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California's Immigrant Population and the Costs of Social Services

By Eloise Anderson

California's ability to assimilate the immigrant population has been severely strained in recent years by extremely large numbers of individuals coming here and an almost complete absence of federal support. Immigrants arriving in California come as a result of federal policy decisions.

There are reports that suggest that the nation's immigration experience over the last decade is not extraordinary; both in terms of numbers and diversity, it fits within our historical patterns. These reports conclude, from a national perspective, the assimilation of these immigrants should be no more difficult than in the past, and the benefits historically associated with immigration will again be realized with our most recent immigrants.

I disagree with these conclusions. Our current immigration experience differs with our past national immigration experiences in ways that have profound effects on state and local governments.

1. The current immigration population includes an unprecedented number of individuals who have come here illegally.
2. Current arrival and resettlement patterns show that immigrants are predominantly locating in relatively few states and localities. This means that immigration is a significant concern in some states and a virtual non-issue in others.
3. Unlike the situation for earlier waves of immigration, the federal government now mandates that immigrants be eligible for most public assistance and service programs. These programs carry a required state and local fiscal commitment. This represents new governmental obligations for state and local taxpayers that did not exist in the past.

The present resettlement patterns and the new

state/local fiscal obligations have combined to create vastly disparate impacts in the various states. The disproportionate impact of federal immigration policies, federal program mandates, and the rising tide of illegal immigration has hit California more severely than any other state.

Overview

Of the approximately 1.6 million refugees admitted to the United States since 1975, approximately 600,000, or 38 percent, reside in California.

Of the estimated four million illegal immigrants residing in the United States, nearly 2.1 million, or 52 percent, reside in California.

Of the approximately three million illegal immigrants granted amnesty under the 1986 Immigration Reform and Control Act, 1.6 million, or 53 percent, reside in California.

Totaling this up: of the approximately 8.6 million refugees and immigrants, legal and illegal, one half, or 4.3 million reside in California.

An equitable national distribution of the 8.6 million would result in just over one million living here.

"Our current immigration experience differs from our past national immigration experiences in ways that have profound effects on state and local governments."

If the rest of the nation reflected California's immigration situation, the numbers in the categories I have mentioned would total nearly 36 million. California's population would have to be 220 million

for our state to have the same ratio between our immigrant population and our supporting and assimilating non-immigrant population that exists in the rest of the nation, and there are no signs of change. California's percentage of foreign-born is pushing past 22 percent, nearly 1.4 times the percentage of the next state, New York.

The percentage [of foreign-born] in our major urban areas is considerably higher. A University of Michigan study showed that in Los Angeles nearly 40 percent of the population is foreign-born and nearly one third have limited English.

In the Los Angeles school system, students speak more than 100 languages.

Aid to Families With Dependent Children

The Aid to Families with Dependent Children Program (AFDC) is our largest public assistance program. It provides cash benefits to nearly 2.5 million persons in California at an annual cost of over \$6.1 billion.

Nearly 13 percent [of AFDC recipients] are refugees or the children of refugees. The Refugee Act of 1980 called for 3-years of full federal funding for refugee resettlement. California has received no federal funding for AFDC eligible refugees for four years. The annualized state AFDC cost estimate for refugees and their children who have been here for less than the three-year federal commitment is \$43 million. Total state cost for all refugee families receiving AFDC will be \$297 million this year.

"Children of undocumented aliens comprise the fastest growing portion of California's AFDC caseload."

The percentage of refugees in the AFDC population has been decreasing over the last several years, but still represents a considerable cost to California given the elimination of federal support. California's costs for refugees this fiscal year will be three quarters of the total national Refugee Resettlement budget of \$400 million ... a budget which in this federal fiscal year, Congress decreased by \$20 million from the President's request.

While the percentage of refugees is decreasing

in AFDC, children of undocumented aliens comprise the fastest growing portion of California's AFDC caseload. These are children born in the United States to parents who are not eligible for financial assistance because they are here illegally. In 1988, they represented 2.4 percent of aided persons. Now it's 6.8 percent. Since July 1988, this group has accounted for 16 percent of all new aided persons in our caseload. This will cost California \$236 million this year. These 176,800 children exceed the total AFDC population in 15 states.

In addition, the five-year bar on program participation for IRCA amnesty aliens has expired. We first saw an increase in AFDC caseload attributed to this group last year. Current year numbers more than double last year's experience. This will represent a state cost estimated to be \$96 million.

The overall numbers of the child-only cases will decline now that the entire family is eligible. The remaining citizen child cases represent approximately 124,000 children and \$161 million in state costs this year.

The state costs for AFDC grants and administrative costs will be \$788 million this year.

Supplemental Security Income

Under federal mandate, most legal immigrants are eligible to receive Supplemental Security Income/State Supplemental Program (SSI/SSP). Refugees are eligible for SSI/SSP immediately following their arrival into the United States. The number of refugees receiving SSI/SSP in California has grown significantly in recent years.

The Refugee Act of 1980 called for a full three years of 100 percent federal funding for eligible refugees. This commitment has completely disappeared in recent years. In July 1987, refugees represented 3.4 percent of the SSI/SSP populations with annual costs of \$64 million. This year it is expected to reach 6 percent of the caseload and result in state costs of \$147 million.

There are several factors that explain this dramatic growth.

1. California continues to receive high proportions of the former Vietnamese political prisoners. Many come with significant mental health issues.

2. We are now receiving the aged parents, aunts, and uncles of refugees already resettled in California

and increasing numbers of multi-generational families from the former Soviet Union. Many of these refugees qualify for SSI/SSP assistance as aged. They represent a larger proportion of our recent refugee arrivals.

3. We are beginning to see caseload increases because of the expiration of the public assistance bar for IRCA (Immigration Reform and Control Act of 1986) amnesty. This began to show up two years ago in our caseloads. The current-year state costs for IRCA recipients of SSI/SSP is expected to be \$32 million. Total for SSI/SSP is \$179 million this year.

Medical Care

The Medicaid Program (Medi-Cal) is not one of the programs for which I am responsible, but it should be considered in this discussion. Federal law passed in 1986 mandated that the states provide emergency medical care, including labor and child delivery, through the Medi-Cal to illegal immigrants who would be eligible for such service except for their citizenship status.

According to the Department of Health Services, in California, in the past 12 months, emergency and pregnancy-related medical care was provided to 390,000 illegal immigrants at a cost of approximately \$763 million for this year. Forty percent of all Medi-Cal births (96,000 babies) are born to illegal immigrants in California.

General Assistance

Counties administer general assistance (cash grant and medical). It provides public assistance to

people who are not eligible for AFDC or SSI/SSP and the counties bear 100 percent of the costs.

Data are not readily available since there are substantial differences among counties in program benefits and eligibility rules. But the counties serve nearly 5,000 refugees monthly at a cost of over \$20 million annually.

Summary

The total state costs are about \$1 billion. Other state costs that are not my responsibility are: incarceration costs for illegals at \$400 million, and the cost of education for children of illegals which has been estimated to be \$1.7 billion this year. These two alone equal \$2.1 billion.

Please accept my assurances, and those of Governor Wilson, that we in the administration are not xenophobic or nativistic.

I do not know if 8.6 million persons is a reasonable number for our nation of 250 million plus to accept and assimilate, but I am convinced that 4.3 million is too many for a single state of 30 million to assimilate effectively! Certainly the costs of doing so are beyond our capacity to absorb without help.

I am convinced that our existing assimilation ability is hamstrung by federal practice that ignores our immigration laws by permitting an unchecked flow of illegal immigrants into our country. Over half of this population enters and resides in California. The problem is exacerbated by the almost total failure of the federal government to support its legal immigration decisions with federal funds to offset the costs of the resultant influx of immigrants. ■

Even JFK Recognized the Need for Limits

There is, of course, a legitimate argument for some limitation upon immigration. We no longer need settlers for virgin lands, and our economy is expanding more slowly than in the nineteenth and early twentieth centuries.

— John F. Kennedy, *A Nation of Immigrants*
with foreword by Robert Kennedy

New York: Harper Torchbooks

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The Public Costs of Immigration

by Wayne Lutton

The governors of California, Florida, Arizona, and, most recently, New Jersey have filed lawsuits against the federal government in an attempt to recover at least some of the costs they have been forced to incur due to the settlement of immigrants in their states. Other high-immigrant states, especially Texas, New York, and Illinois, may join the list. Despite claims by defenders of the status quo that immigration is a plus, the fiscal reality is that immigrants who have come to the United States since the passage of the 1965 Immigration Act — which opened the door to residents of the Third World — are generally less well-educated and possess fewer job skills and poorer command of English than immigrants of earlier eras. It should come as little surprise to learn that these newcomers are a net cost to U.S. taxpayers.

The most comprehensive analysis of the public costs of immigration has been prepared by Dr. Donald Huddle, professor emeritus of economics at Rice University. His study, *The Net National Costs of Immigration in 1993*, was commissioned by Carrying Capacity Network, a Washington, D.C.-based nonprofit organization that highlights population growth's impact on environment, resource conservation, and quality of life issues. Professor Huddle determined that in 1993, the 20.7 million legal and illegal aliens who have come to the United States since 1970 have cost this country more than \$44 billion in direct and indirect public assistance, after subtracting the taxes the immigrants paid.

- A total of \$32.25 billion was paid for direct public assistance and \$11.92 billion for indirect worker displacement.

- Over 55 percent of the net national costs of immigration are attributable to *legal* immigrants.

- An estimated 2.35 million American workers were displaced from their jobs.

The largest public assistance programs used by immigrants include primary and secondary public education (\$18.12 billion); Medicaid (\$9.05 billion); net county and city costs (\$6.88 billion); public higher education (\$4.87 billion); and bilingual education (\$4.1 billion).

If immigration is not reduced and access to

publicly-funded programs not restricted, the cost of immigration is bound to rise. After subtracting the taxes the immigrants are expected to pay, the net cost for the decade 1994-2003 will likely come to at least \$601.6 billion, or an average of \$2314 for every American.

Dr. Huddle's findings have alarmed anti-restrictionist activists. In May, The Urban Institute issued a report, *Immigration and Immigrants: Setting the Record Straight* by Michael Fix and Jeffrey Passel. Underwritten by the Ford Foundation, the ARCO Foundation, the Mellon Foundation, and the U.S. Department of Labor, the authors claim that immigrants provide a boost to the economy and pay more in taxes than they receive in benefits.

In order to arrive at this conclusion, Fix and Passel had to overestimate social security payments made by immigrants and underestimate the benefits they received. They also failed to acknowledge that immigrants displace American workers, which adds to social welfare costs and lost revenues. Furthermore, the Urban Institute undercounted the immigrant population by not including immigrants and their children who have been added to our population since the 1990 Census. Other public infrastructure costs were in like fashion ignored. When the Urban Institute's estimates are revised to account for these outlays, their "surplus" is transformed into the deficit that Dr. Huddle confirmed.

Michael Mandel, writing in *Business Week* ("It's Really Two Immigrant Economies," June 20, 1994, pp. 74-78), admitted that refugees and illegal aliens are a burden to U.S. taxpayers, but then asserted that, "by contrast" the majority of legal immigrants "more than pull their own weight in the U.S. economy." It is hard to justify this claim, given that 63 percent of the foreign-born people who settled in the U.S. over the past decade have come from Cuba, Haiti, the Dominican Republic, Mexico, El Salvador, Guatemala, and Indo-China. They do not possess the education and skills needed by a developed country.

[Copies of Dr. Huddle's study and his critique of the Urban Institute report are available from Carrying Capacity Network, 1325 "G" Street, N.W., Suite 1003, Washington, D.C. 20005-3104, (202) 879-3044.]