispanic hourly wage for each industry-education category to estimate what the total wage bill would be without the immigrant wage advantage. Capital substitution and labor shortage effects were not taken into account.

Ms. LOFGREN. Thank you, Doctor.

And we will now begin our questions. I am going to defer to the Chairman of the full Committee, Mr. Conyers, who has another obligation pretty soon, to ask him to go first.

Mr. CONYERS. Thank you.

I waive my questions, but I have the impression that we are here weighing the obligations and costs and expenses of having immigrants of different categories in a State versus the benefits or economic advantages that occur by their presence. And it seems to be that almost every witness has talked about that this afternoon.

And we come up with an uneven response about it. And I would like to assure the two remaining witnesses that this is an important part of these hearings, and the documentation on this subject is going to be part of an incredibly important way that we work our way toward a full and comprehensive bill, because there is a law enforcement magnet somewhere here, that people want to punish and get rid of and build fences, and there is another point of view that there may be benefits not yet fully recognized by many of the legislators. And it seems to me that the accuracy of our economic picture that we paint in the Congress will be very important in determining how we put together a final reform package, and that makes this hearing very important.

So the continued cooperation with our Subcommittee Chair would be very important.

Ms. LOFGREN. Thank you. Thank you, Mr. Conyers.

The Ranking Member is recognized.

Mr. KING. Thank you, Madam Chair.

I turn first to Representative Santos. I know as I stepped forward and took the oath of office, I reflect back on that time, and I know you must have done the same. Do you take an oath to uphold the rule of law as a Representative for the State of Washington?

Ms. SANTOS. I take an oath to uphold the Constitution of the United States and the Constitution of the State of Washington.

Mr. KING. Does that imply the laws underneath the constitutions as well? Is that answer yes?

Ms. SANTOS. Yes.

Mr. KING. Thank you. I just wanted that clarification, and then I will move on from that. I don't want to make a point off that necessarily.

In your testimony, you addressed the SCAAP funding and that it is under-funded and you are only receiving 25 percent of the costs incurred by incarcerating criminal aliens in the State of Washington to a shortfall of I think $172 million, you testified. But all the way across the country we have that same kind of deficiency, if I read the reports correctly.

And so are you aware that when you—and I think you are because I identify significant intellect there. But when you ask for, then, a comprehensive immigration reform plan, rolled out in the Senate today, that legalizes 12 or 20 or more million people, that really means the end of SCAAP funding for that massive number of people, and maybe it would qualify for those newly arriving illegals that would start this process all over again. Are you willing to make that kind of sacrifice?

Ms. SANTOS. Well, I am certainly not familiar with the details of the breaking news that we heard right before we came in, but what I do know, Congressman, is that right now we are absorbing, our taxpayers are absorbing, the costs of enforcing and implementing Federal laws.

Mr. KING. You would lose SCAAP funding under—I mean, let's just presume that what I said is right and no further than that. But you would lose the SCAAP funding under that. You wouldn't have a claim to funding for criminal aliens any longer, because they would no longer be criminal aliens.

Ms. SANTOS. Well, I think that, again, the devil is in the details, and I would hope that in other areas of the legislation that you would, collectively, that Congress would recognize that we all, the Federal Government and the State government and the local government, down to our little school boards, all share in a common objective of integrating newcomers and ensuring——

Mr. KING. You make your point that we should pay attention to that deficiency should there be some legislation passed. That goes into this record, and I think it is an important one that we should all consider as we decide this argument.

But have you seen any statistics, the Federal Government is housing 27 percent of the inmates are criminal aliens. If you extrapolate those 25 percent numbers across the States and put that altogether, you would come up with about 28 percent of our State inmates and our Federal inmates are criminal aliens. They aren't all illegal. Some of them, about 40 percent, came here and overstayed their visas. But between them, if they are committing that percentage of the crime, have you considered how many murders that is, how many victims of negligent homicide that is, and that those casualties are far greater than the cumulative total in Iraq and September 11 together on an annual basis?

Ms. SANTOS. And, Congressman, I do know that some of the individuals who are being held, at least in my State's state and local jails, are only being held on the basis of a traffic violation.

Mr. KING. But still, somebody is committing the murders, the rapes, the negligent homicides, and we don't have any evidence that the criminal aliens are committing those acts in a lesser number as a proportion of their overall population or their inmate base.

And so would you put this into your equation, I would ask you to do this as a policy leader in your part of the world, that if we enforce our immigration laws, those who are illegal aliens would not be here. Therefore, the victims of those crimes would still be alive. And those who are unlawfully present here in the United States then, add that total up, and weight that as part of your oath too. I mean, I weigh it heavily with mine, to protect the American people as the first priority. And I give you an opportunity to respond to that.

Ms. SANTOS. I think it is very important to recognize first and foremost that those who are in prison wouldn't have the opportunity to legalize, and I think that in terms of the question of State legislators upholding their oath to uphold not only the Constitution of the United States but their State constitutions and the laws underneath, I think that you would find that according to our NCSL policy, we are asking for the opportunity to continue to partner

with the Federal Government to come forward with something that is comprehensive, a framework that we could all buy into on a bipartisan basis, because right now, as it is, we have got every State in the union trying to step in and fill a void that currently exists.

Mr. KING. Thank you.

I thank you both for your testimony, and I yield back the balance of my time.

Ms. LOFGREN. Thank you.

I will now take my opportunity to ask questions and then we will go to our second panel.

Dr. Appold, I thought your testimony was very interesting and I had a chance to read through it. I want to ask just a couple of questions.

On Page 7 of your testimony, you basically come to the conclusion, using the analysis that you have done, that there is a cost of between the tax contributions and major public costs, of $102 per Hispanic resident. But then you go on to talk about the labor power and the other benefits.

Have you calculated or is it possible to calculate the labor benefits that you then discuss and the economic activity? I mean, what is the bottom line? Is there a way to get there?

Mr. APPOLD. We are not 100 percent satisfied with our way of merging the three different areas of the analysis. There is a way to do that, but we have not completed it yet.

So what we did is we identified the impacts of consumer spending, the fiscal balance and the productivity impacts separately.

Ms. LOFGREN. Okay. So are you still working on that?

Mr. APPOLD. Yes.

Ms. LOFGREN. So we might get a later report?

Mr. APPOLD. Not this afternoon. [Laughter.]

Ms. LOFGREN. Not this afternoon. That is fair enough.

Let me just——

Mr. APPOLD. But if you say you want it, that will encourage us to work harder.

Ms. LOFGREN. It is very interesting. He and Councilman Zine had to get to their planes, but State Senator Andrews referenced a study that they did. I don't have the methodology, and they came up with, you know, a huge cost that they are suspecting in his State. I don't know if you have had a chance to review the Rector Study from the Heritage Foundation, but they come up with a cost. I mean, the reports really are all over the board, and I am sort of wondering what methodology should be relied upon.

Mr. APPOLD. Well, what we reacted to, there is some very good work that was done in the late 1990's, the New Americans, and I believe The Heritage Foundation builds off that methodology.

And that is a very nice methodology, but it relies a lot on certain assumptions. And if I go look at the National Bureau of Economic Research's Web site, I can download papers that come to very different kinds of conclusions, and it is all based on what assumptions they start with.

And so what we did is we figured we could not contribute something to that debate. These are smart people. They have been going back and forth for at least a decade. We would stay close to the ground and come as close to measuring as we could.

Ms. LOFGREN. Very interesting.

Councilwoman Santos, I was in local government for longer than I have been in Congress, and I really know what it is like to be in local government, where the rubber meets the road. And your testimony is important to us.

In addition to your official duties on the City Council, I know that you have an interest in the overall economy of your region, and I note that 42 percent of the Puget Sound Energy's workforce is eligible to retire in the next 5 years. How are you going to meet the job needs? Are you looking to immigration to meet that economic fall from retirement?

Ms. SANTOS. Thank you, Madam Chairwoman. And, of course, I serve in the State legislature, so I have, from the standpoint of——

Ms. LOFGREN. I really messed that up, haven't I. I am so sorry.

Ms. SANTOS. They get paid better than we do at the State, so——

Ms. LOFGREN. That is true.

Ms. SANTOS. Yes, that is true, and I would direct your attention to actually an article a business columnist for one of our Seattle dailies, who made the point that not only is 42 percent of Puget Sound Energy's workforce scheduled to retire in the next 5 years, but there is also about 25 percent of the Boeing machinists who will be scheduling to retire within the next 5 years. I think they said that 5,000 out of 21,000 machinists in the Puget Sound region are over the age of 50 and something like 8 percent are over the age of 60.

I think about our $1.6 billion apple industry, which is handpicked fruit. Cherries are the same way, largely dependent on the migrant seasonal labor force that comes through California, Oregon, and Washington. It is important for us to ensure that the temporary and the seasonal workforce needs of the States are addressed. I might also add in the high tech arena as well.

Ms. LOFGREN. Representative, my apologies for calling you councilwoman.

And I will just note that in a different role, as Chair of the California Democratic Delegation, we have worked very hard on SCAAP funding and agree.

Ms. SANTOS. Thank you.

Ms. LOFGREN. I would like to thank the two witnesses for their patience and sticking with us to give your testimony, for your answers to our questions, and note that we have 5 legislative days to submit questions in writing. If we have further questions, we will forward them to you and ask that if you are able to respond as promptly as possible, that would be very much appreciated.

We are aware that witnesses testify really as a contribution to our country, and we appreciate your contribution today very much indeed.

Ms. SANTOS. Thank you for inviting us.

Mr. APPOLD. Thank you.

Ms. LOFGREN. I would like to call the second panel.

I would like to introduce our second panel.

First, we are pleased to have Dr. Audrey Singer with us today, the immigration fellow at the Brookings Institution Metropolitan Policy Program. An accomplished scholar, Dr. Singer joined Brookings after having served as an associate at the International Migra-

tion Policy Program at the Carnegie Endowment for International Peace. She held a faculty position in the Department of Democraphy at Georgetown University and has worked as a demographic analyst at the U.S. Department of Labor. She holds her bachelor's degree from Temple University and both her master's and doctoral degrees from the University of Texas at Austin.

I would like next to welcome Dr. Anne Morrison Piehl, an associate professor in the Economics Department and a member of the program in criminal justice at Rutgers, the State University of New Jersey. In addition to her responsibilities at Rutgers, Dr. Piehl serves as a research associate at the National Bureau of Economic Research. She also held a teaching post at the John F. Kennedy School of Government at Harvard University for 12 years. She earned her bachelor's degree from Harvard and her Ph.D. from Princeton University.

Next we are pleased to have Dr. Deborah Santiago with us, the Vice President for policy and research at *Excelencia* in Education. Prior to her work at Excelencia, Dr. Santiago served as an analyst at the U.S. Department of Education, as deputy director of the White House Initiative on Educational Excellence for Hispanic Americans, as Vice President for Data and Policy Analysis at the Los Angeles County Alliance for Student Achievement, and as an Irvine fellow at the Rossier School of Education at the University of Southern California. She holds her bachelor's degree from the University of Mary Washington, a master's degree from Virginia Polytechnic Institute and State University, and a doctorate in education policy from the University of Southern California.

Finally, we would like to welcome back the minority's witness, Mr. Robert Rector, a senior research fellow at The Heritage Foundation here in Washington. Mr. Rector's research has focused on the U.S. welfare system and he has authored a number of works on the subject, including *America's Failed $5.4 Trillion War on Poverty*. Mr. Rector graduated with a bachelor's degree from the College of William and Mary and a master's degree from Johns Hopkins University. This is Mr. Rector's second appearance before this Subcommittee on the matter of comprehensive immigration reform.

And we do welcome all of you.

As you heard with our first panel, we do ask that you summarize your testimony in about 5 minutes. Your entire written statement will be made part of the record of this hearing.

When you have consumed 4 minutes, the yellow light will go on and when the light turns red, it means that 5 minutes is up. And the time flies, really, it is often a surprise. We ask that you wrap up at that point so that we will have an opportunity to ask questions.

And again, thank you so much for being here.

We will begin with you, Dr. Singer.

TESTIMONY OF AUDREY SINGER, Ph.D., IMMIGRATION FELLOW, METROPOLITAN POLICY PROGRAM, THE BROOKINGS INSTITUTION

Ms. SINGER. Thank you. Madam Chairwoman and Members of the Subcommittee, thank you for the opportunity to speak to you today about the effects of immigration on States and localities.

My comments today will focus on three interrelated areas: how settlement patterns of immigrants have shifted during the past 15 years, and how many areas with no history of immigration are experiencing recent and rapid influxes; how although States and local areas have no control over who enters the country, local institutions and leadership shape the prospects for immigrant integration; finally, drawing on existing models, I will suggest a role for the Federal Government in helping States and localities with immigrant integration through funding to coordinate public policy explicitly and strategically aimed at immigrants.

As Congress continues to debate Federal immigration reform, States and localities will deal on their own with many issues that they view as the responsibility of the Federal Government. I will make the case that there should be a Federal program that helps States and localities with immigrant integration so it is not left entirely in their hands.

As of March, 2005 an estimated 36 million immigrants were living in the United States. Due to changes in labor markets, today's immigrants, both legal and illegal, are increasingly settling outside well established immigrant gateways in a new group of cities, suburbs, small towns and rural areas. Prior to the 1990's, immigrant settlement had a predictable pattern and was limited to mostly cities in the southwest and coastal States. By century's end, many places with virtually no history of immigration were attracting immigrants.

The swiftness of the influx in areas that historically have not accommodated large numbers of immigrants has caused social and economic stress where institutional structures that could assist in the integration of immigrants are insufficient or nonexistent. Local leaders are grappling with the costs to institutions where immigrant newcomers have the greatest impact, such as schools, hospitals, and public safety departments.

There has been a proliferation of State and local laws, ordinances, proposals and practices around immigration in very recent years. The National Conference of State Legislatures reports that as of April 2007, all 50 States are considering immigration-related bills, twice the number they considered in all of last year. More than half of the bills relate to employment, State benefits, services, law enforcement and education issues.

In addition to State bills, countless local jurisdictions have introduced laws related to immigrants, focusing on issues such as day labor sites, language, employment, rental housing, and local law enforcement.

Not all of the policy changes are restrictive or punitive. However, it is worth noting that many of the most restrictive measures have been developed in areas with little or no prior experience of immigration.

Federal immigration policy all but ignores the fact that immigrants settle into local areas. Big picture policy issues like border enforcement and the visa allocation system are national-level concerns. But immigrants are not evenly distributed across the Nation. They live in cities, counties, towns, and neighborhoods. They work in local firms, join local religious congregations, they access State and local services. Their children attend local schools.

Localities have no control over who enters the country, or who lives in their communities, but they have considerable influence over how immigrants are incorporated, socially, economically, and civically.

Immigrant integration is an overlooked aspect of the immigration policy arena. Integration is the long-term process where immigrants become incorporated into U.S. life and it involves both established residents and immigrant newcomers. It refers to changes immigrants undergo as they adapt but it also refers to the effect immigrants have on local institutions and communities as well as the Nation.

In order for the U.S. immigration system to work well, it must address the integration of immigrants who arrive with a multitude of background characteristics. Alongside State and local governments are schools, faith-based institutions and a host of nonprofits, that develop programs and practices that aid in the integration of immigrants. The quality of these systems and institutions makes a difference in how people adapt to life in the United States. The best thing that we can do for communities, especially those that are newly affected by immigration trends, is to provide guidance on policies to facilitate integration and funding to carry them out.

There currently is no national office that works to coordinate, measure and advance immigrant integration. What would such a national program look like?

Seed funding for the proposed New Americans Initiative would be provided by the Federal Government but would comprise State initiatives built around public-private partnerships. Several leading models exist, one in Illinois and one in Colorado, that prioritize programs that help immigrants learn English, gain citizenship, involve immigrant parents in schools and provide better access to services at State agencies.

Under a national New Americans Initiative, States would be encouraged to design their own strategic recommendations and advisory structures, pursue funding from foundations and businesses and work with local organizations.

The Federal Government would monitor and coordinate processes to glean policy guidance and promising practices to be shared across States. It would also work to first develop and then achieve certain measurable benchmarks related to immigrant integration.

Regardless of when immigration reform happens, States and localities face on-the-ground realities regarding new flows of immigration. It is time for the Federal Government to take a leadership role in making the integration process smoother for immigrants, State and local governments, and communities to yield long-term benefits for the Nation.

Thank you.

[The prepared statement of Ms. Singer follows:]

PREPARED STATEMENT OF AUDREY SINGER

Madam Chairwoman and Members of the Subcommittee, thank you for the opportunity to speak to you today about the effects of immigration on states and localities. My research focuses on comparative metropolitan settlement patterns and the responses of local communities to immigration.

My comments today will focus on three interrelated areas.

- How settlement patterns of immigrants have shifted during the past 15 years, and how many areas with no history of immigration are experiencing recent and rapid influxes.
- How although states and local areas have no control over who enters the country, local institutions and leadership shape the prospects for immigrant integration.
- Finally, drawing on existing models, I will suggest a role for the federal government in helping states and localities with immigrant integration through funding to coordinate public policy explicitly and strategically aimed at immigrants.

As Congress continues to debate federal immigration reform, state and localities will deal on their own with many issues that they view as the responsibility of the federal government. The elements of immigration reform must include border and interior enforcement, an employment verification system, new worker program, visa reforms, and an earned legalization program. I will make the case that there should be a federal program that helps states and localities with immigrant integration so it is not left entirely in their hands.

THE NEW GEOGRAPHY OF IMMIGRATION

As of March, 2005 an estimated 35.7 million immigrants (of all legal statuses) were living in the United States. Due to changes in labor markets, today's immigrants, both legal and illegal, are increasingly settling outside well established immigrant gateways in a new group of cities and suburbs. Prior to the 1990s, immigrant settlement had a predictable pattern and was limited to mostly Southwestern and coastal states and metropolitan New York, Los Angeles, Miami and Chicago. By century's end, many places with virtually no history of immigration were attracting immigrants.

The swiftness of the influx in areas that historically have not accommodated large numbers of immigrants has caused social and economic stress. Especially in rural areas, small towns, and suburban areas, the institutional structures that could assist in the integration of immigrants—both community and governmental—are insufficient or nonexistent. Local leaders are grappling with the costs to institutions where immigrant newcomers have the greatest impact, such as schools, hospitals, and public safety departments.

Many large metropolitan areas as well as small towns and rural areas saw a doubling or more of their foreign born in the 1990s alone. The root causes of new trends in settlement are mixed. In the latter half of the 1990s, some metropolitan areas experienced robust economic growth, thus creating new job opportunities for immigrant (and US-born) newcomers. In other places, refugee resettlement appears to have increased foreign-born residents and also spurred on subsequent migration. A third factor is the internal movement of foreign-born U.S. residents, for instance the outflow of immigrants from Los Angeles to other metropolitan areas in the region in search of a lower cost of living. Underlying all of these trends are social networks of information about jobs and housing that inform the decisions immigrants and refugees make on where to reside.

Newly emerging immigrant gateways are drawing immigrants in record rates. Some of the fastest growing places are in the southeast such as Atlanta, Raleigh-Durham, and Charlotte, and other new metropolitan destinations are in the southwest, for example, Dallas-Fort Worth, Phoenix, and Las Vegas. Several northwest metro areas like Seattle, Portland, and Sacramento have re-emerged as immigrant gateways after having waned as immigrant destinations during the second half of the 20th century. Most of these areas have seen their immigrant population grow three or four fold as a result of new immigration in the past 20–25 years (see Singer 2004).

This period marked another new immigrant settlement trend—one taking place wholly within metropolitan areas—the suburbanization of immigration. As the urban economy has shifted from manufacturing to new economy services, the suburbs have become the preferred location for dispersed commercial and office space. As immigrants have followed the opportunities, including jobs and housing, they are now breaking with historical patterns and moving directly from abroad to areas out-

side of central cities in great numbers. This represents a departure from the past, when the pattern was more likely to be that immigrants moved to cities where housing and jobs were plentiful, and where they found others from their own background. The end of the 1990s marked the first time that the suburbs surpassed cities as the primary place of residence among the foreign born.

While immigration is largely an urban experience in the contemporary United States, a growing number of immigrants are also choosing small towns and rural areas. A recent study by Penn State sociologist Leif Jensen noted that immigrants are finding opportunities in agriculture, food processing, and other manufacturing in rural counties particularly in southeastern states. They are also settling in western areas with tourism-based economies and rural areas on the outskirts of larger, more immigrant-heavy areas. Immigrants in rural areas are often more noticeable and can elicit strong reactions, and the infrastructure to receive them is often nonexistent (Jensen 2006).

STATE AND LOCAL RECEPTION OF IMMIGRANTS

This week, Farmers Branch, a suburb of Dallas, voted into law an ordinance that makes it against the law for landlords to rent to illegal immigrants. This is not the first municipality to introduce such a measure—several localities around the country have patterned new laws like this one after similar measures in Hazleton, Pennsylvania. The Farmer's Branch law is emblematic of the frustration that many local public officials feel about the lack of federal reform and represents just one way they are choosing to take action.

There has been a proliferation of state and local laws, ordinances, proposals, and practices around immigration in very recent years. The National Conference of State Legislatures reports that as of April 2007, all 50 states are considering immigration-related bills—nearly three times the number they considered last year. That amounts to over 1,100 pieces of state legislation designed to address immigration or immigrant-related issues in the first quarter of 2007, more than twice as many introduced in all of 2006 including:

- 41 states have 199 bills related to employment, most of them restricting the employment of unauthorized workers or addressing eligibility for workers' benefits.
- 39 states have 149 bills addressing state benefits and services to immigrants. Many of these bills would restrict services, but some broaden benefits to specific immigrant groups.
- 30 states have 129 bills around law enforcement issues, either those that would authorize local law enforcement to work with federal immigration authorities or the opposite: those that prohibit local law enforcement from doing so.
- 30 states have 105 bills dealing with education issues related to participation in educational programs, some restrictive, some inclusive, including bills around eligibility for in-state reduced tuition costs.

In addition to state level reforms, countless local jurisdictions have introduced laws related to immigrants, focusing on issues such as day labor sites, language, employment, rental housing, and local law enforcement. Other communities are using laws already on the books—like residential zoning and housing ordinances—to attempt to curb the increase of immigrants or force them out. Growing intolerance towards illegal immigration—and growing frustration with the lack of federal movement on immigration reform—often drives local officials towards greater enforcement of ordinances that may deflect immigrants elsewhere and show that they are responding to public pressure.

These new policies are in part a result of the new geography of immigration, and the rapidity with which immigrants are appearing in new communities. City, county and municipal officials are feeling pressure to "do something" about immigration. The result is that local governments are creating their own *de facto* immigration policy.

Not all of the local policy changes are restrictive or punitive; some places have developed new policies and passed ordinances that accommodate immigrants, such as publishing material in languages other than English or maintaining local services for all immigrants regardless of legal status. However, it is worth noting that many of the most restrictive measures have been developed in areas with little or no prior experience of immigration.

Although many of these new laws may be legally challenged and eventually struck down, they stir up local debate and create an uncomfortable environment for immigrants, even those who are here legally.

Thus in the absence of federal policy, we can expect that state and local officials who are feeling the pressure to take action will continue to develop their own strategies for dealing with immigrants. Regardless of how the current immigration reform debate is resolved, they still have the day-to-day responsibility of integrating immigrants in neighborhoods, local labor markets, and schools.

A "NEW AMERICANS INITIATIVE"

Federal immigration policy all but ignores the fact that immigrants settle into local areas. Big picture policy issues like border enforcement and the visa allocation system are national level concerns. But immigrants are not evenly distributed across the nation; they live in cities, counties, towns, and neighborhoods. They attend local schools, work in local firms, shops, and factories, join local religious congregations, and they access state and local services. Localities have no control over who enters the country, or who lives in their communities, but they assert significant influence over how immigrants are incorporated, socially, economically, and civically.

Immigrant integration is an overlooked aspect of the immigration policy landscape. Immigrant integration is the long term process where immigrants become incorporated into US life, and it involves both established residents and immigrant newcomers. It means immigrants learning English and American ways of life. It also means that American institutions are adapting to newcomers over the long run and combining diverse origins and perspectives into one people, the American people, as it has done for over 200 years. Ultimately, immigrant integration fosters social inclusiveness and economic mobility as immigrants and their offspring become full members of US communities. It refers to changes immigrants undergo as they adapt, but it also refers to the effect immigrants have on local institutions and communities as well as the nation.

In order for the U.S. immigration system to work well, it must address the social, political, and economic integration of immigrants who arrive with a multitude of national origins, languages, religions, customs, and skills. The current "system" of integration involves little formal aid or guidance from the federal government. Historically, immigrants turned to mutual aid societies, settlement houses, churches, and synagogues. Today, alongside state and local governments are schools, churches and a host of nonprofits, that develop programs and practices that aid in the integration of immigrants. The quality of these systems and institutions makes a difference in how people adapt to life in the United States; therefore it is imperative that local areas, especially ones newly affected by immigration trends, have guidance on policies to facilitate integration, and, as important, funding to carry them out.

There currently is no national office that works to coordinate, measure, and advance immigrant integration. Other countries such as Canada, Sweden, and the Netherlands include integration in their national offices.

States and localities—particularly in new immigrant destination areas—would benefit from intentional, strategic and coordinated public policy directed explicitly at immigrant integration. Localities across the country, both established areas and new destinations, will benefit from an infusion of resources to address the short- and long-term process of immigrant integration.

Many of the state and local policy points that I have already mentioned are the very issues that constitute a framework for immigrant integration. Can we build a national, harmonized system of providing English language classes to immigrant newcomers? Can we ensure that newcomers, while on their way to learning English, have access to vital information about services, safety, and civic responsibilities? Can we develop programs to assist new destination areas with resources to help public schools, law enforcement agencies, and healthcare providers as they encounter immigrants and refugees for the first time?

What would such a program look like? Seed funding for the proposed New Americans Initiative would be provided by the federal government, but would comprise state initiatives built around public-private partnerships. A good model is a 2005 Illinois initiative designed to provide a "coherent, strategic, and proactive state government approach to immigrant integration." In Illinois, a State Taskforce, which includes high-level state agency and department officials, is charged with examining how the state government can systematically address its changing population, augmented by a Policy Council, which includes Illinois leaders with experience managing immigration in the business, community, philanthropic, faith, labor, and government fields. The two groups' recommendations prioritized programs that would help immigrants learn English, put legal immigrants on a path towards citizenship, establish state Welcoming Centers as a first point of contact for immigrants arriving into Illinois, and provide better access to services that state agencies provide.

Another model comes from the Colorado Community Trust's "Supporting Immigrant and Refugee Families Initiative" which supports 19 Colorado communities in their efforts to support immigrants and established residents in working together for healthy communities. Specific needs and strategies are identified through a planning process that involves members from a wide range of perspectives: health care, education, business, banking, law enforcement, local government, and various nonprofit and faith-based organizations. Current projects include strengthening local health care providers' ability to offer competent care to people from different cultures, helping immigrant parents to become more involved in their children's schools, improving access to English classes for immigrants, and developing mentoring opportunities among foreign and native-born families.

Under a national New Americans Initiative, states would similarly be encouraged to design plans specific to their needs. Recommendations from the Illinois experience that are universally applicable include:

- *Implementing an English learning campaign.* Gaining English proficiency is fundamentally important for immigrants to participate fully in American society. This recommendation calls for a coordinated effort among the state community college board, businesses, educators, and immigrant advocates to create, fund, and implement a campaign to offer English instruction where immigrants live and work.
- *Helping eligible legal permanent residents attain U.S. citizenship.* When immigrants naturalize, they take on the rights and responsibilities of being a full member of U.S. society; they can vote, hold public office, serve on juries, and participate in other civic activities. The program should support community-based organizations that help immigrants prepare for the naturalization exam and guide them through the formal process.
- *Ensuring that immigrants and refugees can access state services.* While immigrants are building their English skills, they should have good access to services and information about state offerings, even if it must be provided in their own languages. Many local governments across the country already offer services and material in languages of local immigrant groups, provide translation services, and hire multi-lingual staff. Implementing this recommendation will make language access a foundational method of doing business with local governments.

For states to adopt a model such as the Illinois or Colorado examples would require federal start-up funds. Each state would design its own strategic recommendations and advisory structure, pursue funding from foundations and businesses to create public-private partnerships, and work with local organizations in affected areas. The federal government would monitor the New Americans Initiative to glean policy guidance and promising practices that can be shared across states, where immigration patterns are new, changing, or well established. It should also work to first develop and then achieve certain measurable benchmarks related to immigrant integration.

CONCLUDING THOUGHTS

Current legislative proposals point to the possibility of an earned legalization program. Such a program would enable localities to demonstrate the presence and size of their undocumented population. New destination states and localities, especially, have short-term fiscal burdens related to providing schooling, emergency health care, and other social services that they cannot meet through existing revenue sources. An earned legalization program must include funding for an impact aid program to offset state and local expenditures.

A precedent for this proposed program is the $4 billion State Legalization Impact Aid Grant program, a provision of the 1986 Immigration Reform and Control Act (IRCA) that helped states offset the costs associated with legalized immigrants. The plan was to compensate states for providing public benefits, public health services, and adult education to help immigrants meet IRCA's requirements for basic knowledge of the English language, U.S. history, and government. Unfortunately, the program, which ended in 1995, was unevenly implemented. States and localities complained that reimbursements were too low and too slow and that reporting requirements were poorly designed. To succeed, a new impact aid program must function better than the last one by stating clear guidelines, allowing states planning flexibility, and requiring less onerous reporting requirements.

A large-scale legalization program would create millions of new legal residents whose status may result in more stable employment and higher income, which benefit them, while the concomitantly higher income tax payments benefit government

entities. The additional services they need should be covered in part by fees for registering with the earned legalization program. Such fees should cover the program's administrative costs, defray social expenditures, and contribute to the New Americans Initiative to ensure longer term integration.

Regardless of when immigration reform happens, states and localities face on-the-ground realities regarding new flows of immigration. It is time for the federal government to take a leadership role in making the integration process smoother for immigrants, state and local governments, and communities. Ultimately, all integration is local.

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Ms. LOFGREN. Thank you very much.

Dr. Piehl?

TESTIMONY OF ANNE MORRISON PIEHL, Ph.D., DEPARTMENT OF ECONOMICS & PROGRAM IN CRIMINAL JUSTICE, RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

Ms. PIEHL. Thank you, Chairwoman Lofgren and Ranking Member King, for the opportunity to appear before the Subcommittee.

Today I am pleased to testify about the academic literature on the relationship between immigration and crime. This literature, and therefore my testimony, is concerned with average behavior, so it emphasizes common crimes of violence and property.

There are, to be sure, less common and more serious threats associated with terrorism, but those are addressed more directly with intelligence and enforcement.

With regard to street crime, my remarks will conclude that the empirical research does not suggest that immigrants pose a particular crime threat. Rather, the evidence points to immigrants having lower involvement in crime than native-born Americans.

The literature begins by noting that the addition of immigrants to the population, if immigrants commit any crimes at all, will by definition increase the total number of crimes in the United States. Academics have generally posed the relevant question as: do immigrants add to the crime risk in the population?

The answer to this question would be "yes" if immigrants are more likely to commit criminal acts or if immigration causes the native born to increase their criminal behavior.

It would be reasonable to expect immigrants to have higher levels of criminal activity compared to natives because immigrants have traditionally rated high on factors that have been strongly correlated with crime: higher levels of poverty, lower levels of edu-

cation, urban residence, et cetera. Some have argued that immigration might increase the criminal activity of the native born if immigrants displace natives from work and promote urbanization.

But at the same time, the current policy environment provides several mechanisms that are likely to reduce the criminal activity of immigrants. Legal immigrants are screened for criminal backgrounds. Non-citizens, legal or not, are subject to the increased punishment associated with deportation if the crime of conviction is a serious one. And illegal immigrants have an extra incentive to steer clear of law enforcement for even minor offenses.

So now to the evidence. Several important studies have estimated the empirical magnitudes of these theorized connections. First, consider the impact of immigration on crime rates. This type of analysis aims to identify the total effect of immigration, regardless of whether it is the immigrants or the natives that are committing the crimes.

In an analysis of the largest U.S. cities, Kristin Butcher and I found that in 1980's, cities that received more immigrants had the same average change in crime as cities receiving fewer immigrants. In the 1990's, the relationship was actually negative, where cities that received the most immigrants had a larger crime drop than cities receiving fewer immigrants.

Other researchers have looked at this question by comparing border cities to non-border cities and immigrant neighborhoods to non-immigrant neighborhoods within the same cities, and all of these studies support the basic inference in my own work, that immigration is not associated with an increase in crime rates in a locality.

Further evidence can be found in analyses of institutionalization rates of immigrants compared to those of natives. In an analysis of men age 18 to 40, using the United States Census, Kristin Butcher and I found that immigrants have much lower institutionalization rates, on the order of one-fifth the rate of natives. And this gap has expanded over the past 20 years.

It is important to be fair in the comparison, because immigrants by definition have had less time to be apprehended of crimes. And so we do some careful modeling work in that paper to try to make a fair comparison of immigrants and natives, and still conclude a large gap between the two.

It is possible that the threat of deportation deters immigrant crime, but we conclude that deportation per se is not driving these results, because even citizens who are not subject to deportation look better than natives and increasingly so over time.

Our interpretation of the results is that the process of immigration selects individuals who are less likely to be involved in crime. The best evidence of this is when we compare immigrants to native born individuals who have migrated across State lines, we find much less of a gap between the two.

Differences in criminality have also been studied using survey data. In self-report surveys, we find that violent offending is lowest for new immigrants, is higher in the second generation and yet higher still in the third generation.

But even if immigrants have lower criminal activity than native-born citizens, as we have heard already in earlier testimony today, the costs of law enforcement borne by State and local governments

on behalf of immigrants can be substantial. In my written testimony, I provide some data showing the concentration of incarcerated immigrants in particular States. You find, not surprisingly, that California and Texas bear the brunt of the cost for that population.

It is also worth noting that immigration provisions themselves may impose costs on States and localities as it restricts their ability to manage their own prison population through their usual mechanisms.

In conclusion, there is no empirical evidence that immigrants pose a particular crime threat. In contrast, the evidence points to immigrants having lower involvement in crime than natives.

[The prepared statement of Ms. Piehl follows:]

PREPARED STATEMENT OF ANNE MORRISON PIEHL

Testimony before the
U.S. House of Representatives
Committee on the Judiciary
Subcommittee on Immigration, Citizenship, Refugees,
Border Security, and International Law

Hearing on Comprehensive Immigration Reform:
Impact of Immigration on States and Localities

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The Connection between Immigration and Crime

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Thank you, Chairwoman Lofgren and Ranking Member King, for the opportunity to appear before the Subcommittee. My name is Anne Morrison Piehl. I am an associate professor in the Department of Economics and a member of the Program in Criminal Justice at Rutgers University. I have been actively engaged in research on criminal justice topics, including the relationship between immigration and crime, for over 10 years.

Today I am pleased to testify about the academic literature on the relationship between immigration and crime. To summarize, the empirical research does not suggest that immigrants pose a particular crime threat. In contrast, the evidence points to immigrants having lower involvement in crime than native-born Americans.

Theory

The addition of immigrants to the population, if immigrants commit any crimes at all, by definition will increase the total number of crimes in the United States. Academics have generally posed the relevant question as: do immigrants add to the crime risk in the population? The answer to this question would be "yes" if immigrants are more likely to commit criminal acts or if immigration causes the native born to increase their criminal behavior.

It would be reasonable to expect immigrants to have higher levels of criminal activity compared to natives because immigrants have traditionally rated high on factors that have been strongly correlated with crime, including poverty, living in urban centers, and generally arriving as young adults (Martinez and Lee 2000). In addition, the adjustment to U.S. norms and laws might also lead to elevated immigrant crime rates (Sellin 1938). Others have argued that immigration might increase the criminal activity of the native born by displacing natives from work and promoting urbanization (Sutherland 1924, Butcher and Piehl 1998a).

The current policy environment provides several mechanisms that are likely to reduce the criminal activity of immigrants. Legal immigrants are screened with regard to their criminal backgrounds. In addition, all noncitizens, whether or not they are legally in the country, are subject to increased punishment of deportation if convicted of a serious criminal offense. And those in the country illegally have the additional incentive to avoid contact with law enforcement for even minor offenses, as such contact is likely to increase the likelihood that their illegal status is revealed.

Evidence

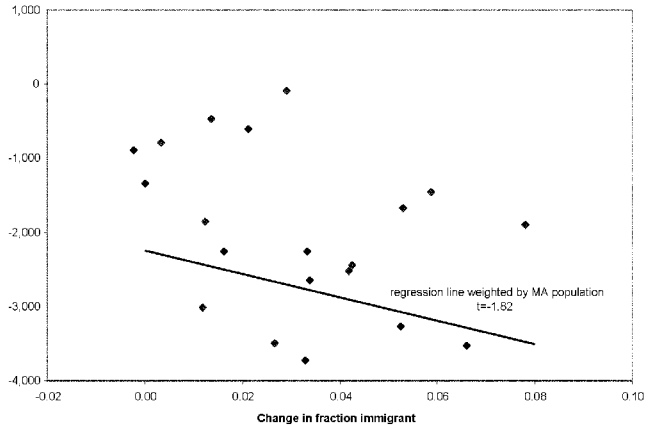
Several important studies have estimated the empirical magnitudes of these theorized connections. The small number of such studies reflects the fact that systematic and reliable research on this topic is difficult because the necessary data are not routinely collected. For example, no broadly representative data sources contain information about the immigration status of the respondents, so the research cannot distinguish those who are legal residents from those who are not, or between those temporarily in the country from those here for the long run. Because of these data limitations, some studies of "immigration and crime" analyze the outcomes of those born outside the U.S., while other studies analyze the group "noncitizens," a subset of the foreign-born population.

Crime Rates

Several studies have looked at whether city crime rates vary with immigration. This type of analysis aims to identify the total effect of immigration on crime, regardless of whether immigrants or natives are committing the crimes.

Butcher and Piehl (1998a) present an analysis of immigration and crime rates in the largest U.S. cities. They found that in 1980 and 1990, cities with the largest immigrant populations had higher crime rates than cities with lower levels of immigration. However, many factors distinguished those cities with the largest immigrant populations, including large population size, gateway city status, high population density, etc. These other factors might lead to a positive correlation between immigration and crime even without a causal impact of immigration on crime. Butcher and Piehl argued that a better measure of the causal relationship is to compare cities with a large share of new immigrants to cities with fewer new immigrants. In that analysis, there is no statistically significant relationship between immigration and crime. More recent research confirms that this non-relationship continues to hold for the 1990-2000 period, as shown in Figure 1 (Butcher and Piehl 2006).

Figure 1. Changes in Metropolitan Area (MA) Crime Rates by Changes in Fraction Immigrant 1990 to 2000



Comparisons of border to non-border cities reveal that border cities (with larger immigrant populations) do not have higher crime rates (Hagan and Palloni 1999). Analyses of neighborhoods in Miami, El Paso, and San Diego have shown that, controlling for other influences, immigration is not associated with higher levels of homicide among Latinos and African Americans (Martinez and Rosenfeld 2001). These studies support the basic inference in Butcher and Piehl, that immigration is not associated with increasing crime in a locality. A

review of the literature notes that the published academic literature does not contain counter claims (Mears 2002).

Incarceration Rates

Further evidence can be found in two other studies by Butcher and Piehl (1998b and 2006), which analyzed the institutionalization rates of immigrants compared to those of natives.[1] Using U.S. Censuses of 1980, 1990, and 2000, Butcher and Piehl found that immigrants have much lower institutionalization rates than the native born -- on the order of one-fifth the rate of natives. More recently arrived immigrants have the lowest relative institutionalization rates, and the gap with natives increased from 1980 to 2000.

***Table1.* Fraction of the Population Institutionalized, by Nativity**
(Standard Errors in Parentheses; Sample Size in Square Brackets)

1980		*1990*		*2000*	
Native born	*Immigrants*	*Native born*	*Immigrants*	*Native born*	*Immigrants*
0.0135	0.0042	0.0217	0.0107	0.0345	0.0068
(0.00008)	(0.00018)	(0.00010)	(0.00022)	(0.00013)	(0.00014)
[1,900,111]	[127,392]	[1,984,069]	[209,878]	[1,875,961]	[352,534]

In order to make a fair comparison between immigrants and the native born, one should consider that some immigrants have not been in the United States very long, and therefore had little opportunity to commit crimes, be convicted, and incarcerated. The paper contains more detailed analyses that control for age of the individual and the time he has been "exposed" to the criminal justice environment in the United States. In these analyses, it is clear that the gap between the foreign and native born expanded over the past 20 years.

To understand what drives these results, Butcher and Piehl (2006) consider the possibility that the under-representation of immigrants in institutions is the result of deportation of criminal aliens which would give the false appearance of low levels of involvement in crime. With a series of judiciously chosen comparisons, they rule out that deportation mechanically drives the under-representation. Rather, Butcher and Piehl conclude that the process of migration selects individuals who are more responsive to deterrent effects than the average native. (It is plausible that the threat of deportation contributes to the deterrence effect.) Immigrants who were already in the country reduced their relative institutionalization probability over the decades. Furthermore, the newly arrived immigrants in the 1980s and 1990s seem to be particularly unlikely to be involved in criminal activity.

[1] The data source used, the U.S. Census, provides information on whether a respondent is in an institution, but not whether that institution is a correctional one. Butcher and Piehl (1998b) documents that for men aged 18-40, the vast majority are in correctional institutions so that for this demographic group institutionalization approximates incarceration.

Criminal Activity

Differences in criminality have also been studied at the individual level using survey data about crime commission. In Chicago, researchers found that self-reported violent offending among those aged 8 to 25 is comparatively low for immigrants. The odds of violence for first generation Americans are approximately half those of third generation; the odds for second generation members are about three-fourths of those of the third generation (Sampson, Morenoff, and Raudenbush 2005). Butcher and Piehl (1998a), using a nationally representative sample, also found immigrants less likely to be criminally active, using a measure that included property crime.

Enforcement Costs

Even if immigrants have lower criminal activity than native-born citizens, the costs of law enforcement borne by state and local governments on behalf of immigrants can be substantial. The high levels of immigration and its uneven distribution across geography mean that a handful of states are responsible for the majority of the incarcerated foreign born.

Note that the data in this section refer to those immigrants who have not become citizens. Table 2 reports the number of noncitizens, by jurisdiction, for the federal prison system and the states with the largest noncitizen inmate populations. It is routinely reported that a large fraction of federal prisoners are noncitizens. While true, this fact is misleading in two regards. First, immigration offenses are violations of federal law. Second, federal prisoners account for a relatively small fraction of the incarcerated population.[2] Bureau of Justice Statistics figures show that, as of June 2005, 19% of all prisoners in federal custody were noncitizens. But, of all state and federal prisoners, just 6.4% were noncitizens.

Noncitizens make up 10% of California's state prison inmates, and even larger shares of inmates in New York, Arizona, and Nevada. But the large size of California's correctional system means that fully 30% of all noncitizen inmates in state prisons across the country are in California. Thus, the costs of law enforcement are geographically concentrated.

Legal provisions designed to improve the processing of noncitizens whose crimes make them deportable have myriad effects that have not been well documented. Some jurisdictions have "fast track" programs that allow for alternate disposition of some cases involving noncitizens. But for those cases that proceed through the state courts, a deportation order may mean increased costs for a state, as the usual mechanisms of population control such as discretionary release or community placement may be prohibited. One study conducted several years ago found that those slated for deportation served longer prison terms than comparable inmates, imposing substantial corrections costs on the state government (Butcher and Piehl 2000). To my knowledge, there are no recent studies of whether enforcement of immigration provisions continues to impose costs of this form on states.

[2] Of the 2,186,230 total inmates in the United States as of June 30, 2005, 175,954 (8%) were in federal prisons, 1,255,514 (57%) in state prisons, and the remainder were in local jails (Harrison and Beck 2006).

Table 2. **Noncitizens in Prison, midyear 2005**

	Number	Percent Noncitizen (of all inmates in the jurisdiction)	State's Share of Noncitizen Inmates in State Prisons
Federal	35,285	19%	--
California	16,613	10%	30%
Texas	9,346	6%	17%
New York*	7,444	12%	13%
Florida	4,772	6%	9%
Arizona	4,179	13%	7%
Nevada	1,402	13%	3%
North Carolina	1,182	3%	2%
Illinois	1,065	4%	2%
Colorado*	1,026	5%	2%
Total	91,117	6%	

Source: Harrison and Beck (2006), p. 5.
* reports foreign born, rather than noncitizens.

Conclusion

In conclusion, there is no empirical evidence that immigrants pose a particular crime threat. In contrast, the evidence points to immigrants having lower involvement in crime than natives. The direct evidence on crime rates shows that localities that receive large numbers of immigrants do not experience increases in relative crime rates. There is no reason to think that immigration in general presents a particular crime threat.

Despite these findings, the geographic concentration of immigration may nonetheless impose substantial costs on state and local governments. Provisions in immigration law may have unintended consequences on these governments that may represent genuine hardship. These potential impacts require additional study to determine their magnitudes.

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Ms. LOFGREN. Thank you very much.

Dr. Santiago?

TESTIMONY OF DEBORAH A. SANTIAGO, Ph.D., VICE PRESIDENT FOR POLICY AND RESEARCH, EXCELENCIA IN EDUCATION

Ms. SANTIAGO. Hello. Thank you. It is an honor to present here in front of you today.

I want to note that I am with a national organization that focuses on Latino student success, not to the exclusion of others, but starting with Latinos, as sort of a footnote.

My comments here today, however, are more general, because I am focusing on the broad costs and benefits of educating immigrant students, and I want to make sure that those students get service.

Immigration policy in the United States is a Federal responsibility. We talked about that. However, the effects, both positive and negative, of immigration are concentrated in States and communities where immigrants lives. One of the most contentious issues between jurisdictions is the cost of educating immigrant students.

Attention was captured in 1982 when the U.S. Supreme Court ruled in *Plyer v. Doe* that children are entitled to an education regardless of the immigration status.

Given that the Federal Government provides only about 9 percent of educational costs nationally, the majority of funding responsibility for immigrant education comes from State and local governments. No American institution has felt the effects of immigration more forcefully than the Nation's public schools. No set of American institutions is arguably more critical to the future success of immigrant integration in our country.

Public education is unlike any other public benefit because of the role it plays in sustaining our political and cultural heritage.

The main points of my testimony are as follows:

In looking at the research, the majority of studies on the effects of educating immigrants confirm that State and local governments experience more cost than benefit for educating immigrants in single periods.

Most studies that examine the effects of educating immigrants look at costs in a single period without considering the long-term effects of education as an investment with future benefits. For this, the methodologies are very diverse.

Third, while the Federal Government provides some Federal support for educating immigrants to State and local school districts, there is no doubt that this support does not cover the entire costs of education for immigrants.

And, fourth, while States and local governments incur more costs than benefits in the short term, they also accrue more direct benefits in the long term for their investment. Therefore, the appropriate Federal and State balance of funding for immigrant education remains contentious.

Just a quick comment about some of the analysis that we were looking at. Numerous studies provide analysis of the educational costs the States incur in educating immigrant students in a single time period. For example, a study by the Federation for American

Immigration Reform estimated that in a single year the cost of educating immigrant K-12 students nationally was almost $29 billion.

This represents about 6 percent of K-12 expenditures nationally. In comparison, the Federal Government provided about $41 billion for elementary and secondary education while State and local governments provided about $200 billion each, about 45 percent.

So when education is treated as a cost item in a single period's fiscal analysis, the benefits, both tangible and intrinsic, are not considered. Two seminal National Academy of Science reports stress the importance of looking at the effects over longer periods of time and including at least three generations when calculating the effects of education. Otherwise, analysis can misrepresent the ultimate benefit that States and local communities gain from a more educated immigrant workforce.

Fiscal impact analyses are incomplete if they include only the cost of educating children and not the higher earnings and tax paying capacity of those children in future years. Further, there may be an even larger fiscal impact in the long-term for not educating immigrants. A RAND study notes that higher levels of education translate into lower public expenditures over an individual's lifetime in the form of revenues saved in public welfare, health and law enforcement programs, and revenues earned from increased taxes and contributions to Medicare and Social Security.

The majority of tax revenues paid by immigrants go to the Federal Government, but the larger share of public service costs related to immigration are at the State and local level. Therefore, the fiscal balance of educating immigrants can be positive at the Federal level but negative at the State and local government level. Because immigration policy is a Federal responsibility, the Federal Government does provide some financial assistance to States and school districts, although the amount of financial support does not cover the majority of educational expenses.

In title 3 of the No Child Left Behind Act, the Federal Government provides support to States to educate English language needs as well as immigrant students. In 2007, this included about $670 million to be distributed to States where up to 15 percent could be used for immigrant education programs. Of the top three States with immigrant students, California could use up to $25 million, Texas $13 million and New York $7 million. However, studies have shown that education the students costs in the multiple billions of dollars to each State.

Some would want to prevent immigrants from receiving a public education because of their concern for the staggering cost of social programs. However, it is critical that State and local governments consider the benefits as well as the costs for educating these students. Higher earnings are strongly associated with increasing levels of educational attainment for students, regardless of immigrant status.

It should also be noted that States also incur costs for educating native-born students and do not see the benefit of this investment until years later as well.

The skill level of current immigrants and their children will be determined by the quality of their K-12 education experience and by their ability to get a college education in the future. If immi-

grants and their children experience rising levels if educational attainment, their presence can be a competitive advantage for States and localities.

The total fiscal impact of educating today's immigrants and their children includes fiscal effects currently and to the future, which are inferred but cannot be calculated in the present.

Thank you.

[The prepared statement of Ms. Santiago follows:]

PREPARED STATEMENT OF DEBORAH A. SANTIAGO

Testimony Submitted to the House Judiciary Subcommittee Immigration, Citizenship, Refugees, Border Security and International Law

Deborah A. Santiago
Vice President for Policy and Research
Excelencia in Education

Costs and Benefits of Educating Immigrants
Local effects of immigration on communities

Main points

- Most studies that examine the effects of educating immigrants look at costs in a single-period without considering the long-term effects of education as an investment with future benefits.
- The majority of studies on the effects of educating immigrants confirm that state and local governments experience more costs than benefits for educating immigrants in single-periods.
- The benefits of educating immigrants are similar to those of educating native-born students but accrue over longer periods than the educational costs incurred in single-periods.
- While the federal government provides some federal support for educating immigrants to states and local school districts, there is no doubt that this support does not cover the entire costs of education in a single year.

What role does the federal government play in education and what impact does educating immigrants have on states and local communities?

Immigration policy in the United States is a federal responsibility. Congress sets immigration eligibility rules and limits, and the federal government has the responsibility for border security. The effects, both positive and negative, of immigration are concentrated in states and communities where immigrants live. This disparity between federal responsibility and local impact helps make immigration one of the most hotly debated public policy issues.

One of the most contentious expenditures considered for immigrants is the cost of educating immigrant students. The tension between the state and federal roles in the education of immigrants was captured in 1982, when the U.S. Supreme Court struck down a state statute denying funding for public education to children who were unauthorized immigrants. The ruling in *Plyer vs. Doe*, 457 U.S. 202, determined that children are entitled to an education regardless of their immigration status. Given that the federal government provides only about nine percent of educational costs nationally, the majority of funding for education comes from state and local governments. As a result, the *Plyer vs. Doe* decision has a direct fiscal impact on these jurisdictions.

Determining Effects: Contrasts in Analysis
Numerous studies by organizations such as the Federation for American Immigration Reform (FAIR) and the Center for Immigration Studies (CIS) have provided analysis of the educational costs that states and school districts incur in education immigrant students in a single time

period. These studies make the case that states and local communities are negatively impacted by the federal requirement that they provide a public education for all children, regardless of immigration status. For example, a FAIR study estimated that the cost of educating unauthorized immigrant K-12 students nationally was almost $12 billion, and for U.S.-born children of unauthorized immigrants $17 billion in 2004. The report calculates taxpayer costs between $581 million and $756 million for in-state tuition discounts by states to unauthorized immigrants for college in 2004. A similar study conducted by the Center for Immigration Studies in 2004 concluded that illegal immigrants cost the federal government $10 billion more than they pay in taxes. The bulk of these reports, and others, confirm that state and local governments experience more costs than benefits for educating immigrants in a single-period.

These existing studies focus on the effects in a single recent time period of educating immigrants. There is broad consensus that existing fiscal impact studies present an unreliable and incomplete picture of the total fiscal effects of immigration. Single-period analysis is inadequate because:

1. it fails to take into account the long-term fiscal impact as immigrants move through the workforce and retire.
2. it is based only on the current age distribution of immigrants (children, workers, retirees)
3. it treats education as a cost item only (do not take into account the investment aspect of education spending).

Many other studies emphasize that analyzing the effects of immigration on the economy and on government budgets requires taking a long-term perspective. These single-period studies do not take into account what will happen as current immigrants gain experience in the workforce and as their children are educated and enter the workforce. The ability of immigrants to acquire experience, and the ability of their children to acquire a good education, including college education, will play a large role in determining the long-term economic and fiscal impact of immigration in the state and the nation. Further, there may be an even larger fiscal impact in the long-term for not educating immigrants. A RAND study notes that "higher levels of education translate into lower public expenditures over an individual's lifetime in the form of "revenues saved in public welfare, health, and law enforcement programs" and "revenues earned from increased taxes and contributions to Medicare and Social Security." In *The Costs of Immigration to Taxpayers*, analysts G. Vernaz and K. McCarthy conclude: Existing studies of the costs of immigration do not provide a reliable or accurate estimate of the net costs and benefits of immigration—even when those costs and benefits are defined narrowly.

Despite the importance of using multiple periods to determine the benefits and complete effect of educating immigrant students, research provides little doubt that states and local communities do incur a negative fiscal impact in a single-period for educating immigrants. So again, what is the role of the federal government to assist in the education of these students?

Federal support

The majority of tax revenues paid by immigrants go to the federal government, but the largest share of public service costs related to immigration are at the state and local level. Therefore, the fiscal balance of educating immigrants can be positive at the federal level, but negative at the

state and local government levels. Research shows that the fiscal effects of immigrants are most negative in communities that have an above-average share of poor immigrants.

Because immigration policy is a federal responsibility, and because the fiscal balance for immigrants can be positive at the federal level and negative at the state and local level, states with large immigrant populations regularly ask Congress for financial assistance to offset the current costs of serving immigrants. The federal government does provide some financial assistance to states and school districts, although the amount of financial support does not cover the majority of expenditures for educational expenses. Given that the federal government provides less than 10 percent of financial support for K-12 education nationally, it is safe to assume that it does not provide states and local communities with the financial support needed to educate immigrant students in a single-period. Federal government support is not consistent with state and local intervention to educate immigrant children.

In 2004, immigrant students represented almost 9 percent of K-12 students nationally. The bulk of these students were in states known for large immigration populations, such as California, Florida, New York, and Texas. However, their presence is increasing in other states that have not traditionally educated such students as well.

Among the expenses incurred to educate immigrants are many language acquisition services such as the hiring of English as a Second Language teachers, parent involvement and outreach services, and translation services. In Title III of the No Child Left Behind Act (NCLB), the federal government provides support to states to educate students with English Language needs as well as immigrant students. In 2007, this included about $670 million to be distributed to states on a formula basis. State educational agencies (SEAs) are authorized by statute to set aside up to 15 percent of a state's Title III allocation for immigrant education programs. Costs for immigrant services vary by state calculations, but given the overall budgets of state and local support for K-12 education were over $200 billion for each, the federal contribution does not appear to be sufficient to cover the costs incurred by states in a single-period.

Education as an investment

Public education is unlike any other public benefit because of the role it plays in sustaining our political and cultural heritage. Because of *Plyer vs. Doe*, unauthorized immigrant children have the same right as U.S. citizens and legal permanent residents to receive a free public education. Deprivation of public education punishes a class of individuals not responsible for their legal status. Further, some would argue that depriving public education to these students is an "ineffectual attempt to stem the tide of illegal immigration" as compared to other alternatives.

Given the fiscal impact of a single-period for educating immigrant students, it is critical that state and local governments consider the benefits as well as the costs for educating these students. Education is an investment. Higher earnings are strongly associated with increasing levels of educational attainment, for students regardless of immigration status. The fiscal impact of educating the children of immigrants, which can be negative in the short-term, may be positive over their full lifetime.

When education is treated as a cost item in single-period fiscal analyses, the benefits, both tangible and intrinsic, are not considered. However, education has an important investment component. It raises the skills and earning potential of students. Fiscal impact analyses are incomplete if they include only the costs of educating children, and not the higher earnings and tax-paying capacity of those children in future years. Two seminal National Academy of Sciences reports stress the importance at looking at the effects over longer periods of time and including at least three generations when calculating the effects of education.

The skill level of current immigrants and their children will be determined by the quality of their K-12 educational experience and by their ability to get a college education in the future. If immigrants and their children experience rising levels of educational attainment, their presence can be a competitive advantage for states and localities. The total fiscal impact of educating today's immigrants and their children includes current fiscal effects and future fiscal effects—which cannot be calculated in the present.

Conclusion: Challenges

There are numerous challenges to understanding the actual effects of educating immigrant students, regardless of immigrant status. States and local governments have the primary responsibility for financing K-12 education. However, federal law prevents these governments from denying a public education to students, regardless of their immigrant status. Therefore, state and local governments incur short-term costs for educating immigrant students, whether legal or unauthorized immigrants. Again, in the short-term, studies show that educating immigrant students yields a negative fiscal impact for state and local governments. It should be noted that states also incur costs for educating native-born students and do not see the benefits of their investment until years later.

The benefits of educating students, regardless of immigration status, are not easily quantifiable for a much longer period than when the costs are initially incurred. Analysis that does not include this multiple-period consideration of costs and benefits misrepresents the ultimate benefit that states and local communities gain from a more educated workforce. In addition to higher wages, and thus an ability to pay taxes, there is clear evidence that educated individuals are less likely to be unemployed, incarcerated, or need public assistance. Quantifying these educational benefits in comparable terms with the costs incurred for providing an education at the federal, state, and local levels to more accurately assess the effects of educating immigrant students is a challenge for researchers and policymakers alike.

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Ms. LOFGREN. Thank you very much.
Mr. Rector?

TESTIMONY OF ROBERT RECTOR, SENIOR RESEARCH FELLOW, THE HERITAGE FOUNDATION

Mr. RECTOR. Thank you for having me back to talk about the fiscal cost of low-skilled immigrants at the State and local level.

As you know, I calculated the cost of that type of immigrant, immigrants without a high school degree, for overall Federal, State and local, finding that they received about $30,000 a year in government benefits, paying in about $10,000 in taxes, and I counted every single tax that Mr. Gutierrez could mention. I even got their lottery ticket purchases with a very generous assessment.

And so you have a gap there of $19,500. And if you go down to the State level, you get basically the same picture, about $14,000 in benefits, about $9,000 in taxes; about a gap of about $5,000. If those figures are correct, then low-skill immigration constitutes an unfunded mandate on States and localities.

Let's talk a little bit about methods, because we have different studies here. The methods I use are the methods used by the National Academy of Sciences. What I count are what the National Academy of Sciences counted. I don't count defends, I don't count interest, other things that have been charged against me. I just count.

And how do I count? Well, it is real simple. I go to the Census Bureau. If a low-skill immigrant says they got a food stamp, I count the value of the food stamp. I don't have any assumptions. I am just a counter. And it is very simple. You count Social Security. You count Medicaid. You count public education.

And one of the very strong points of the way I do this thing is if you take my methods and you apply them to the entire U.S. population, what happens? You get tax revenues that exactly equal all the tax revenues in the United States and expenditures that exactly equal all the expenditures in the United States, because I didn't leave anything out, and most studies leave things out selectively, and that drives what they get.

What I find is exactly what the National Academy of Sciences found, that there is certain types of people when you bring them in the country they cost the taxpayer a fortune. Let's start with, say, bringing in a 65-year-old and putting him on SSI. Gosh, pretty hard to make that one a financial winner for the taxpayer.

But also, when you bring in somebody that is a high school dropout, there is no study that exists that shows that that individual is going to pay more in taxes then they take out in benefits or even come close to it.

If my figure of $30,000 a year is even remotely correct, that exceeds the earnings in these households. How could they possibly pay taxes? And the only way that you can make them look fiscally attractive is to take large things off the books. Let's take education off the books. Now, there is some credit in doing that, because education for those kids does have a kind of mitigating effect on future losses in the future.

But I would simply say, the National Academy of Sciences used the same model I did, and they looked at those high school dropout

families and they looked at all of the generations that would follow. They looked at it for 300 years. And even after 300 years, the fiscal loss of the first generation of high school dropouts was so extreme, that the net present value never came to zero.

Now, that is a pretty rotten investment. You invest money and 300 years later you still haven't made one penny on your investment. That is not a good deal and that is exactly what this sort of situation is.

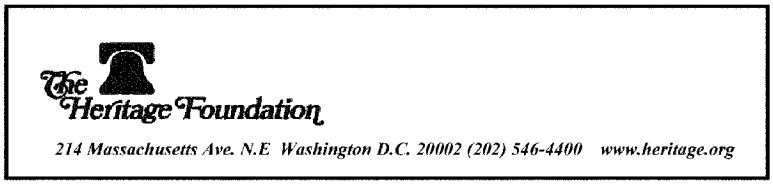
I do think that it does make sense that once an immigrant is here, you do need to educate the kids to mitigate future costs. It doesn't mean that child is going to be a net tax contributor. It doesn't mean the child will make up the deficit of the first generation, but you will mitigate those costs. But that is a very different decision than deciding whether you are going to admit millions of those low-skill families in the first place.

And I would simply say, when we talk about positive investments, that any investment that doesn't make back the initial cost of the investment within 25 years is a rotten investment, and there are many other investments we could make besides bringing in low-skill immigrants and charging that cost to the U.S. taxpayer. Taxpayers cold spend more on the education of their own children. Taxpayers could invest in the stock market. Any of those investments would have returns infinitely larger multiples of return than bringing in individuals who obviously, at least in the first and second generation, are going to take much more out of the taxes than they put in.

I would say that I would like to make some more comments in the question period about amnesty, because the tax cost that I am talking about here today are merely a drop in the bucket compared to what you get when you grant amnesty and the right to get into Social Security for illegal immigrants that are here today.

[The prepared statement of Mr. Rector follows:]

PREPARED STATEMENT OF ROBERT RECTOR



CONGRESSIONAL TESTIMONY

The Fiscal Cost of Low-Skill Immigrants to State and Local Taxpayers

Testimony before
The Subcommittee on Immigration
Committee on the Judiciary
United States House of Representatives

May 17, 2007

Robert Rector
Senior Research Fellow

Domestic Policy Studies
The Heritage Foundation

My name is Robert Rector. I am Senior Research Fellow for Welfare and Family Issues at The Heritage Foundation. The views I express in this testimony are my own, and should not be construed as representing any official position of The Heritage Foundation.

Summary

This testimony provides a fiscal analysis of households headed by immigrants without a high school diploma. The testimony refers to these households as "low-skill immigrant households." My analysis, in particular, focuses on the harmful fiscal impact of low skill immigrants on state and local governments.

In FY 2004 there were around 4.5 million low-skill immigrant households in the U.S. containing 15.9 million persons. About 60 percent of these low-skill immigrant households were headed by legal immigrants and 40 percent by illegal immigrants. The analysis presented here measures the total benefits and services received by these "low-skill immigrant households" compared to the total taxes paid.

In FY 2004, the average low skill immigrant household received $30,160 in direct benefits, means-tested benefits, education, and population-based services from all levels of government. By contrast, low-skill immigrant households paid only $10,573 in taxes in FY 2004. A household's net fiscal deficit equals the cost of benefits and services received minus taxes paid. The average low-skill household had a fiscal deficit of $19,588 (expenditures of $30,160 minus $10,573 in taxes).

At the state and local level, the average low skill immigrant household received $14,145 in benefits and services and paid only $5,309 in taxes. The average low skill immigrant households imposed a net fiscal burden on state and local government of $8,836 per year.

The fiscal burden imposed by low skill immigrant households is slightly greater at the state and local level than at the federal level. The annual fiscal deficit for all 4.54 million low skill immigrant households at the state and local level in 2004 was $49.1 billion. Over the next ten years the state and local fiscal deficit caused by low skill immigrants on state and local governments will approach a half trillion dollars.

Current federal immigration policy permits a massive inflow of both legal and illegal low skill immigrants to enter and reside in the U.S. This imposes a massive unfunded mandate on state and local government which much bear the costs of that immigration flow.

Giving amnesty to illegal immigrants would increase the costs outlined in this testimony. Some 50 to 60 percent of illegal immigrants lack a high school degree. Granting amnesty or conditional amnesty to illegal immigrants would, overtime, increase their use of means-tested welfare, Social Security and Medicare. Fiscal costs would go up significantly in the short term but would go up dramatically after the amnesty recipient

reached retirement. Based on my current research, I estimate that if all the current adult illegal immigrants in the U.S. were granted amnesty the net retirement costs to government (benefits minus taxes) could be over $2.5 trillion.

Recent proposed immigration legislation in the Senate and House will raise costs on the taxpayers at all levels of government. By granting amnesty to illegal immigrants (who are overwhelmingly low skilled) and creating massive new "guest worker" programs which would bring millions of additional low skill families into the nation, such legislation, if enacted, would impose massive costs on the U.S. taxpayer.

Types of Government Expenditure

To ascertain the distribution of government benefits and services, my analysis begins by dividing government expenditures into four categories: direct benefits; means-tested benefits; educational services; and population-based services.

Direct Benefits

Direct benefit programs involve either cash transfers or the purchase of specific services for an individual. Unlike means-tested programs (described below), direct benefit programs are not limited to low-income persons. By far, the largest direct benefit programs are Social Security and Medicare. At the state and local level, the major direct benefit programs are Unemployment Insurance and Workmen's Compensation. Overall, government spent $840 billion on direct benefits in FY 2004; of this $57.6 billion was state and local spending.

Means-Tested Benefits

Means-tested programs are typically termed welfare programs. Unlike direct benefits, means-tested programs are available only to households below specific income thresholds. Means-tested welfare programs provide cash, food, housing, medical care, and social services to poor and low-income persons.

The federal government operates over 60 means-tested aid programs.[1] The largest of these are Medicaid; the Earned Income Tax Credit (EITC); food stamps; Supplemental Security Income (SSI); Section 8 housing; public housing; Temporary Assistance to Needy Families (TANF); the school lunch and breakfast programs; the WIC (Women, Infants, and Children) nutrition program; and the Social Services Block Grant (SSBG). Many means-tested programs, such as SSI and the EITC, provide cash to recipients.

[1]Congressional Research Service, *Cash and Noncash Benefits for Persons with Limited Income: Eligibility Rules, Recipient and Expenditure Data, FY2002–FY 2004*. March 27, 2006. The value of Medicaid benefits is usually counted in a manner similar to Medicare benefits. Government does not attempt to itemize the specific medical services given to an individual; instead, it computes an average per capita cost of services to individuals in different beneficiary categories such as children, elderly persons, and disabled adults. (The average per capita cost for a particular group is determined by dividing the total expenditures on the group by the total number of beneficiaries in the group.)

Others, such as public housing or SSBG, pay for services that are provided to recipients. Overall, the U.S. spent $564 billion on means-tested aid in FY 2004.[2] Of this, $158.4 billion was state and local spending.

Public Education

Government provides primary, secondary, post-secondary, and vocational education to individuals. In most cases, the government pays directly for the cost of educational services provided. Education is the single largest component of state and local government spending, absorbing roughly a third of all state and local expenditures. The average per pupil cost of public primary and secondary education is now around $9,600 per year. Overall, federal, state, and local governments spent $590 billion on education in FY 2004. Of this $530.8 billion was state and local spending.

Population-Based Services

Whereas direct benefits, means-tested benefits, and education services provide discrete benefits and services to particular individuals, population-based programs generally provide services to a whole group or community. Population-based expenditures include police and fire protection, courts, parks, sanitation, and food safety and health inspections. Another important population-based expenditure is transportation, especially roads and highways.

A key feature of population-based expenditures is that such programs generally need to expand as the population of a community expands. (This quality separates them from pure public goods, described below.) For example, as the population of a community increases, the number of police and firemen will generally need to expand in proportion.

In its study of the fiscal costs of immigration, *The New Americans*, the National Academy of Sciences argued that if a service remains fixed while the population increases, a program will become "congested", and the quality of the service for users will deteriorate. Thus, the National Academy of Sciences uses the term "congestible goods" to describe population-based services.[3] Highways are an obvious example of this point. In general, the cost of population-based services can be allocated according to an individual's estimated utilization of the service or at a flat per capita cost across the relevant population. Government spent $662 billion on population-based services in FY 2004. Of this $481 billion was state and local spending.

Exclusion of Public Goods and Interest on Government Debt from Calculations

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[2]This spending figure excludes means-tested veterans programs and most means-tested education programs.

[3]National Research Council, *The New Americans: Economic, Demographic, and Fiscal Effects of Immigration*, National Academy Press, Washington, D.C., 1997, p. 303

The four expenditure categories described above can be termed "immediate benefits and services". There are two additional spending categories, which are not relevant to immigrants. They are:

- **Interest and other financial obligations resulting from prior government activity,** including interest payments on government debt and other expenditures relating to the cost of government services provided in earlier years; and

- **Pure public goods,** which include national defense, international affairs and scientific research, and some environmental expenditures.

Unlike the first four spending categories, expenditures on public goods, debt and other financial obligations are fixed and are largely independent of the level or type of immigration flow into the U.S. The entry of legal or illegal immigrants into the U.S. will not cause expenditures in these two categories of expenditure to increase, therefore these two categories of expenditure are not included in the fiscal burden calculation for low-skill immigrants presented in this testimony.

The Declining Education Levels of Immigrants

Current immigrants (both legal and illegal) have very low education levels relative to the non-immigrant U.S. population. As Chart 1 shows, some 50 percent, and perhaps as many as 60 percent, of illegal immigrant adults lack a high school degree.[4] Among legal immigrants the situation is better, but a quarter still lack a high school diploma. Overall, a third of immigrant households are headed by individuals without a high school degree. By contrast, only nine percent of non-immigrant adults lack a high school degree. The current immigrant population, thus, contains a disproportionate share of poorly educated individuals. These individuals will tend to have low wages, pay little in taxes and receive above average levels of government benefits and services.

There is a common misconception that the low education levels of recent immigrants is part of a permanent historical pattern, and that the U.S. has always brought in immigrants who were poorly educated relative to the native born population. Historically, this was not the case. For example, in 1960, recent immigrants were no more likely than were non-immigrants to lack a high school degree. By contrast, in 1998, recent immigrants were almost four times more likely to lack a high school degree than were non-immigrants.[5]

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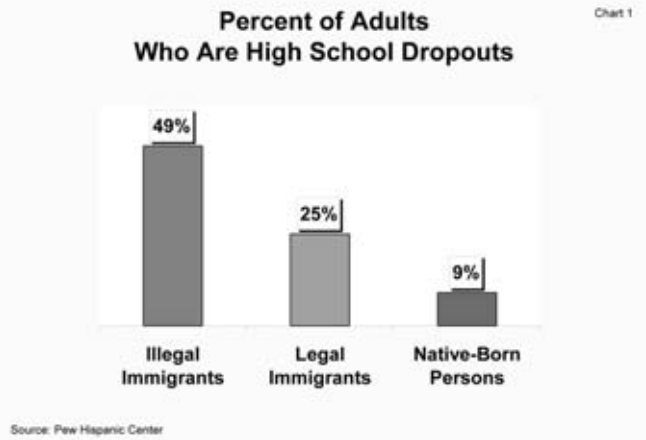
[4] Jeffrey S. Passel, *The Size and Characteristics of the Unauthorized Migrant Population in the U.S.: Estimates Based on the March 2005 Current Population Survey,* Pew Hispanic Center, March 7, 2006. See also Jeffrey S. Passel, *Unauthorized Migrants: Numbers and Characteristics,* Pew Hispanic Center, June 14, 2005. Steven S. Camarota, *The High Cost of Cheap Labor: The Impact of Illegal Immigration on the Federal Budget.* Center for Immigration Studies, August, 2004.

[5] George J. Borjas, *Heaven's Door: Immigration Policy and the American Economy,* Princeton New Jersey, Princeton University Press, 1999, p. 27.



As the relative education level of immigrants fell so did their relative wage levels. In 1960, the average immigrant male in the U.S. actually earned more than the average non-immigrant man. As the relative education levels of subsequent waves of immigrants fell, so did relative wages. By 1998, the average immigrant earned 23 percent less than the average non-immigrant.[6]

Recent waves of immigrants are disproportionately low-skilled because of two factors. For years, the U.S. has had a permissive policy concerning illegal immigration: the 2000 mile border with Mexico has remained porous and the law prohibiting the hiring of illegal immigrants has not been enforced. This encourages a disproportionate flow of low-skill immigrants because few college educated workers are willing to undertake the risks and hardships associated with crossing the southwest U.S. deserts illegally. Second, the legal immigration system gives priority to "family reunification" and kinship ties rather than skills; this focus also significantly contributes to the inflow of low-skill immigrants into the U.S.

Fiscal Deficit at All Levels of Government

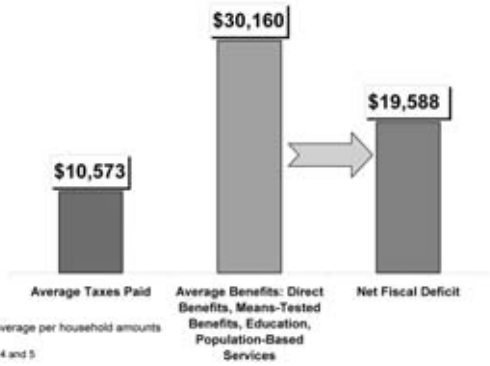
Looking at federal, state and local benefits combined, the average low skill immigrant household received $30,160 per household in direct benefits, means-tested benefits, education, and population-based services in FY 2004. By contrast, as Chart 2

[6] Ibid., p. 8

shows, total federal, state, and local taxes paid by low-skill immigrant households came to $10,573 per household in 2004. The average fiscal deficit per low skill immigrant household was $19,588.

Chart 2

Dropout Households Receive More Than Three Dollars in Benefits for Every Dollar Paid in Taxes



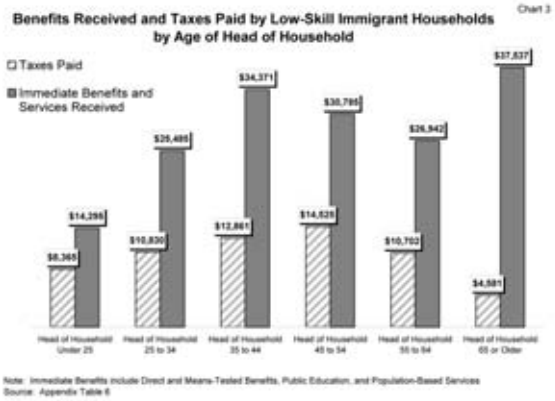
Note: Figures refer to average per household amounts

Source: Appendix Tables 4 and 5

Age Distribution of Benefits and Taxes among Low-Skill Immigrants

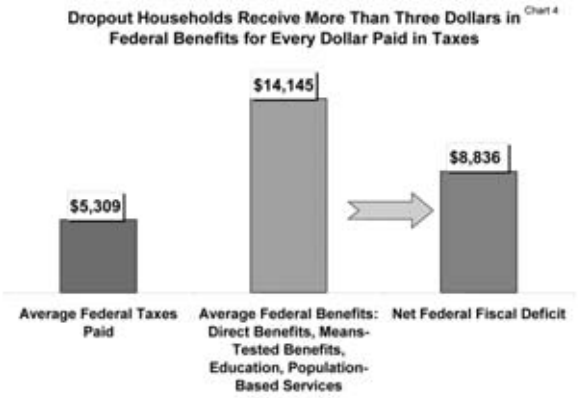
Chart 3 separates the 4.5 million low-skill immigrant households into six categories based on the age of the immigrant head of household. It shows benefits received and taxes paid at each age level. For each age category, the benefits received by low-skill immigrant households exceed the taxes paid.

These figures belie the notion that government can relieve financial strains in Social Security and other programs simply importing younger immigrant workers. The fiscal impact of an immigrant worker is determined far more by skill level than by age. Low-skill immigrant workers impose a net drain on government finance as soon as they enter the country and add significantly to those cost every year they remain. Actually, older low-skill immigrants are less costly to the U.S. taxpayer since they will be a burden on the fisc for a shorter period of time.



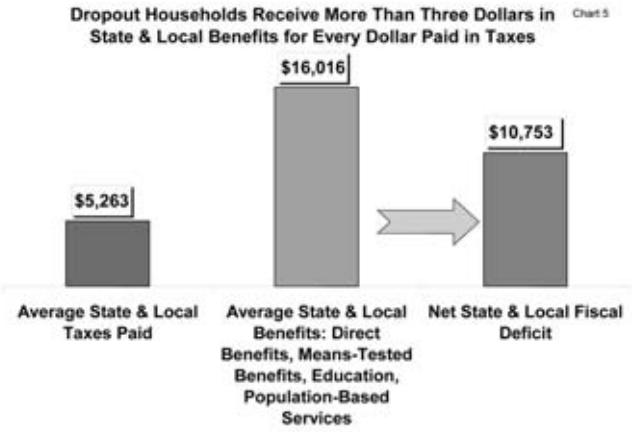
Fiscal Impact at the Federal Level

Low-skill immigrant households generate a fiscal deficit at both the federal level and the state and local level. As Chart 3 states, at the federal level, low-skill immigrant households receive, on average, $14,145 per year in benefits and pay $5,309 in taxes. This amounts to nearly three dollars in benefits for each dollar of taxes paid. The fiscal deficit (benefits received minus taxes paid) equaled $8,836 per household per year.



Fiscal Impact at the State and Local Level

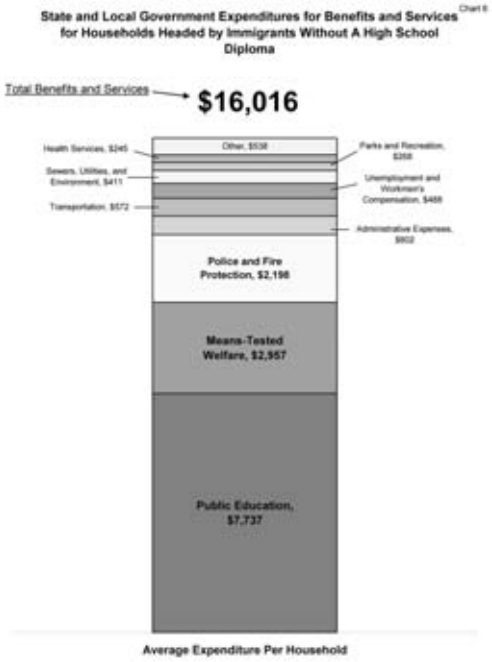
The fiscal impact is actually somewhat larger at the state and local level than at the federal level. As Chart 4 shows the average low-skill immigrant household received $16,016 in state and local benefits while paying $5,263 in taxes. This amounts to over three dollars of benefits for each dollar of taxes paid. The state and local fiscal deficit (benefits received minus taxes paid) equaled $10,753 per household per year.



State and Local Benefits and Services

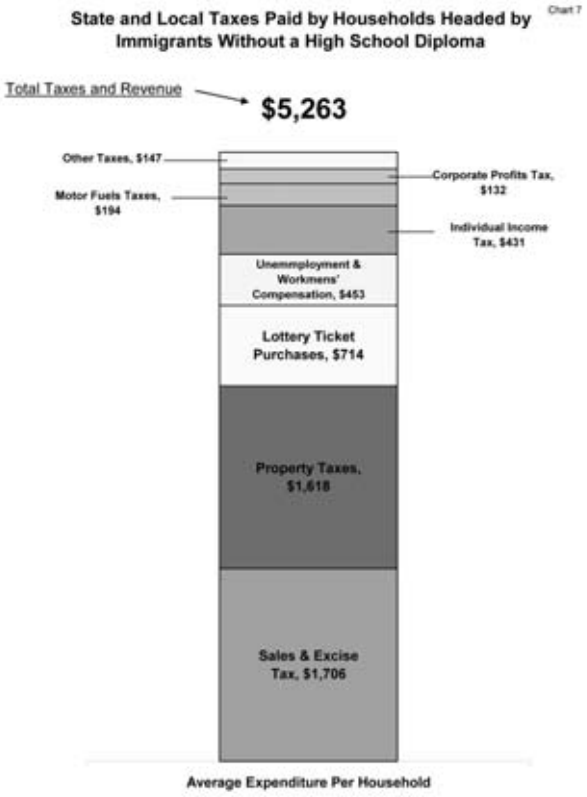
Chart 5 shows the state and local benefits received by the average low-skill immigrant household. Public education costs at $7,737 per household represent nearly half of these expenditures. The second largest expenditures is means-tested welfare. State and local governments run few of their own welfare programs, but they are required to financially contribute to many of the 60 different federal means-tested programs, such as Medicaid or the Temporary Assistance to Needy Families (TANF). The low-skill immigrant share of these expenditures came to $2,957 per household per year.

Police and fire protection was the third largest category of spending at $2,198 per household. Other state and local expenditures included transportation ($572 per household); unemployment insurances and worker's compensation ($488 per household); and sewer and utilities ($411 per household).



State and Local Taxes and Revenues

Chart 6 shows that low-skill immigrant households pay an average of $5,263 per household in state and local taxes. Sales and excise taxes ($1,706 per household) are the largest categories followed by property taxes ($1,618 per household). Annual lottery ticket purchases are estimated to be $714 per household. State individual income taxes are only a small portion of taxes paid ($431 per household).

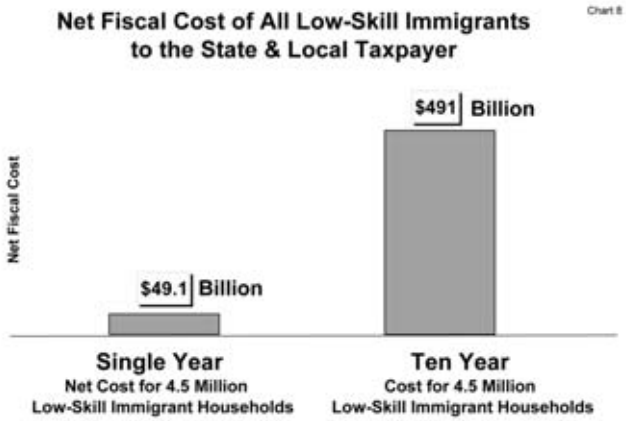


Aggregate Annual Net Fiscal Costs

In 2004, there were 4.54 million low-skill immigrant households. The average net fiscal deficit per household for federal, state and local spending combined was $19,588. This means that the total annual fiscal deficit (total benefits received minus total taxes paid) for all 4.54 million low-skill immigrant households together equaled $89.1 billion.

Over half of this fiscal deficit occurs at the state and local level. The annual fiscal deficit for all low skill immigrant households at the state and local level in 2004

was $49.1 billion. Over the next ten years the state and local fiscal deficit will approach a half trillion dollars.



Estimation Methodology

The methodology used for the state and local fiscal estimates in this testimony is fully explained in my recent publication, *The Fiscal Cost of Low Skill Households to the U.S. Taxpayer.*[7] The analysis is based on three core methodological principles: comprehensiveness; fiscal accuracy; and transparency.

- Comprehensiveness – The analysis seeks to cover all government expenditures and all taxes and similar revenue sources for federal, state and local governments. Comprehensiveness helps to ensure balance in the analysis; if a study covers only a limited number of government spending programs or a portion of taxes, the omissions may bias the conclusions.

- Fiscal accuracy – A cardinal principle of the estimation procedure employed for each expenditure program or category in the analysis is that, if the procedure is replicated for the whole U.S. population, the resulting estimated expenditure will equal actual expenditures on the program according to official budgetary documents. The same principle is applied

[7] Robert Rector, Christine Kim, Shanea Watkins, *The Fiscal Cost of Low-Skill Households to the U.S. Taxpayer, Heritage Special Report,* Sr-12, The Heritage Foundation, Washington, D.C. April 4, 2007.

to each tax and revenue category. Altogether, the estimating procedures used in this paper, if applied to the entire U.S. population, will yield figures for total government spending and revenues that match the real life totals presented in budgetary sources.

- Transparency – Specific calculations were made for 30 separate tax and revenue categories and over 60 separate expenditure categories. Since conclusions can be influenced by the assumptions and procedures employed in any analysis, we have endeavored make the mechanics of the analysis as transparent as possible to interested readers by describing the details of each calculation in the monograph.[8]

Data on receipt of direct and means-tested benefits were taken from the U.S. Census Bureau's Current Population Survey (CPS). Data on attendance in public primary and secondary schools were also taken from the CPS; students attending public school were then assigned educational costs equal to the average per pupil expenditures in their state. Public post-secondary education costs were calculated in a similar manner.

Wherever possible, the cost of population-based services was based on the estimated utilization of the service by low-skill immigrant households. For example, the low-skill immigrant households' share of highway expenditures was assumed, in part, to equal their share of gasoline consumption as reported in the Bureau of Labor Statistics Consumer Expenditure Survey (CEX). When data on utilization of a service were not available, the estimated low-skill immigrant households' share of population-based services was assumed to equal their share of the total U.S. population.

Sales, excise, and property tax payments were based on consumption data from the Consumer Expenditure Survey (CEX). For example, if the CEX showed that low-skill immigrant households accounted for 10 percent of all tobacco product sales in the U.S., those households were assumed to pay 10 percent of all tobacco excise taxes.

Federal and state income taxes were calculated based on data from the CPS. Corporate income taxes were assumed to be borne partly by workers and partly by owners; the distribution of these taxes was estimated according to the distribution of earnings and property income in the CPS.

CPS data generally underreport both benefits received and taxes paid somewhat. Consequently, both benefits and tax data from the CPS had to be adjusted for underreporting. The key assumption in this adjustment process was that households headed by immigrants without a high school diploma (low-skill immigrant households) and the general population underreport benefits and taxes to a similar degree. Thus, if food stamp benefits were underreported by 10 percent in the CPS as a whole, then low-skill immigrant households were also assumed to underreport food stamp benefits by 10 percent. In the absence of data suggesting that low-skill and high-skill households underreport at different rates, this seemed to be a reasonable working assumption. The

[8] Robert Rector, *The Fiscal Cost of Low-Skill Households to the U.S. Taxpayer, op. cit.*

New Americans study of immigration by the National Academy of Sciences also adjusted for under-reporting in its fiscal analysis.

Estimating Taxes and Benefits for Illegal Immigrant Households

By most reports, there were some 11 million illegal immigrants in the U.S. in 2004. [9] About 9.3 million of these individuals were adults.[10] Roughly 50 to 60 percent of these illegal adult immigrants lacked a high school degree.[11] About ninety percent of illegal immigrants are reported in the CPS.[12] This testimony covers only those illegal immigrants reported in the CPS and does not address the remaining ten percent not counted by Census.

Of the 4.5 million low-skill immigrant households analyzed in this report an estimated 41 percent were headed by illegal immigrants.[13] Households headed by illegal immigrants differ from other immigrant households in certain key respects. Illegal immigrants themselves are not eligible for means-tested welfare benefits, but illegal immigrant households do contain some 3 million children who were born inside the U.S. to illegal immigrant parents; these children are U.S. citizens and are eligible for and do receive means-tested welfare.

Most of the tax and benefits estimates presented in this paper are unaffected by a low-skill immigrant household's legal status. For example, children in illegal immigrant households are eligible for, and do receive, public education. Similarly, nearly all the data on direct and means-tested government benefits in the CPS is based on a household's self report concerning receipt of each benefit by family members. Because eligibility for some benefits is limited for illegal immigrants, illegal immigrants will report lower benefit receipt in the CPS, thus, in most cases, this analysis automatically adjusts for the lower use of government and benefits by illegal immigrants.

In a few isolated cases, the CPS data does not rely on a households' self-report of receipt of benefits but imputes receipt to all households who are apparently eligible based on income level. The most notable example of this practice is the Earned Income tax Credit. Since illegal immigrant households are not eligible for the EITC, the CPS procedure assigns EITC benefits to illegal immigrant households which have not, in fact, been received by those households. To compensate for this mis-allocation of benefits, my analysis reduces the EITC benefits received by low-skill immigrant households by the portion of those households which are estimated to be illegal (roughly 40 percent).

Similarly, the CPS assumes all laborers work "on the books" and pay taxes owed. CPS therefore imputes federal and state income taxes and FICA taxes based on household earnings. But most analyses assume that some 45 percent of illegal

[9] Passel, 2005, op. cit., p. 2.
[10] Ibid., p 6.
[11] Passel, 2004, p.23
[12] Passel, 2004, p. 4.
[13] Information provided by Steven A. Camarota of the Center for Immigration Studies

immigrants work "off the books", paying neither individual income nor FICA taxes. [14] The present analysis adjusts the estimated income and FICA taxes paid by low-skill immigrant households downward slightly to adjust for the "off the books" labor of low-skill illegal immigrants.

The Net Retirement Costs of Amnesty to Illegal Immigrants

Giving amnesty to illegal immigrants would increase the costs outlined in this testimony. Some 50 to 60 percent of illegal immigrants lack a high school degree. Granting amnesty or conditional amnesty to illegal immigrants would, overtime, increase their use of means-tested welfare, Social Security and Medicare. Fiscal costs would go up significantly in the short term but would go up dramatically after the amnesty recipient reached retirement. Based on my current research, I estimate that if all the current adult illegal immigrants in the U.S. were granted amnesty the net retirement costs to government (benefits minus taxes) could be over $2.5 trillion.

The calculation of this figure is as follows. In March 2006, there were 9.3 million adult illegal immigrants in the U.S. Most illegal immigrants are low-skill. On average, each elderly low-skill immigrant creates a net cost (benefits minus taxes) for the taxpayer of about $17,000 per year. (This includes federal state and local government costs.) If the government gave amnesty to 9.3 million illegal immigrants, most of them would eventually become eligible for Social Security and Medicare benefits or Supplemental Security Income and Medicaid benefits.

However, not all of the 9.3 million adults given amnesty would survive till age 67. Normal mortality rates would probably reduce the population by roughly 15 percent before age 67. That would mean 7.9 million individuals would reach 67 and enter retirement.

Of those reaching 67, the average life expectancy would be around 18 years. The net governmental cost (benefits minus taxes) of these elderly individuals would be around $17,000 per year. Over eighteen years of expected life, costs would equal $306,000 per elderly amnesty recipient. A cost of $306,000 per amnesty recipient times 7.9 million amnesty recipients would be $2.4 trillion. These costs would hit the U.S. taxpayer at exactly the point that the Social Security system is expected to go into crisis.

This is a preliminary estimate based on my ongoing research. More research should be performed, but I believe policy makers should examine these potential costs

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[14] Randy Capp, Everett Henderson, Jeffry S. Passel, and Michael Fix, *Civic contributions Taxes Paid by Immigrant in the Washington, DC Metro Area* ,The Urban Institute, May 2006, footnote 3 on page 6. http://www.urban.org/UploadedPDF/411338_civic_contributions.pdf; Jeffrey S. Passel, Rebecca L. Clark, *Immigrants in New York: Their Legal Status, Income and Taxes,* Urban Institute, 1998, http://www.urban.org/publications/407432.html. Steve Camarota, *The High Cost of Low Skill Labor,* Center for Immigration Studies, op.cit.

carefully before rushing to grant amnesty, "Z visas" or "earned citizenship" to the current illegal immigrant population.

Amnesty proponents may argue that some of these individuals will go home without getting benefits, or before they reach retirement age. Though perhaps valid, that argument only emphasizes how expensive amnesty recipients would be; the longer they remain in the country the greater the cost to the taxpayer.

Potential Economic Gains and Losses from Low Skill Immigration

While the fiscal consequences of low skill immigration are strongly negative, it is possible that low skill immigrants create economic benefits that partially compensate for the net tax burdens they create. For example, it is frequently argued that low skill immigration is beneficial because low skill immigrants expand the economy of gross domestic product (GDP). While it is obviously true that low skill immigrants enlarge the GDP, the problem with this argument is that the immigrants themselves capture most of the gain from expanded production in their own wages. Metaphorically, while low skill immigrants make the American economic pie larger, they themselves consume most of the pie slice their labor adds.

This dilemma can be illustrated with the following example. Imagine a factory employing ten workers. One day, an eleventh worker is added and factory output goes up by 10 percent. The increase in factory output (equivalent to growth in GDP) appears quite beneficial, but from the perspective of the original ten factory workers, the relevant question is whether that extra output caused their wages to rise. The answer is probably no, in fact, in some circumstances their wages may fall. Merely adding extra workers to a factory or an economy does not magically cause the incomes of previous workers to go up.

If simply adding laborers to an economy would automatically raise everyone's standard of living within the economy, economic development would be a remarkably easy task. The nations with the fastest population growth would soon have the most affluent citizens. Unfortunately, high quality economic growth (economic growth that raises overall living standards) is far more difficult to achieve. Adding more laborers does not automatically increase the standard of living of the existing citizenry; to raise living standards it is necessary to raise the output of the average worker.

The central issue in the debate over the costs and benefits of low skill immigration is not whether such immigration makes the U.S. GDP larger (clearly it does), but whether low skill immigration raises the post tax income of the average non-immigrant American. Given the very large net tax burden that low skill immigrants impose on U.S. society, such immigrants would have to raise the incomes of non-immigrants to a remarkable degree to have a net beneficial effect. But there is little evidence to suggest that low skill immigrants increase the incomes of non-immigrants. The National Academy of Sciences, for example, estimated that <u>all</u> immigration produces a net economic gain of

only $1 to $10 billion per year; this gain is the result of a reduction in consumer prices that is driven be a decline in wages for low skill non-immigrant workers.

Conclusion

Understanding of the fiscal consequences of low skill immigration is impeded by a lack of understanding of the scope of government financial redistribution within U.S. society. It is a common misperception that the only individuals who are fiscally dependent (receiving more in benefits than they pay in taxes) are welfare recipients who perform little or no work, and that as long as an individual works regularly he must be a net tax producer (paying more in taxes than his family receives in benefits).

In reality, the present welfare system is designed primarily to provide financial support to low income working families; moreover, welfare is only a modest part of the overall system of financial redistribution operated by the government. Current government policies provide extensive free or heavily subsidized aid to low skill families (both immigrant and non-immigrant) through welfare, Social Security, Medicare, public education and many other services. At the same time government requires these families to pay little in taxes. This very expensive assistance to the least advantaged American families has become accepted as our mutual responsibility for one another, but it is fiscally unsustainable to apply this system of lavish income redistribution to an inflow of millions of poorly educated immigrants.

It is sometimes argued that since higher-skill immigrants are a net fiscal plus for the U.S. taxpayers while low-skill immigrants are a net loss, the two cancel each other out and therefore no problem exists. This is like a stock broker advising a client to buy two stocks, one which will make money and another that will lose money. Obviously, it would be better to purchase only the stock that will be profitable and avoid the money losing stock entirely. Similarly, low-skill immigrants increase poverty in the U.S. and impose a burden on taxpayers that should be avoided.

Current immigration practices, both legal and illegal, operate like a system of trans-national welfare outreach bringing millions of fiscally dependent individuals into the U.S. This policy needs to be changed. U.S. immigration policy should encourage high-skill immigration and strictly limit low-skill immigration. In general, government policy should limit immigration to those who will be net fiscal contributors, avoiding those who will increase poverty and impose new costs on overburdened U.S. taxpayers.

Recent proposed legislation in the Senate and House will do exactly the opposite. By granting amnesty to illegal immigrants (who are overwhelmingly low skilled) and creating massive new "guest worker" programs which would bring millions of additional low skill families into the nation, such legislation, if enacted, would impose massive costs on the U.S. taxpayer.

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Ms. LOFGREN. Thank you, all of the panelists, for your testimony.

We will now begin with questions for our panelists, and I will begin.

Dr. Piehl, I found your testimony extremely interesting because the testimony that you have given is very much at variance with some of the casual things that are said about crime and immigrants, and I was particularly interested in the percentage of the population incarcerated.

Some individuals have suggested that a very large percentage, 19 percent, 20 percent, of all prisoners in Federal custody are non-citizens. In fact, one of our Committee Members who is not here today suggested that. But your analysis actually seems to indicate otherwise.

Can you explain the disparity? Is it people who are being held for immigration violations or how do we explain this?

Ms. PIEHL. I appreciate the question.

The statistic is often quoted in the public press as well, that we have a very high proportion of Federal inmates who are immigrants (who are "non-citizens" is the way the data are collected). And that is in fact true. The data that I have from the Bureau of Justice statistics that are included in my testimony show that 19 percent of the population at any given time in the Federal prison system are non-citizens.

There are two reasons that that figure is misleading, though, as a synopsis of the larger issue of immigration and crime. One is that violations of immigration law are, by definition, as you know, violations of Federal law. So Federal prison is the only place for people who violate immigration law to be housed.

If you look at the broader population of prisoners, you find the proportion is much lower. So if we are thinking about State populations, you find that the percentage of non-citizens is, I think, 6.4 percent. It is in the——

Ms. LOFGREN. I was interested that in your study, the population of California is 30 percent foreign born, but in the State prison 10 percent foreign born.

Ms. PIEHL. That is almost correct.

Among the California system, 10 percent are non-citizens, but California, because its system is so large, contains 30 percent of all non-citizens who are incarcerated in State prisons. So when you hear talk about the SCAAP provisions, for example, that is showing you the disproportionate——

Ms. LOFGREN. That is why the California delegation is for SCAAP funding.

Ms. PIEHL. Exactly.

Ms. LOFGREN. I wonder if I could ask Dr. Singer, your testimony was also very interesting and something that I hadn't actually focused on, which is where are people going and has it changed, and that may also have an impact on the discussion that we are having nationally on immigration.

You mentioned the need to have actual coordinated efforts to help integrate people and help immigrants become Americans. We had a very interesting hearing on that yesterday. You said that Canada does something. Can you give us just an insight into what Canada does to help on that?

Ms. SINGER. Sure.

Let me first start by saying that I think one of the problems with not having a national coordinated strategic system is that across places there is a lot of variation, and this kind of fragmented approach to how we receive immigrants and what kinds of things they are entitled to or how they are served or what we expect of them can be very different in places right next door to each other.

In Canada, part of their program is to give people services and training right up front, so people are received in English and/or French, since they have two national languages, are part of the integration program. Referral services for community organizations and local government services are also part of that package.

Ms. LOFGREN. I see that my time is about up. I did want to thank Dr. Santiago also for being here. And I guess all I can say is there is no greater bargain, no greater investment you can make, than education. We all know that.

And although we look at our budgeting here and even put it to one side from the immigration question, you know that it is a cost but the financial rewards are reaped many, many fold for those investments. And I thank you for your powerful testimony to that impact.

I am interested, Mr. Rector, and I hope at some other time that we will be able to—perhaps in my written questions I can follow up with some of the issues and questions that I have. But I know that the time is late.

You have been here all afternoon and I don't want to violate the red light, so I will turn to the Ranking Member.

Mr. KING. Thank you, Madam Chair.

I want to take the first opportunity to thank all the witnesses here. It means a lot to this country that people are willing to come forward and spend your time, make this commitment.

I am not going to be able to ask questions from everybody. I would love to sit down and have dinner with you all, because it would be fascinating to have this conversation engaged.

So I am going to first just focus on Dr. Piehl.

I hear your testimony and I view it as an academic testimony. And I think you spent significant time in this. I think it is a real investment.

Have you had an opportunity—I have a study in my hand. It is an April GAO study that deals with criminal aliens that are incarcerated. As you can see, I have looked this over a few times.

Ms. PIEHL. Is that from 2005?

Mr. KING. Yes, 2005.

Ms. PIEHL. Yes, I have it, but I haven't looked at it recently.

Mr. KING. In there, it says that the population of our Federal penitentiaries that is criminal aliens is 27 percent. And so we are only 8 percent off in the Federal part of this.

Do you know of any inmates in the Federal penitentiary that are there because they were unlawfully present in the United States? And I mean that because I think we need to weigh what that means. And if they are, I am going to submit that it would be because that was the violation that they could convict them of. Probably they weren't just someone who was going to pick tomatoes.

Ms. PIEHL. There are people who are in there under that crime, and it is quite possible that that was the crime of conviction but not the original intent. Right.

Mr. KING. And in your testimony, I am going a little bit from memory here, you state that in conclusion there is no empirical evidence that immigrants pose a particular crime threat. Have you looked at the violent death rates in countries that are south of our border, Mexico and thereon south? And are you familiar with the relationship with violent crime and death rates in those countries compared to that in the United States?

Ms. PIEHL. Broadly.

Mr. KING. And if I could stipulate some of those as from my memory, U.S. violent death rate is 4.28 per 100,000 and Mexico's is 13.2, so an approximately three-times higher violent death rate there. It gets worse as we go south. Honduras is nine-times. El Salvador is unpublished, presumably because it is not a very flattering number. Columbia's is 15.4 times the violent death rate of the United States.

When you add to that that some of those people that are coming here are bringing the $65 billion worth of illegal drugs into the United States and I think you referenced one of the points that is important demographically, that many of them are young men who really carry with them society's pathologies. I am just a man, I will say that.

And so when you add that all up, how can one conclude that illegal immigrants represent a lower percentage of the crime? And do you have anything in your studies that actually defines the difference and studies illegal immigration as opposed to legal immigration, because I think we do recognize that if you are here under probation, so to speak, waiting to be legalized, you are likely to be more in compliance with the law than if you are here illegally in the shadows.

Ms. PIEHL. Those are about eight or nine good questions. I think I lost track.

So let me start with the last one. We don't really have good data to study the questions that you ask and the questions that I ask, so all of the studies that I reported on here are ones that are doing the best method that they can with the data that they have to bring evidence to bear on what are key, quality questions.

One of the most important omissions is that we never have data collected by status of immigrant, so we don't know whether people are illegal or not, or how they came, you know, what their visa status was.

Mr. KING. We merge the two.

Ms. PIEHL. So all the studies that I reported either defined people based on country of birth or on citizenship status. We are using both of those in different cases as——

Mr. KING. You don't draw a distinction between legal and illegal in any of the testimony that you have here. So it is merged together and it is blurred.

Ms. PIEHL. That is correct. And that is a gap in the literature—there is no way to see filling that.

Mr. KING. And I have found that as I go to the States and I ask them their incarceration rates for criminal aliens versus illegal

aliens, lawfully presents, nation of origin, they really don't have records that they can give me that give me confidence that they are keeping them in a fashion that I can count on. Would that be your experience, too?

Ms. PIEHL. That would be correct. And you also would need reliable population estimates in order to denominate those to figure out relative risk.

Mr. KING. You are an intellectual and honest lady.

I just turn to Mr. Rector for a comment of any gaps that you might have heard in this testimony. Would you like a comment quickly?

Mr. RECTOR. Well, I would just say that when you are really looking at these costs, the most important thing you have to be looking toward is the cost of amnesty. And with amnesty, what you are actually talking about is taking about 9.3 million individuals who are not currently eligible for Social Security and Medicare and ensuring that they go into those systems.

Very few of the illegals are currently elderly, but if you grant amnesty they are all going to stay here. If you move 9.3 million people with a normal mortality rate up into retirement, the next cost of that to the taxpayers by the time they hit retirement will be about $17,000 per person per year. About 9 million people times the time they would spend in retirement, that is $2.5 trillion.

And that cost will come smashing into our fiscal coffers at exactly the time that Social Security is already going bankrupt.

There is no possible way out of this. How in the world can you add in 9 million people, 60 percent of whom lack a high school degree and have paid very little in taxes in, into these types of systems, into Medicaid, into SSI, into Social Security, without gargantuan costs in the future?

And I am just astonished at how irresponsible it is for the Congress to be considering this type of amnesty without even beginning to look at that type of future cost.

Mr. KING. Thank you, Madam Chair. I yield back.

Ms. LOFGREN. The gentleman's time is expired.

The gentlelady from Texas, Ms. Jackson Lee, is recognized for 5 minutes.

Ms. JACKSON LEE. I thank the Chairwoman, and I thank the Ranking Member.

We always do that, because we have had a series of hearings and we hope that our appreciation reflects on the hard work of their staff as well.

Let me thank the witnesses for their testimony and forgive me for having to pose rapid-fire yes-no or brief answers in order to help me understand and to frame the case of this particular hearing.

Let me share one statement that finds itself in our memorandum that indicates despite the overall benefits of immigration to the Nation, most scholars tend to concur that illegal immigration can have deliterious effects on States and localities. It is those effects that we will address during this hearing.

I just want to focus on those sentences and begin my line of questioning.

First of all, I am from Houston, Texas, and Harris County has a $1.5 million SCAAP grant that deals with reimbursement for the services or needs of those in our population that are undocumented. There is no doubt that our hospitals, our schools, our other social services can stand more resources. Period. They certainly can stand more resources for those of us who are large States that have a large population of undocumented individuals.

Interestingly enough, the population of naysayers in Harris County is very small. There have been a number of elected officials who tried to do the blame game and certainly we have had a number of amendments about police arresting those who are undocumented. We have some issues with the jail. But we have not taken to the street to suggest that there is not also a positive to many who happen to be undocumented, who happen to be hardworking, fulfilling various needs in our community, whether it be if you will low-skilled to other skills, and young people in our schools who are striving for the American dream.

So let me just say that the frame is illegal immigration can be deliterious, but if we fix the system and begin to document so that individuals are out of the shadows, are paying taxes, may even be able to pay for some sort of hybrid health care, may be eligible for S-CHIP, is that not a better approach?

Dr. Singer?

Ms. SINGER. Well, I think you hit on all of the key points in terms of this being an immediate need for some places where there is a new influx of immigrants, but it is also a long-term issue in a place like Houston, that is used to bringing in people.

Ms. JACKSON LEE. But will documentation for those who are now undocumented help to move us toward fixing the problem, because they become contributing, I hope? This is on the—I am not approaching the criminal issue right now. I am approaching those that may be using our social services. And my time is limited, so I am trying to get a quick yes or no.

Ms. SINGER. I think with legal status, we have seen in the past in the last program, 1986, that workers were able to experience some economic mobility because they were able to come out of the shadows, learn English and move up in their jobs.

Ms. JACKSON LEE. Dr. Piehl, is that correct? Yes or no on providing some pathway to citizenship to cure part of this deliterious impact.

Ms. PIEHL. It may, but my testimony doesn't directly address that point.

Ms. JACKSON LEE. Dr. Santiago?

Ms. SANTIAGO. Yes.

Ms. JACKSON LEE. Thank you.

Dr. Rector, you keep harping on amnesty. All of the bills that I have seen, all of the thought that I have seen has been a methodical structure of compensation, fines and other penalties or other hurdles. That is not amnesty. And the question I would ask, when you say that this has a negative impact on our economy, we have a large agricultural industry. Farm workers I consider a very respectable, if you will, profession or need.

What substitute would you have for those who happen to be utilized—and again, this not denigrating, because I would open those

opportunities for any American who chooses to have it. I don't think any farm denies them. But what substitute would you have for that and what would you respond to the constant refrain that we try to explain to those who keep using the term "amnesty" that this is not the amnesty of 1986, when you have a series of penalties and a very extensive wait? In fact, I understand the Senate bill has probably projected the wait to be some 13 years, the agreement that has just been put forward.

Mr. RECTOR. Well, I think that you have to really look and say, okay, now, agriculture might be an area where a guest worker program might be viable. But if you allow the guest worker to come in with a family and obtain citizenship, then that is going to impose about an $18,000 a year cost on the taxpayers in any given State. How are you going to pay for that? You are going to have to pay for that in some way. And you have to take that in as a rational consideration.

I would say when you grant amnesty, or grant citizenship, whatever you want to call it, the costs obviously go up much farther than the taxes, because there is a little bit of off-the-books work here for illegals. So they are not paying Social Security tax. But that, for these workers, is going to be $1,000 or $2,000 a year that you would ante in if they started paying Social Security tax.

I have costed this out very carefully. On the other hand, if you start making them eligible for, as you said, S-CHIP, food stamps, public housing and on and on and on, the cost of that are extraordinarily large, and indeed I mean the fines in these bills are so trivial in comparison to the additional costs and benefits, they are not even a grounding error.

Ms. LOFGREN. The gentlelady's time——

Ms. JACKSON LEE. My time has ended.

Let me just say, Chairwoman, Mr. Rector's history is, as he has put forward, is one interpretation. My interpretation of the thousands upon thousands of immigrant families who came in, documented or undocumented, in the 1900's, who became contributors to society, even if they had to take a step on the social service step in the early part of their history, they did ultimately become contributors. And that is what we can look for, for a documented system that documents people and regularizes their existence.

I yield back to the gentlelady.

Ms. LOFGREN. Thank you. The gentlelady's time has expired.

I would like to thank all of the witnesses for sticking with us here this afternoon, for your patience with us for being an hour late because of the Committee markup and our vote.

Without objection, Members will have 5 legislative days to submit additional written questions for you, which we will forward. And we ask that if you are able to respond as promptly as possible, we would sure appreciate it.

Without objection, the record will remain open for 5 legislative days for the submission of any other additional materials.

I think the testimony today has been very helpful, illuminating some of these issues on comprehensive immigration reform. I know it will prove valuable to us as we move forward these next 6 weeks or so when we hope to actually come to a conclusion on these major challenges that face us.

I would like to extend an invitation to anyone within hearing to attend our next hearing on comprehensive immigration reform, which will be tomorrow morning at 9 a.m. in the room downstairs, Room 2141, during which we will explore the future of undocumented students and immigration reform.

And on next Tuesday at 2 in the afternoon we will hear prospectives on immigration reform from faith-based and immigrant communities, and that will also be in Room 2141.

With that, my thanks again for your donation of your time and your wisdom.

This hearing is adjourned.

[Whereupon, at 5:53 p.m., the Subcommittee was adjourned.]

APPENDIX

MATERIAL SUBMITTED FOR THE HEARING RECORD

PREPARED STATEMENT OF THE HONORABLE STEVE KING, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IOWA, AND RANKING MEMBER, SUBCOMMITTEE ON IMMIGRATION, CITIZENSHIP, REFUGEES, BORDER SECURITY, AND INTERNATIONAL LAW

Madame Chair, thank you for holding this hearing.

While immigration policy enforcement is supposed to be a federal responsibility, much of the burden caused by mass immigration falls on the states and localities in which the immigrants, legal and illegal, settle.

This Subcommittee and the Full Committee have examined the effects of immigration on states and localities on a number of occasions. Most recently, last August in San Diego, CA, the Full Committee explored the impacts that the Senate-passed Reid-Kennedy amnesty bill would have on American communities at the state and local level.

In San Diego we heard testimony that Los Angeles County is being buried with the healthcare, education, criminal justice and other costs associated with illegal immigration.

We also heard from a witness from the University of Arizona Medical Center in Tucson who said that providing care to the uninsured, uncompensated poor and foreign nationals cost the hospital $30 million in 2006 and $27 million in 2005. Few U.S. hospitals can continue to provide adequate care for American citizens, with such an enormous burden.

More than a decade ago, at a hearing on this same topic, Michael Fix of the Urban Institute told the Judiciary Committee that "[T]here is a broad consensus in the research that the fiscal impacts of illegal immigrants—that is, their impacts on local, state and federal taxpayers—are negative, generating a net deficit when they are aggregated across all levels of government. . . ."

Because of these burdens and the frustrations that recent Administrations, including the present one, have essentially abdicated enforcement of immigration law, many States and localities have decided to try to fix the problems themselves. They have considered and often enacted legislation aimed at reducing the negative impacts of illegal immigration.

According to the National Conference of States Legislatures, as of April 13, 2007, 1,169 immigration-related bills and resolutions have been introduced in legislature in all 50 states. That is more that twice the number introduced last year. The bills touch on every immigration-related policy from receipt of public assistance, to education to voting.

For instance, just last week the Oklahoma Governor sign into law a bill that requires state and local agencies to verify the citizenship and immigration status of applicants for state or local benefits.

In March, the Idaho Governor signed into law a bill that requires the verification of lawful presence in the United States in order to receive public benefits.

And this week residents of Farmer's Branch, TX, a Dallas suburb, recently approved, by 68 percent to 32 percent, an ordinance that requires apartment managers to verify that renters are U.S. citizens or legal immigrants before leasing to the property.

The cost of educating the children of illegal immigrants, whether the child is U.S. born or foreign born, is perhaps the largest, both fiscal and societal, cost at the state and local level. Not only are schools overcrowded because of illegal immigrants, but since K-12 education is federally mandated, states and localities have no choice but to pay the required fiscal costs. Those costs equal $7,700 per student per year—an amount that most illegal immigrants do not cover with the taxes they pay.

Uncompensated health care for illegal immigrant families is also a huge burden on states and localities. According to the U.S.-Mexico Southwest Border Counties

Coalition, hospitals in the southwest border counties of Texas, New Mexico, Arizona, and California alone incur costs of $190 million per year for uncompensated emergency medical treatment of illegal immigrants. Many hospitals around the country have already been forced to stop providing medical specialties, like trauma care, or have closed down completely because of the budgetary strains.

And the law enforcement costs of illegal immigration are also substantial and increasing. According to the GAO, 28 percent of inmates in Federal and state prisons are criminal aliens. In the state of New York, it is estimated that the uncompensated cost of incarcerating criminal aliens is $165 million a year—money that I am sure New York taxpayers would like not to have to spend.

I am pleased that we are exploring this issue today and note the importance of creating immigration policy that is good for the American people—not just certain interest groups.

And before I close, I would just like to note that Robert Rector, Senior Research Fellow at The Heritage Foundation, is one of the witnesses today. Not only will he be testifying as to the fiscal impacts of immigration on states and localities, but he is more than willing to address any concerns Members of the Subcommittee may have about his recent research, such as those expressed in a recent Immigration Policy Center brief.

PREPARED STATEMENT OF THE HONORABLE SHEILA JACKSON LEE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS, AND MEMBER, SUBCOMMITTEE ON IMMIGRATION, CITIZENSHIP, REFUGEES, BORDER SECURITY, AND INTERNATIONAL LAW

Today we continue these series of hearings dealing with comprehensive immigration reform. This subcommittee previously dealt with the shortfalls of the 1986 and 1996 immigration reforms, the difficulties employers face with employment verification and ways to improve the employment verification system. On Tuesday May 1, 2007 we explored the point system that the United Kingdom, Canada, Australia, and New Zealand utilize, and on May 3, 2007 the focus of the discussion was on the U.S. economy, U.S. workers and immigration reform. Last week we took a look at another controversial aspect of the immigration debate, family based immigration. Today we continue the vital task of eliminating the myths and seeking the truth. Yesterday's hearing dealt with probably the most crucial aspect underlying the immigration debate, an immigrant's ability to integrate, and assimilate into American society. Today we will tackle another pressing topic, the practical issue of the impact of immigration on States and Localities.

While many will argue that illegal immigration is a national epidemic, truth of the matter is that our local municipalities are the entities that have to address the needs of not only the undocumented population, but also there documented immigrants, and United States Citizens. Plenty of individuals in the anti-immigrant camp argue that these groups of undocumented individuals are placing a strain on the local hospitals, public schools, and social service programs. I can recall a recent CNN news report that documented children who live in Mexico, but attend school here in the States. Some will use this anecdotal evidence to suggest that it is a microcosm of the type of strain illegal immigrants place on our Localities, arguing that the parents of these kids do not pay property taxes and therefore their kids should not receive the benefit of an American public school education, despite the fact that these children are United States Citizen.

As I just mentioned many in the anti-immigrant camp will argue that the same strain is being placed on our hospitals, jails, and social services. They complain of overcrowded emergency rooms, and limited access to social service programs due to the influx of illegal immigrants. Therefore, this hearing like all our previous hearings will seek to debunk the myths associated with illegal immigration, and expose the facts about the impact that illegal immigration has on States and Localities. Allow me to share a sample of those facts with you. With regards to the strain on local jails, the Harris County Jail does receive some federal assistance in the form of a $1.5 million dollar SCAPP grant to help house illegal immigrants. That is not to say that the Harris County Jail does not suffer from overcrowding, the record is established on that fact, but it is not the result of an influx of illegal immigrants.

I believe that through the thoughtful and insightful testimony from the previous panels of experts, we have established a solid foundation of facts. The primary fact is that this undocumented population and this new wave of immigrants have benefited the United States economy. Their presence generates small businesses, which generates local tax revenue. The creation of low-skilled jobs creates the need for high skill jobs, and the task that low skilled workers perform, (i.e., landscaping,

service industry jobs) makes life easier for high-skilled workers and allows them to work more efficiently. In all I believe that we can agree on the positive impact that immigrants have on our Nation as a whole, culturally and financially, however a closer look at the impact on localities does deserve particular attention because these entities do not have the resources that the federal government has.

There are costs to taxpayers that result from illegal immigration. Estimates and methodologies vary as to those costs, but most scholars agree that illegal immigrants do create certain fiscal costs. State and local governments are frustrated by the costs incurred locally and the lack of federal government action to address these problems through immigration reform. As of April 13, 2007, state legislators in all of the 50 states had introduced at least 1169 bills and resolutions related to immigration or immigrants and refugees. This is more than twice the total number of introduced bills (570) in 2006. In fact in my home state of Texas, a town called Farmers Branch just enacted a law that made it illegal for landlords to rent to illegal immigrants. Given the extensive testimony that we heard about the problems that sophisticated corporate employers such as the Swift Meat Packing Co. have when they try to verify an employee's status, can you imagine the trouble that an individual landlord will have. If a federal system like the Basic Pilot Program is riddled with problems, and subject to fraud, so will the individual landlord. Reactionary policies and laws such as the one passed by the Farmers Branch city council is not the answer.

I look forward to the testimony from today's witnesses.

PREPARED STATEMENT OF THE HONORABLE JANET NAPOLITANO, GOVERNOR OF THE STATE OF ARIZONA, ON "COMPREHENSIVE IMMIGRATION REFORM: IMPACT OF IMMIGRATION ON STATES AND LOCALITIES," SUBMITTED BY THE HONORABLE ZOE LOFGREN, CHAIRWOMAN, SUBCOMMITTEE ON IMMIGRATION, CITIZENSHIP, REFUGEES, BORDER SECURITY, AND INTERNATIONAL LAW

Testimony of Janet Napolitano, Governor of Arizona

Submitted to the Subcommittee on Immigration, Citizenship, Refugees, Border Security, and International Law

"Comprehensive Immigration Reform: Impact of Immigration on States and Localities"

Chairperson Lofgren, Ranking Member King, and members of the Subcommittee, thank you for this opportunity to testify on the impact of immigration on the border state of Arizona. I offer my experiences not only as Governor of Arizona since 2003 and Arizona attorney general from 1998 to 2002, but as someone who, unlike many in Washington, has actually walked, flown by helicopter, and even ridden a horse over much of the border's rough, rugged desert and mountainous terrain. I have toured the drug tunnels where cocaine and marijuana enter our country by the ton, have seen the sewers where children—who are crossing the border alone—sleep at night, and have seen the campsites strewn with abandoned clothing, human waste, and refuse. As the U.S. Attorney for the District of Arizona, I have supervised the prosecution of more than 6,000 immigration felonies and broken up drug-trafficking, human-smuggling, and money-laundering rings. As Governor, I have sought to continue to provide for the vital health care, education, and infrastructural needs of the nation's fastest-growing state—all while shouldering the disproportionate burden of the Federal Government's inability to control the borders and provide a meaningful plan for immigration reform.

Congress must act this year to fix this broken system. This is not a solitary point of view; governors from the Border States – and the American people across the nation—have made it clear they are tired of waiting. It is past time for action. It is time for Washington to deliver a law that is both enforceable and enforced.

Every day, the citizens of my state, Arizona, grapple with the stark reality of an unsecured border and the massive influx of undocumented immigrants. It touches every level of government—from the expanded morgue necessary in Tucson to deal with bodies found in the desert, to the pressure on law enforcement to break up the market for fraudulent documents and stolen cars, to the pressure on our corrections system which has quite literally forced us to ship 4,921 prisoners across state lines at a cost of $65 per day. These are, in a sense, the 'sins of omission' – ineffective federal policy that has been left to flounder.

However, the Federal government compounds the pressure with 'sins of commission' like its failure to fully fund the State Criminal Alien Assistance Program (SCAAP). Reimbursement of only pennies on the dollar means the citizens of southwestern border states in particular pay, and pay again, for the incarceration of immigrant criminals who are the responsibility of the Federal government.

Further, the spectre of REAL ID, and its unfunded mandate that will costs states billions of dollars adds to the pressure, and to the consequent lack of confidence that Washington has the will to act and act effectively.

We must commit to immigration as the signature domestic ***and*** foreign policy issue of our day. I applaud Representatives Flake and Guitierrez, as well as leaders in the Senate, for their efforts to institute a meaningful immigration plan that is tough, fair, and workable. I offer the following recommendations for Congress: 1) Make a financial commitment to secure our borders by adequately funding border personnel (as mandated in the 9/11 Commission Implementation Act) and State Homeland Security Grant

Programs (SHSGP) 2) Provide relief to border states from the unfunded mandates of SCAAP and REAL ID and 3) End the rhetoric, stop the politics, and provide a real plan for comprehensive immigration reform.

Adequately Funding Border Personnel and SHSGP:

Let me be abundantly plain and clear: ***security of the U.S. – Mexico border is a Federal responsibility.***

I have long contended that the federal government has lost operational control of the U.S.-Mexico border, which is why I was the first Governor in the nation to call for the deployment of the National Guard to southwestern Border States in support of the Border Patrol. Operation Jump Start, which has assisted in surveillance efforts and infrastructure construction, along with Operation Stonegarden, which has worked with local law enforcement patrols along the Southern border to dissuade illegal crossers, have produced a measurable decrease in apprehensions at the international border.

Further, in Arizona I have implemented a wide range of state and local initiatives – the Fraudulent ID Task Force and the Vehicle Theft Task Force are examples – but these are stopgaps. They are a drain to state and local resources and can in no way be construed as a full answer to the border crisis.

The Intelligence Reform and Terrorism Prevention Act of 2004 includes a five-year border security plan based on the 9/11 Report's recommendations. Although it is encouraging to see a hard timeline and proposed legislation attached to the recommendations, a worrisome discrepancy remains between the actions called for in the recommendations and the allotted funding. The 9/11 Commission's stinging assessment of the progress made in the five years since September 11th showed a sobering shortage of Border Patrol agents, ICE investigators, and federal detention centers necessary to truly secure the border.

Also central to the states' efforts to promote border security is the DHS State Homeland Security Grant Program (SHSGP). As current Chair of the National Governors Association, I am uniquely positioned to hear from governors, and their state homeland security directors, as they continually express their frustration and concern about the process by which funding allocations are made.

Nationwide, SHSGP funding has declined 75% since 2004. Despite being the nation's fastest-growing state, home to the nation's largest power plant, fifth largest city, sixth busiest airport, and overseeing the nation's most porous federal border, Arizona has experienced a 50% drop in funding from last year and a 2/3 drop since 2004. The city of Phoenix, despite an average population gain of 100,000 per year, has seen its federal homeland security grant funding reduced by over 60% in the last year alone. While our state is doing everything it can to protect its citizens, it remains unclear to me how, while the federal government has yet to secure our borders, the threat against our state has been somehow reduced by 75%.

All the while, in Arizona and in all the states, requests made to DHS for explanation or clarification have been continually ignored or rebuffed.

Furthermore, the NGA Governors Homeland Security Advisors Council has recommended to DHS Secretary Michael Chertoff that DHS build-out a multi-year grant program so that State Homeland Security advisors can have an understanding of the budget outlook beyond the current fiscal year in order to build out realistic and workable multi-year plans. A transition to a more risk-based formula, so long as each state is provided a base amount of funding to ensure preparedness and response, is also vital to ensuring that resources are directed to the areas of greatest need.

Reducing the Burden of Unfunded Mandates:

In addressing reform and attempting to remedy the undue burden already carried by Border States, Congress must take care not to simply shift costs to the states for its failed immigration policies. As I have earlier identified, SCAAP and REAL ID stand out as two examples of the ineffective method of attempting to push away costs rather than truly address and answer the real issues. Removing a cost from a Federal accounting book by simply shoving it onto a state ledger is not reform.

Under 8 U.S.C. § 123(i)(1), the federal government is required to either take custody of undocumented criminal aliens, or fully reimburse states for the cost of incarceration. Currently, our largest prison in Arizona, ASPC-Lewis, holds 4,921 inmates. Statewide, 4,661 inmates are criminal aliens. With the number of foreign nationals in the inmate census growing at a rate of 60% (and the remaining prison population growing at half that rate), it is more imperative than ever that the federal government live up to its responsibility for these inmates. If the federal government confined the entire immigrant criminal population as it should, ***and as its own law requires it to do,*** Arizona would no longer need to ship inmates to be housed in out-of – state prisons in Indiana at $65 per day and Oklahoma at $59.45 per day simply to remove the pressure on Arizona's overcrowded prison system.

Since October 2004, I have sent Attorney General Alberto Gonzalez a yearly invoice for unreimbursed costs of incarcerating illegal aliens—the last one totaling $357,516,523.12. There has been only minimal reimbursement. For what Arizonans are absorbing in these costs alone, we could pay for an all-day kindergarten for every five-year-old in the state. At a minimum, SCAAP must be funded at its authorized amount of $950 million.

Similarly, the REAL ID Act of 2005 requires not only a serious examination of the feasibility of timelines for statewide systems and nationwide databases to be fully and effectively implemented, but requires Congress to fully fund the estimated $14 billion over ten years that is currently being cost-shifted to states. In addition to working with DHS to implement a realistic timeline for implementation of state systems, Congress should fully fund REAL ID at the states' estimated of costs of $11 billion over five years,

with $1 billion in startup costs for FY2008. Providing states with the necessary start-up costs to begin implementing the law and enrolling the nation's 245 million drivers license holders is an important first step to ensuring that the law is both workable and effective.

Aspects of Meaningful Comprehensive Reform:

Piecemeal measures without a strong plan for comprehensive immigration reform cannot work. I appreciate the spirit of bipartisanship and practicality in Representatives Flake and Gutierrez's STRIVE Act and the willingness of Senate leader to work together toward a comprehensive measure.

Here are what I believe to be essential aspects of any workable plan for immigration reform:

1) The first is the development of innovative, technology-driven border control between ports of entry. Boots on the ground definitely help, but we can short up our border gaps with ground-based sensors, radar, and unmanned aerial vehicles for wide-area intrusive-detection. Any combination of the above will work far better than any 10 or 20 or 50 miles of wall. The Depart of Homeland Security is now installing this kind of technology. They need increased funding to sustain their efforts.

2) **We must fundamentally reform the visa system and streamline the visa process.** The temporary worker program in the United States is inadequate and fails to deal with both the ongoing economic need and demand for lawful immigration in this country as well as the enormous backlog of immigrants seeking legal status. It takes an average of ten years to receive a legal immigrant visa from Mexico, which only serves as an ***incentive*** to cross illegally. For employers competing for the best and brightest across the globe, the demand for H-1B visas is so great that annual quotas are filled each year by April, forcing high tech companies to wait months or years to hire qualified foreign engineers, ultimately rendering the United States less competitive.

3) **Congress must acknowledge that illegal immigration is a supply-and-demand problem, and must address both sides of the equation.** Employers must be held accountable and penalized for knowingly hiring undocumented workers. This means providing the Department of Justice with additional resources to prosecute employer enforcement, as well as additional resources to the Departments of State and Homeland Security to implement employment verification systems. Further, existing federal identification verification systems should be able to interface with Social Security databases so employers can perform real-time verification.

4) **We must institute a temporary worker program with no amnesty**. Foreign labor should not be a substitute for U.S. workers. But it is critical that we bring foreign workers out of the shadows, put the clamps on the underground labor market, and bring greater stability to our workforce.

5) **We must modernize our border infrastructure**. Border enforcement designed to stop drugs and other contraband should not hinder the flow of legitimate travel and commerce. In Arizona, we are now developing cyberports and FAST lanes to ensure that our trade and goods travel quickly and safely through our ports. Much more can and should be done.

6) **Congress must discard the "report to deport" theory.** The only realistic alternative we have for the estimated 11 million illegal immigrants now living in the United States is to create a strict, stringent pathway to citizenship. That pathway must involve a substantial fine, learning English, having no criminal history, keeping a job, paying taxes, then getting in the back of the line and then waiting your turn.

7) **Congress and the President must address the root causes of illegal immigration by directly engaging Mexico and Latin America.** Mexico has a responsibility to control its own borders and address systemic rural poverty. We need to improve the standard of living in these countries and make progress by promoting opportunity, ownership, credit and capital. Capital investment, as well as serious negotiations with Mexico regarding their commitment to combat human and drug trafficking across its borders, is a vital component of any meaningful immigration plan.

Immigration reform is not simple, but it can be done, and it can be done on a bipartisan basis. In 2006, the difficulties of immigration reform and the federal government's dismal track record in addressing the problem of illegal immigration prompted the Western Governors Association, which I chaired at the time, to sit down, together, and develop a solid framework for reform. We left our politics at the door, and brought with us a commitment to examine the challenge from *all* angles and create a solution that addresses all components. The reform proposal reflects our shared belief that no singular approach to our immigration problems will succeed. The governors believe that enforcement alone is not the answer. Similarly, a temporary worker program alone is no panacea for the status of our system.

Drafted by Utah's Governor Huntsman and me, the WGA strategy received not just bipartisan but unanimous support from our colleagues. I would venture to say that no other immigration proposal has received such diverse political support.

Arizona is waiting. So is California, New Mexico and the President's home state of Texas. In fact, all of America is waiting – and time is running out.

It is going to require Congress to end the rhetoric, stop the politics, provide sustained funding, and turn away from extreme, unworkable solutions that solve nothing and only delay the benefits of real reform.

We can restore our respect for the rule of law and our rich immigrant heritage while preparing our economy and workforce for a changing world. For the sake of our nation, we must.

"THE FISCAL IMPACT OF IMMIGRATION REFORM: THE REAL STORY," BY DANIEL GRISWOLD, DIRECTOR, CENTER FOR TRADE POLICY STUDIES, CATO INSTITUTE, MAY 21, 2007

CENTER FOR TRADE POLICY STUDIES

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The Fiscal Impact of Immigration Reform: The Real Story

by Daniel Griswold, director, Center for Trade Policy Studies, Cato Institute

One frequently heard criticism of comprehensive immigration reform is that it will prove too costly to taxpayers. The mostly low-skilled workers who would be admitted and legalized under the leading reform plan now being considered by the U.S. Congress would typically pay fewer taxes than native-born Americans and presumably consume more means-tested welfare services. Critics of reform argue that legalizing several million undocumented workers and allowing hundreds of thousands of new workers to enter legally each year will ultimately cost American taxpayers billions of dollars.

One recent study from the Heritage Foundation, for example, claims that each "low-skilled household" (one headed by a high-school dropout) costs federal taxpayers $22,000 a year. Spread out over 50 years of expected work, the lifetime cost of such a family balloons to $1.1 million. If immigration reform increases the number of such households in the United States, it will allegedly cost U.S. taxpayers several billion dollars a year.[1]

It is certainly true that low-skilled workers do, on average, consume more in government services than they pay in taxes, especially at the state and local levels. But some of the estimates of that cost have been grossly exaggerated. Moreover, the value of an immigrant to American society should not be judged solely on his or her fiscal impact.

The Real Fiscal Impact of Immigration

The wilder estimates of the fiscal impact of low-skilled immigrants are contradicted by more credible estimates. In May 2006 the Congressional Budget Office calculated that the 2006 Comprehensive Immigration Reform Act (S. 2611) then before the U.S. Senate would have a positive impact of $12 billion on the federal budget during the decade after passage. The 2006 legislation, like current proposals, would have allowed low-skilled foreign-born workers to enter the United States through a temporary worker program, and it would have allowed several million undocumented workers in the United States to obtain legal status.

Specifically, the CBO estimated that federal spending would increase $53.6 billion during the period 2007–16 if the legislation became law, primarily because of increases in refundable tax credits and Medicaid spending.[2] The additional spending would be more than offset in the same period by an even greater increase in federal revenues of $65.7 billion, mostly due to higher collections of income and Social Security taxes but also because of increased visa fees.[3]

One frequently cited figure on the cost of low-skilled immigrants comes from the authoritative 1997 National Research Council study, *The New Americans: Economic, Demographic, and Fiscal Effects of Immigration*. The study calculated the lifetime fiscal impact of immigrants with different educational levels. The study expressed the impact in terms of net present value (NPV), that is, the cumulative impact in future years expressed in today's dollars. The study estimated the lifetime fiscal impact of a typical immigrant without a high school education to be a negative NPV of $89,000.[4] That figure is often cited by skeptics of immigration reform.

What is less often considered is that the NRC study also measured the fiscal impact of the descendants of immigrants. That gives a much more accurate picture of the fiscal impact of low-skilled immigrants. It would be misleading, for example, to count the costs of educating the children of an immigrant without considering the future taxes paid by the educated children once they have grown and entered the workforce. The children of immigrants typically outperform their parents in terms of educational achievement and income. As a result, the NRC calculated that the descendants of a typical low-skilled immigrant have a positive $76,000 fiscal impact, reducing the net present value of the fiscal impact of a low-skilled immigrant and descendants to $13,000.[5]

Even that figure does not give the full picture. As the NRC study was being written, Congress passed the 1996 Personal Responsibility and Work Opportunity Reconciliation Act, otherwise know as the 1996 Welfare Reform Act. The act contains an entire title devoted to restricting immigrant access to means-tested welfare, limiting access of noncitizens to such public benefit programs as food stamps and Medicaid. When the NRC study accounted for the impact of the 1996 Welfare Reform Act, the fiscal

impact of a single low-skilled immigrant and descendants was further reduced to $5,000 in terms of net present value.[6]

If we accept the NRC estimates, then allowing an additional 400,000 low-skilled immigrants to enter the United States each year would have a one-time NPV impact on federal taxpayers of $2 billion. That cost, while not trivial, would need to be compared to the efficiency gains to the U.S. economy from a larger and more diverse supply of workers and a wider range of more affordable goods and services for native-born Americans. In a post–September 11 security environment, comprehensive immigration reform could also reduce federal spending now dedicated to apprehending illegal economic immigrants.

Accessing the Impact on Roads, Schools, Hospitals, and Crime

Increased immigration has also been blamed for crowded roads, hospitals, public schools, and prisons. In all four of those cases, the negative impact of immigration has been exaggerated.

As for congestion of roads, immigration has played a secondary role in population growth nationally and at a more local level. Nationally, net international migration accounts for 43 percent of America's annual population growth, with natural growth still accounting for a majority of the growth. On a local level, an analysis of U.S. Census data shows that, for a typical U.S. county, net international migration accounted for 28 percent of population growth between 2000 and 2006. Natural growth from births over deaths accounted for 38 percent of growth on a county level and migration from other counties 34 percent.[7] One-third of U.S. counties actually lost population between 2000 and 2006 as birthrates continue to fall and Americans migrate internally to the most economically dynamic metropolitan areas. If local roads seem more crowded, it is not typically immigration but natural growth and internal migration that are mostly responsible.

As for alleged overcrowding at public schools, low-skilled immigrants cannot be singled out for blame. Enrollment in the public school system has actually been declining relative to the size of America's overall population. The share of our population in K-12 public schools has fallen sharply in recent decades, from 22 percent of the U.S. population in 1970 to 16 percent today.[8] As with roads, overcrowding in certain school districts is more likely to be driven by new births and internal migration than by newly arrived immigrants.

As for crime and the inmate population, again, immigration is not the major driver. Indeed, the violent crime rate in the United States has actually been trending down in recent years as immigration has been increasing. After rising steadily from the 1960s through the early 1990s, the rate of violent crime in the United States dropped from 758 offenses per 100,000 population in 1991 to 469 offenses in 2005. As a recent study by the Immigration Policy Center concluded, "Even as the undocumented population has doubled since 1994, the violent crime rate in the United States has declined 34.2 percent and the property crime rate has fallen 26.4 percent."[9]

Immigrants are less likely to be jailed than are their native-born counterparts with similar education and ethnic background. The same IPC study found that "for every ethnic group without exception, incarceration rates among young men are lowest for immigrants, even those who are least educated."[10] Other studies reveal that immigrants are less prone to crime, not because they fear deportation, but because of more complex social factors.[11] All the available evidence contradicts the misplaced fear that allowing additional low-skilled immigrants to enter the United States will somehow increase crime and incarceration rates.

As for hospitals, especially emergency rooms, the presence of uninsured, low-skilled workers in a particular area does impose additional costs on hospitals in the form of uncompensated care. There is no evidence, however, that illegal immigration is the principal cause of such costs nationwide. Indeed, low-skilled immigrants tend to underuse health care because they are typically young and relatively healthy.

A recent report from the Rand Corporation found that immigrants to the United States use relatively few health services. The report estimates that all levels of government in the United States spend $1.1 billion a year on health care for undocumented workers aged 18 to 64. That compares to a total of $88 billion in government funds spent on health care for all adults in the same age group. In other words, while illegal immigrants account for about 5 percent of the workforce, they account for 1.2 percent of spending on public health care for all working-age Americans.[12]

Impact on State and Local Governments

Although the fiscal impact of low-skilled immigrants has been exaggerated by opponents of reform, it can impose real burdens at a local level, particularly where immigration inflows are especially heavy. The 1997 National Research Council study found that, although the fiscal impact of a typical immigrant and his or her descendants is strongly positive at the federal level, it is negative at the state and local level.[13]

State and local fiscal costs, while real, must be weighed against the equally real and positive effect of immigration on the overall economy. Low-skilled immigrants allow important sectors of the U.S. economy, such as retail, cleaning, food preparation, construction, and other services, to expand to meet the needs of their customers. They help the economy produce a wider array of more affordably priced goods and services, raising the real wages of most Americans. By filling gaps in the U.S. labor market, such immigrants create investment opportunities and employment for native-born Americans. Immigrants are also consumers, increasing demand for American-made goods and services.

Several state-level studies have found that the increased economic activity created by lower-skilled, mostly Hispanic immigrants far exceeds the costs to state and local governments. A 2006 study by the Kenan Institute of Private Enterprise at the University of North Carolina at Chapel Hill found that the rapidly growing population of Hispanics in the state, many of them undocumented immigrants, had indeed imposed a net cost on the state government of $61 million,

but the study also found that those same residents had increased the state's economy by $9 billion.[14]

A 2006 study by the Texas comptroller of public accounts reached a similar conclusion. Examining the specific fiscal impact of the state's 1.4 million undocumented immigrants, the study found that they imposed a net fiscal cost on Texas state and local governments of $504 million in 2005. The fiscal cost, however, was dwarfed by the estimated positive impact on the state's economy of $17.7 billion.[15]

The Right Policy Response

The right policy response to the fiscal concerns about immigration is not to artificially suppress labor migration but to control and reallocate government spending. The 1996 Welfare Reform Act was a step in the right direction. It recognized that welfare spending was undermining the long-term interests of low-income households in the United States, whether native-born or immigrant, by discouraging productive activity. The law led to a dramatic decrease in the use of several major means-tested welfare programs by native-born and immigrant households alike. Further restrictions on access to welfare for temporary and newly legalized foreign-born workers would be appropriate.

Another appropriate policy response would be some form of revenue sharing from the federal to state and local governments. The federal government could compensate state and local governments that are bearing especially heavy up-front costs due to the increase in low-skilled immigration. The transfers could offset additional costs for emergency-room health care services and additional public school enrollment. Such a program would not create any new programs or additional government spending; it would simply reallocate government revenues in a way that more closely matched related spending.

Misplaced apprehensions about the fiscal impact of immigration do not negate the compelling arguments for comprehensive immigration reform,[16] nor do they justify calls for more spending on failed efforts to enforce our current dysfunctional immigration law. If the primary goal is to control the size of government spending, then Congress and the president should seek to wall off the welfare state, not our country.

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LETTER FROM THE NATIONAL ASSOCIATION OF COUNTIES AND THE NATIONAL LEAGUE OF CITIES

May 14, 2007

Dear Representative:

On behalf of the local governments represented by the National League of Cities and the National Association of Counties, we urge your support for comprehensive immigration reform legislation. The absence of a functioning federal system of regulating immigration has resulted in financial, cultural and political strains in communities across the nation. Therefore, we urge you to adopt a strong, uniform and workable national immigration program that addresses both enforcement and security issues, acknowledges the need for foreign workers and the importance of unifying families, provides a path to legalization of undocumented workers, and includes sufficient federal funding to cover the local and state government costs of social and civil integration of immigrants into our communities.

Immigrants strengthen the United Sates by creating economic opportunities, increasing America's scientific and cultural resources, strengthening our ties with other nations, fulfilling humanitarian commitments and supporting family ties and family values that are necessary to build strong communities.

We need effective reform that secures or nations borders and provides practical solutions for the 12 million undocumented immigrants already here. We urge your support for comprehensive immigration legislation that will establish an orderly and regulated immigration system for the nation.

Sincerely,

Bart Peterson
President
National League of Cities

Colleen Landkamer
President
National Association of Counties

PREPARED STATEMENT OF THE FAIR IMMIGRATION REFORM MOVEMENT

Statement of the Fair Immigration Reform Movement
To the Subcommittee on Immigration, Citizenship, Refugees, Border Security, and International Law

Hearing on Proposals Hearing on the Impact of Immigration on States and Localities

May 11, 2007

Madam Chairwoman, thank you for holding this important hearing on a critical aspect of immigration that has been widely overlooked by many working towards comprehensive immigration reform. States and localities are facing the political consequences of the federal government's inability to enact a comprehensive immigration reform bill, and communities have been shaken by unworkable and costly attempts at legislating immigration at the state and local level. We have already heard from panelists last week who have testified before this committee that immigrants have significant positive impacts on our economies. Without comprehensive immigration reform, states are unable to take advantage of the benefits their immigrant families and residents can bring.

Several states have issued reports in the last few years attesting to the positive economic impact that immigrants can have on a state economy. One of the most recent reports from Nevada, conducted by the Center on Work and Community Development at the request of the Progressive Leadership Alliance of Nevada, highlights the fact that immigrants have become an integral and valuable part of Nevada's economic infrastructure. Not only do immigrants keep the industries of Nevada thriving, but they continue to provide increasing tax revenue into the state. In 2005, immigrants in Nevada paid $2.6 billion in federal taxes, up 44% from 2000. Their estimated federal taxes for the fiscal year 2007-2008 are $3.4 billion. Moreover, the money that immigrants spend in Nevada accounts for 25% of the state's Gross State Product, providing a crucial source of income for the state. Their subsequent integration into the state has further led to the creation of 108,380 jobs for the state.

In the absence of comprehensive immigration reform, states and local jurisdictions have attempted to make piecemeal reforms on their own by drafting and passing immigration legislation. On the one hand, dozens of localities have passed sanctuary and other resolutions in support of immigrants, many other localities have passed tougher enforcement legislation without certainty regarding the legality of these laws. In many cases these are highly emotional and polarized debates that have led to untenable long term situations where local governments often unintentionally take on the costs better paid for by the federal government.

According to the National Conference of State legislators, over the last 3 years we have seen an exponential increase in the number of state-leve immigration legislation: in 2005 approximately 80 pieces of legislation concerning immigration were introduced into state legislatures, in 2006 570 bills were introduced and in the first few months of 2007 state legislators in all of the 50 states have already introduced 1169 bills. Most of these

bills are aimed at doing the job of the federal government. For example, many bills would turn local businesses into ICE officers by requiring them to check the status of prospective employees without a sufficiently accurate federal electronic verification system in place.

One such bill has already been introduced in South Carolina, where the state office on budget has estimated that the administrative costs of the new bill would cost some localities upwards of $75,000 to $150,000 to implement. In Colorado, the Denver Post recently reported that the state legislation HR 1023, aiming to end state spending on undocumented immigrants, has cost the state over 2 million dollars and has failed to save the state any money. When it was first introduced, the cost was estimated at a mere $6,600. In reality the cost of enforcement has skyrocketed, leaving the burden in taxpayer's pockets. Moreover, the Attorney General of Colorado has declared that the Colorado immigration law, enacted in the summer of 2006, "unenforceable."

In addition to state legislation, many city councils have attempted to legislate immigration within their own jursidiction. This legislation is unworkable and costly. No court in the US has upheld these ordinances to date, and the costs of litigation on this legislation can run in the hundreds of thousands of dollars. Experts report that Farmer's Branch, TX could pay in the millions of dollars defending a recent immigration ordinance that was recently passed by referendum vote on May 12. Another city, Escondido, CA, has already spent $200,000 of valuable city funds in defending an ordinance that was eventually tabled in an out of court settlement.

This form of legislation has also served to inject divisiveness and emotional trauma into innocent, law abiding immigrant communities. We recently spoke with our affiliate in Idaho, the Idaho Community Action network about a family with legal permanent resident status who was too afraid to send their children to Sunday school for fear of anti-immigrant backlash.

Not only does this state legislation bear a high finanical and moral cost, but it is highly ineffective. States are not equipped with the infrastructure to do the federal government's job. One prime example of this has been the increasing enforcement of federal immigration law by state and local police enforcement. The Major Cities Chiefs report of 2006 noted that local police departments are being forced to take on a political issue at the expense of their own mission. Furthermore, enforcing federal immigration law jeopardizes our public safety by estranging immigrant communities from local law enforcement.

State and local legislation is not simply targeting the Latino community. It is affecting all immigrants, of all races, creeds and cultural backgrounds. Many of the families affected by the legislation have mixed citizenship, putting the well being of american citizens at risk as well. Moreover, this legislation is not simply affecting the undocumented immigrant community. As noted above, legal permanent residents, refugees, and children of immigrants are living in real fear of what legislation their state or locality might pass in the absence of federal comprehensive immigration reform.

PREPARED STATEMENT OF THE HONORABLE STEVE DEBENEDITTIS, MAYOR, THE TOWN OF HERNDON, VA

TOWN OF HERNDON

Steve J. DeBenedittis, Mayor
Dennis D. Husch, Vice Mayor
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Steve J. DeBenedittis
Mayor

May 22, 2007

The Honorable Zoe Lofgren, Chairman
Sub-committee on Immigration, Citizenship, Refugees, Border Security, and International Law
U.S. House of Representatives Committee on the Judiciary
B351 Rayburn Office Building
Washington DC 20515

Re: Hearing on Comprehensive Immigration Reform:
Impact of Immigration on States and Localities

Dear Congresswoman Lofgren:

The Town of Herndon, Virginia is interested in the Subcommittee's May 17, 2007 hearing relating to the impact of immigration on states and localities. Thank you for allowing the Town to submit this statement as part of the record for this hearing.

The Town of Herndon, Virginia began as a railroad town incorporated in 1879, in then rural Fairfax County. The Town was populated by immigrants from northern states who had noted the area's character and utility during the Civil War.[1] Later, many immigrants from southern parts of Virginia and other southern states settled in Herndon, affording the Town greater and richer diversity. Now, the Town of Herndon which has a population of 23,217 people boasts many foreign born citizens approximating 36.5% of the population and a Latin American born population of 26% of the population, based on the 2000 census. The citizens, Mayor, and Town Council welcome this variation, depth, and positive abundance of immigrants in the community. These influences have exerted a positive and progressive influence on the Town by rendering Herndon, welcoming, open-minded, and exciting.

The presence in the Town of foreign born citizens and others presents challenges and costs to the Town. The Town struggled for ten years with large groups of Spanish speaking men standing on the main commercial street in the Town to solicit and accept day work. The Town conducted public meetings, appointed a task force, and dealt with the physical and community effects of such gatherings. The Town ultimately worked with Fairfax County and a faith-based organization to establish after acrimonious public hearings a regulated day worker assembly site.

[1] "Historical Sketch of Fairfax County, Va."

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This site opened in December 2005. It has generated three legal proceedings, resulted in a leadership change in the Town, and necessitates countless staff hours and legislative resources in the present effort to move the site or to find another operator who (unlike the current operator) will verify the right of the day workers to work in the United States. This issue continues to divide the Herndon community.

Foreign born persons in the Town are for the most part hard working, honest, and family oriented. Yet, some of the newly arrived are illegal aliens who engage in illegal acts in addition to entry into the country. These illegal acts consume an inordinate amount of resources for this small Town. The Town is currently handling 49 residential overcrowding complaints, which are in various stages of enforcement from written compliance orders by the Zoning Administrator to litigation conducted by the Town Attorney. The Town Building Official is involved in approximately 50 neighborhood cases involving construction of illegal apartments in single family houses, creation of bedrooms in garages, and other health and safety issues such as inadequate or non-existent fire access for bedrooms and weed complaints. Tbe Town of Herndon employs ten inspectors for these types of violations, not to mention the management and legal staffs who spend a great deal of their time on such issues. Not all of these complaints are generated by illegal aliens or by immigrants.

The Town of Herndon maintains a police force to protect the citizens and to improve their quality of life. Much of the time and resources of these police officers, the Town legal staff, and the Fairfax County judicial system are consumed with dealing with motor vehicle cases such as no-operators license, traffic cases, gang activity prevention, and enforcement of the Town's ordinance to prevent employment solicitation in public places except at the regulated day worker assembly site. Many but not all of the people who come into contact with the police in these instances are illegal aliens or immigrants. The Town also allocates police resources to participate in the Federal 287(g) program to join forces with Immigration and Customs Enforcement to arrest, process, and deport illegal aliens who are hardened criminals.

As the Mayor I am leading the Town Council to seek legislation to reduce or eliminate the impact of illegal aliens on the community. The Town believes that the ability of illegal aliens to obtain gainful (albeit illegal) employment in the Town constitutes the greatest draw to the Town for illegal aliens. Virginia law[2] prohibits hiring of illegal aliens. This would be a helpful statute because Town police could enforce its provisions without relying on Federal resources. Yet, the executive branch of the Commonwealth takes the position that Federal law found in 8USC§1324(a)(h)(2) preempts the Virginia law. The Virginia Attorney General relying on this statute shot down the Town's attempt in the 2007 General Assembly to overcome this perceived

[2] §40.1-11.1, Code of Virginia (1950), as amended.

preemption problem. The Town of Herndon respectfully requests that your subcommittee recommend the repeal of the cited federal preemption provision so that Virginia and the Town of Herndon might enforce Virginia law to prevent hiring illegal aliens.

Sincerely,

Steve DeBenedittis
Mayor

c. Members of the Herndon Town Council
Arthur A. Anselene, Acting Town Manager
Richard B. Kaufman, Town Attorney
Viki L. Wellershaus, Town Clerk

"DOLLARS WITHOUT SENSE: UNDERESTIMATING THE VALUE OF LESS-EDUCATED WORKERS," BY WALTER A. EWING, PH.D. AND BENJAMIN JOHNSON, A POLICY BRIEF OF THE IMMIGRATION POLICY CENTER

IMMIGRATION POLICY CENTER

...providing factual information about immigration and immigrants in America

POLICY BRIEF

Dollars without Sense:
Underestimating the Value of Less-Educated Workers

by Walter A. Ewing, Ph.D. and Benjamin Johnson*

A recent report from the Heritage Foundation is one in a long line of deeply flawed economic analyses which claim to estimate the contributions and "costs" of workers based solely on the amount of taxes they pay and the value of the public services they utilize.

Opponents of immigration like to portray immigrants, especially less-educated immigrants who work in less-skilled jobs, as a drain on the U.S. economy. According to this line of thinking, if the taxes paid by immigrants do not cover the cost of the public services and benefits they receive, then immigrants are draining the public treasury and, ostensibly, the economy as a whole. However, this kind of simplistic fiscal arithmetic does not accurately gauge the impact that workers of any skill level have on the economy. It also is a dehumanizing portrayal of all workers, foreign-born and native-born alike, who labor for low wages in physically demanding jobs that are essential to the economic health of the nation.

Flawed Analysis and Inflated Statistics

A prime example of a flawed analysis using this narrow fiscal accounting is an April 2007 report from the Heritage Foundation which claims to demonstrate that "low-skill" households headed by individuals with less than a high-school diploma impose a large fiscal burden on the majority of U.S. taxpayers. The Heritage report is, for the most part, aimed at the native-born, who comprise about two-thirds of all adults age 25 and older in the United States without a high-school diploma.[1] But it also is a backhanded slap at immigrants and immigration reform in that the authors repeatedly warn that any changes in immigration policy which allow more "low-skill immigrants" into the country "would dramatically increase the future fiscal burden to taxpayers."[2] The Heritage report relies on inflated statistics and highly dubious assumptions to arrive at these conclusions. Missing from the report is any discussion of the high demand for workers to fill less-skilled jobs in the U.S. economy, or the forces that create and sustain poverty, or the public policies that might actually alleviate poverty and raise wages. In effect, the report disparages both native-born and foreign-born low-wage workers for not pulling themselves up by their own bootstraps.

The report's analysis begins by adding up how much was spent by federal, state, and local governments on various public benefits and programs in Fiscal Year (FY) 2004. The report then apportions a share of those expenses to low-skill households based either on the amount that these households actually "cost" (in public assistance, for instance) or in proportion to their share of the total U.S. population. Finally, the cost of government expenditures presumably attributable to low-skill households is compared to how much those households paid in federal, state, and local taxes. But in order to inflate the costs of the government services and benefits allegedly received by low-skill households, the report

throws in just about everything but the kitchen sink.

Immigration and Public Benefits

As one would expect, the report calculates the cost of "direct benefit programs," principally Social Security and Medicare, and "means-tested benefits"—such as Medicaid, the State Children's Health Insurance Program (SCHIP), Temporary Assistance to Needy Families (TANF), Supplemental Security Income (SSI), and food stamps—that were utilized by some low-skill households in FY 2004. According to the report, the average low-skill household consumed $21,989 in such benefits: $10,026 in direct benefits (including $5,811 for Social Security and $3,800 for Medicare) and $11,963 in means-tested benefits (including $6,381 for Medicaid and SCHIP, $900 for housing assistance, $865 for SSI, and $695 for food stamps).[3] At the same time, low-skill households paid an average of $9,689 each in federal, state, and local taxes. From the report's perspective, the difference between the taxes paid and the direct and means-tested benefits received by each low-skill household, $12,300, is a net "cost" that is imposed on other taxpayers.[4]

The report conveniently neglects to mention that the vast majority of immigrants are not eligible to receive any of these benefits for many years after their arrival in the United States, if ever. For instance, legal permanent residents (LPRs) must pay into the Social Security and Medicare systems for approximately 10 years before they are eligible to receive benefits when they retire. LPRs can not receive SSI, which is available only to U.S. citizens, and are not eligible for means-tested public benefits until 5 years after receiving their green cards.[5] The 12 million undocumented immigrants in the United States, who comprise nearly one-third of all immigrants in the country,[6] are not eligible for any kind of public benefits—ever. Even if undocumented immigrants were to receive legal status under one of the legislative proposals currently under discussion in Congress, they would not be eligible for green cards for 8 years and would then have to wait 5 years more before becoming eligible for public benefits. Attributing tens of thousands of dollars per year in public benefits to low-income immigrant households is therefore highly misleading.

Questionable Accounting

The authors of the Heritage report are not content to vilify low-income families for sometimes needing public assistance in order to keep their heads above water. The report also adds up the shares of even more government expenditures that are allegedly attributable to low-skill households: public primary, secondary, post-secondary, and vocational education; budgetary outlays for roads, parks, sewers, and food safety and health inspections; military spending and government expenditures for veterans programs, international affairs, and scientific research; and even interest payments on government debt. As a result of this creative accounting, the Heritage report concludes that the average low-skill household received up to $33,395 more in government benefits and services than it paid in taxes in FY 2004.[7]

This kind of analysis reflects a fundamental misunderstanding of the nature of many government expenditures. The report dismisses the notion that some government spending truly represents a "social investment" that can not be counted as a cost attributable to any particular group of people.[8] However, investments in public infrastructure, public health, and public education are necessary to maintain the strength and competitiveness of the U.S. economy and U.S. workforce as a whole, to the benefit of all. Moreover, children whose educations are counted in the Heritage report as "costs" attributable to their parents grow up to become tax-paying adults who often earn higher

incomes than their parents. This is especially true among the children of immigrants.

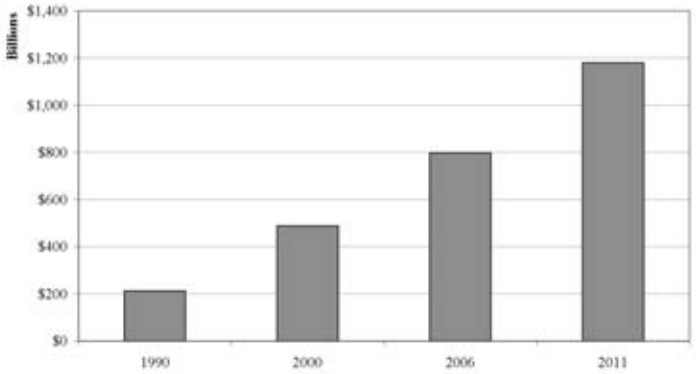
The report also attributes to low-income households the cost of political decisions over which they have no control. For instance, in the Heritage report's accounting, low-income households are responsible for a share of the hundreds of billions of dollars appropriated for the war in Iraq. They also are responsible for a portion of the interest payments on the national debt stemming from the enactment in recent years of tax cuts for corporations and wealthy individuals. From the report's perspective, even immigrants who have just arrived in the United States are presumably saddled with some of these costs the minute their feet touch the ground. Assigning costs such as these to low-income families in general, and low-income immigrant families in particular, is dubious to say the least.

Missing the Big Picture

Creative accounting aside, the simplistic "fiscal distribution analysis"[9] on which the Heritage report is based does not come close to accurately gauging the impact of any group on the U.S. economy as a whole. A comparison of the taxes that people pay and the public benefits and services they consume at a particular point in time does not measure the larger economic impact that they have through their consumer purchasing power and entrepreneurship, both of which create new jobs. Nor does it account for the upward economic mobility that many low-income families experience from generation to generation, particularly immigrant families. It is for these reasons that, according to Gerald D. Jaynes, Professor of Economics and African American Studies at Yale University, "analyses that purport to measure the benefits of immigration by comparing taxes paid by immigrants to the cost of public services they consume are egregiously incompetent and misleading."[10]

Consider, for instance, the substantial economic contributions of Hispanics that have nothing to do with their tax payments. Among Hispanics age 25 and older, 41 percent lack a high-school diploma and 58 percent are foreign-born.[11] Yet, according to the Selig Center for Economic Growth at the University of Georgia, Hispanic buying power totaled $798 billion in 2006 and is expected to increase to $1.2 trillion by 2011 {Figure 1}.[12] Moreover, the U.S. Census Bureau estimates that in 2002, 1.6 million Hispanic-owned firms provided jobs to 1.5 million employees, had receipts of $222 billion, and generated payroll of $36.7 billion.[13] These hundreds of billions of dollars in purchasing power and entrepreneurship are enormous contributions to the U.S. economy that are not captured in the simple arithmetic of a taxes-paid vs. benefits-received model.

Figure 1: U.S. Hispanic Buying Power, 1990-2011



Source: Jeffrey M. Humphreys, "The multicultural economy 2006," *Georgia Business and Economic Conditions* 66(3), Third Quarter 2006: 10.

In addition, the Heritage report claims that estimates of upward educational mobility tend to be "exaggerated."[14] However, numerous studies have demonstrated just the opposite to be true, particularly among Hispanics and immigrants. According to a RAND Corporation study, "2nd and 3rd-generation Hispanic men have made great strides in closing their economic gaps with native whites. The reason is simple: each successive generation has been able to close the schooling gap with native whites which then has been translated into generational progress in incomes. Each new Latino generation not only has had higher incomes than their forefathers, but their economic status converged toward the white men with whom they competed."[15] A study by sociologist Richard Alba found that each generation of Mexican-origin individuals born in the United States improved upon their parents' educational attainment by roughly 2.5 years.[16] And an Urban Institute study found that "[b]y the second generation, immigrants overall end up doing as well as, or in some instances, better than third generation non-Hispanic white natives in terms of their educational attainment, labor force participation, wages, and household income."[17]

Ignoring Demographic Reality

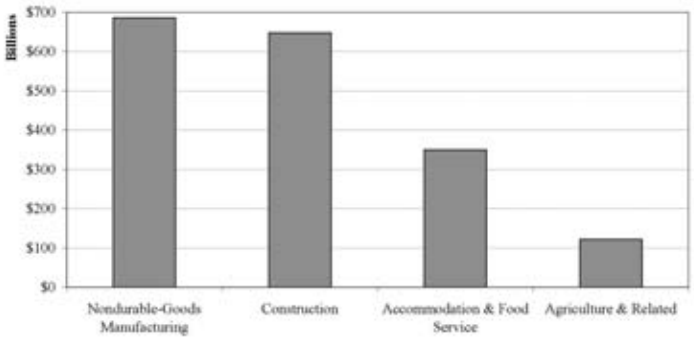
In portraying less-educated people in the United States as fiscal freeloaders, the Heritage report fails to mention that the U.S. economy generates a high demand for workers to fill less-skilled jobs requiring little formal education; particularly service jobs such as food preparation and serving, and building and grounds cleaning and maintenance. According to the Bureau of Labor Statistics, total employment in service occupations will increase by 19 percent between 2004 and 2014, second only to professional and related occupations.[18] Half of the 20 occupations expected to experience the greatest job growth will require only short-term on-the-job

training.[19] Moreover, there will be about 25 million job openings (new jobs plus job turnover) for workers with a high-school diploma or less education during this period, amounting to 45 percent of all job openings.[20]

At the same time that the U.S. economy continues to produce less-skilled jobs, the native-born labor force is steadily growing older and better educated. The Bureau of Labor Statistics predicts that the labor force age 55 and over will grow by an average of 4.1 percent per year from 2004 to 2014, compared to a growth rate of 0.3 percent per year among workers age 25 to 54.[21] Moreover, the share of native-born adults age 25 and older with less than a high-school diploma dropped from about 23 percent in 1990 to 11 percent in 2006.[22] Despite the demographic challenges posed by these trends, the Heritage report offers no suggestions as to how the growing number of less-skilled jobs could be filled in the absence of immigrant workers without somehow persuading native-born workers with higher levels of education to forgo higher-skilled jobs in favor of work as busboys and janitors.

The Heritage report also overlooks the fact that many higher-income workers would not be earning higher incomes if not for the labor of their lower-wage counterparts. Workers with different levels of education and different skill sets complement, rather than compete with, each other in the labor market. Less-skilled workers increase the productivity, and therefore the wages, of higher-skilled workers.[23] In addition, the report fails to account for the value that is added to the economy as a whole by the industries in which less-skilled workers tend to be employed. For instance, according to estimates by the Department of Commerce, nondurable-goods manufacturing (textiles, apparel, etc.) added $685.5 billion to the U.S. Gross Domestic Product (GDP) in 2006, construction added $647.9 billion, accommodation and food services contributed $349.9 billion, and agriculture and related industries added $122.4 billion {Figure 2}.[24]

Figure 2: Value Added to U.S. GDP by Industries Employing Large Numbers of Less-Educated Workers



Source: U.S. Department of Commerce, Bureau of Economic Analysis, Industry Economic Accounts, Value Added by Industry (http://www.bea.gov/industry/gpotables/).

Immigration Innuendo

To the extent that the Heritage report mentions immigration at all, it is to raise the specter of immigration reform unleashing a flood of low-wage immigrants into the U.S. labor market and dramatically increasing the fiscal burden of U.S. taxpayers. The authors support this grim scenario by citing another Heritage report from May 2006 that presented inflated estimates of the increase in legal immigration that allegedly would result if the Senate's "Comprehensive Immigration Reform Act of 2006" (S. 2611) were to become law. The 2006 report claimed that the bill would allow anywhere from 66 million to 217 million new immigrants into the United States over the next 20 years. The outlandishness of these projections is evident in the fact that the estimate of 217 million is 70 million more than the combined populations of Mexico, Belize, Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica, and Panama.[25] The 2006 report arrived at these estimates largely through statistical slight of hand in which many categories of immigrants were double counted.[26]

Iu adding up the fiscal "costs" of immigrants, both Heritage reports overlook that immigrants are, on average, less costly than the native-born on a number of budgetary fronts. For instance, immigrants are less likely to receive public benefits such as TANF, Medicaid, and SCHIP. A report from the Center on Budget and Policy Priorities found that the "percentage of low-income noncitizen children who participate in Medicaid or SCHIP fell from 28.6 percent iu 1996 to 24.8 percent in 2001." Similarly, "participation by noncitizens in the Food Stamp Program declined 64 percent between 1996 and 2000."[27] Immigrants also are less likely to utilize hospital emergency rooms.[28] A report by the University of California–Los Angeles and the Mexican government found that under 10 percent of recent Mexican immigrants (legal and undocumented) who had been iu the United States for fewer than teu years reported using an emergency room in 2000, compared to 20 percent of native-born whites and Mexican Americans.[29] And immigrants are less likely to be in prison at taxpayer expense. Among men age 18-39 (who comprise the vast majority of the prison population), 0.7 percent of the foreign-born were behind bars in 2000, compared to 3.5 percent of the native-born.[30]

The Heritage report also fails to consider the fiscal costs imposed on U.S. taxpayers by many presumably "high-skill" individuals with higher educations. As the accounting frauds and tax scandals perpetrated in recent years by executives at corporations like Enron, WorldCom, and Adelphia Communications illustrate, very wealthy, educated people often exact enormous costs on the U.S. economy and society. Moreover, many wealthy individuals pay relatively little in taxes as a result of loopholes in the tax code. And tens of billions in workers' tax dollars flow to corporations every year through government subsidies, bailouts, and other forms of "corporate welfare."

Conclusion

The conclusions of the Heritage report notwithstanding, workers who earn low wages are not to blame for the fact that the United States still produces less-skilled jobs, or does not have wage and labor laws sufficient to keep all workers above the poverty line, or does not have a public-education system that prevents students from falling through the cracks before earning a high-school diploma. Yet the authors of the Heritage report seem to suggest that all workers who have not finished high school, be they native- or foreign-born, are nothing more than a drag on the U.S. economy. But a person's value, economic or otherwise, cannot be measured or predicted by his or her level of formal education. There are many examples of less-educated workers who have defied all expectations and contributed enormously to our economy and society. Notable examples include self-made billionaires David Murdoch and Kirk

Kerkorian, businessmen Ray Kroc and Dave Thomas (the founders of McDonald's and Wendy's, respectively), and newscaster Peter Jennings—all of whom were high-school dropouts.

In a telling statement, the authors of the Heritage report maintain that, "to make the average low-skill household fiscally neutral (taxes paid equaling immediate benefits received plus interest on government debt), it would be necessary to eliminate Social Security, Medicare, all 60 means-tested aid programs and cut the cost of public education in half."[31] They do not even consider options like implementing progressive reforms to the tax code, or raising the minimum wage, or investing more in public education and community development programs to lower drop-out rates. Rather, the authors of the Heritage report seem to view U.S. workers without a high-school diploma as dead weight that should, ideally, be cut loose. This kind of perspective is callously inhumane, is insulting to the millions of native-born and foreign-born workers who fill less-skilled but economically important jobs, and reflects a basic misunderstanding of the relationship between immigration and the U.S. economy.

May 2007

* Benjamin Johnson is Director of the Immigration Policy Center (IPC) and Walter Ewing is an IPC Research Associate.

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Endnotes

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