



# **THE FISCAL IMPACT OF IMMIGRATION**

**An Analysis of the Costs to 15 Federal Departments and Agencies**

**BY EDWIN S. RUBENSTEIN**

**AN EXCLUSIVE REPORT**

**The Social Contract**  
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An Analysis of the Costs to 15 Federal Departments and Agencies

## The Social Contract

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### Contents

- 1 • A Note from the Editor
- 2 • The Economic and Fiscal Impact of Immigration  
A New Analysis Edwin S. Rubenstein
- 5 • Homeland Security (DHS)
- 9 • Defense (DOD)
- 12 • Education (DOE)
- 17 • Justice (DOJ)
- 20 • Health and Human Services (HHS)
- 26 • State (DOS)
- 30 • Social Security Administration (SSA)
- 35 • Labor (DOL)
- 41 • Commerce (DOC)
- 46 • Treasury
- 48 • Energy/Environmental Protection Agency (DOE/EPA)
- 53 • Transportation (DOT)
- 57 • Housing and Urban Development (HUD)
- 61 • Interior (DOI)
- 65 • Agriculture (DOA)
- 69 • Epilogue

THE SOCIAL CONTRACT, 445 East Mitchell Street, Petoskey, MI 49770.

Phone (231) 347-1171 Fax (231) 347-1185

email: [tscontact@thesocialcontract.com](mailto:tscontact@thesocialcontract.com) website: [www.thesocialcontract.com](http://www.thesocialcontract.com).

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**PUBLISHER**

*John H. Tanton, M.D.*  
Petoskey, Michigan

**EDITOR**

*Wayne Lutton, Ph.D.*  
Petoskey, Michigan

**MANAGING EDITOR**

*Kevin Lamb*  
Mt. Airy, Maryland

**AUSTRALIAN CORRESPONDENT**

*Denis McCormack*  
North Fitzroy, Victoria, Australia

**CONTRIBUTORS**

*Gerda Bikales*  
Livingston, New Jersey

*John Cairns, Jr., Ph.D.*  
Blacksburg, Virginia

*Lindsey Grant*  
Santa Fe, New Mexico

*Diana Hull, Ph.D.*  
Santa Barbara, California

*Lee Madland, Ph.D.*  
Missoula, Montana

*Michael Masters*  
Fredericksburg, Virginia

*Edwin Rubenstein*  
Carmel, Indiana

*Craig Straub, Ph.D.*  
Cincinnati, Ohio

*Brenda Walker*  
Berkeley, California

*James Walsh, J.D.*  
Longboat Key, Florida

*Miles Wolpin, Ph.D.*  
Potsdam, New York

---

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Editorial and subscription offices:

445 E. Mitchell Street

Petoskey, MI 49770-2623

Phone: 231-347-1171 (Fax: - 1185)

E-mail: [tsccontact@thesocialcontract.com](mailto:tsccontact@thesocialcontract.com)

Web Page: [www.thesocialcontract.com](http://www.thesocialcontract.com)

### *A Note from the Editor*

## An Immigration Fiscal Impact Statement

In this issue, *The Social Contract* is privileged to feature Edwin Rubenstein's Immigration Fiscal Impact Statement. Mr. Rubenstein, a noted economist and widely-published business journalist, was invited to prepare a report estimating the impact of immigration on the federal government. His examination of the budgets of fifteen federal agencies confirms that immigration adds costs to every government agency and almost all government programs. The total economic impact of mass immigration is far higher than the public has been lead to believe.

### Opening the Immigration Flood Gates

Former Federal Reserve chairman Alan Greenspan is calling on Congress to allow even higher levels of immigration, even as he admits that the U. S. economy "is on the edge of a recession." According to Greenspan, "Significantly opening up immigration to [more] skilled workers solves two problems: Companies can hire educated workers they need. And those workers would compete with high-income people, driving more income equality." What he really means is that salaries can be cut for educated American workers forced to compete with foreign competitors in their own country. There really is no limit to the greed of cheap labor profiteers.

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Wayne Lutton, Ph.D.  
Editor

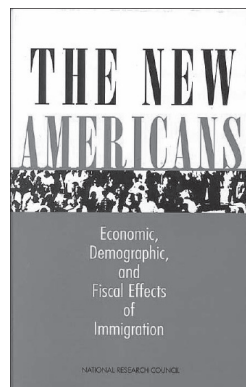
# The Economic and Fiscal Impact of Immigration: a New Analysis

By EDWIN S. RUBENSTEIN

Immigrants are poorer, pay less tax, and are more likely to receive public benefits than natives. It follows that federal government finances are adversely impacted by immigrants—and this negative will increase as the foreign-born share of the population increases.

Yet there is surprisingly little objective research on immigration's fiscal impact.

The most extensive and authoritative study, to date, is the National Research Council (NRC)'s *The New Americans: Economic, Demographic and Fiscal Effects of Immigration* (1997). The NRC staff analyzed federal, state, and local government expenditures on programs such as Medicaid, AFDC (now TANF), and SSI, as well as the cost of educating immigrants' foreign- and native-born children.



NRC found that the average immigrant household receives \$13,326 in federal annual expenditures and pays \$10,664 in federal taxes—that is, they generate a fiscal deficit of \$2,682 (1996 dollars) per household.

In 2007 dollars this is a deficit of \$3,408 per immigrant household.

With 9 million households currently headed by immigrants, more than \$30 billion (\$3,408 x 9 million) of the federal deficit represents money transferred from native taxpayers to immigrants.

Subsequent studies have confirmed the negative fiscal impact of immigration.

But these studies were done by private research groups.

Federal agencies are often required to publish

elaborate environmental impact statements for new programs and policies. The federal government has never produced a comprehensive study of this issue. Executive agencies are not required to do Fiscal Impact Statements for new immigration policies. Even the immigration reform legislation sent to Congress last year contained not one word on its potential budgetary consequences.

Perhaps we shouldn't be surprised. A White House that wants de facto amnesty for illegal aliens

as well as the expansion of many categories of legal immigration does not want the fiscal costs of immigration publicized. This is unfortunate: only the government has the data and the expertise needed to accurately estimate those costs.

This report is meant to be a demonstration project—a suggestion as to how immigration impact statements should look and what type of information they should contain. We thought it best to break this task down along departmental lines. To this end, we examined a selection programs and policies administered by the following 15 executive agencies:

- ◆ Department of the Treasury
- ◆ Department of Housing and Urban Development
- ◆ Department of Agriculture
- ◆ Department of Justice
- ◆ Department of Commerce
- ◆ Department of Labor
- ◆ Department of Defense
- ◆ Department of State
- ◆ Department of Education
- ◆ Department of the Interior
- ◆ Department of Energy/Environmental Protection Agency
- ◆ Department of Transportation

## Prologue

## THE SOCIAL CONTRACT: AN EXCLUSIVE REPORT

- ◆ Department of Health and Human Services
- ◆ Social Security Administration
- ◆ Department of Homeland Security

Previous studies have focused on a few large government programs administered by a handful of government agencies. We believe that *every* government agency and *most* government programs are impacted by immigration. By casting a wider net, we delve into lesser-known programs that are, nevertheless, greatly impacted by immigration.

For example:

**Earned Income Tax Credit**, administered by Treasury and the Internal Revenue Service (IRS), is available to illegal immigrants with children. Fraud is rampant, as the IRS does little to verify the existence of such children.

EPA's budget allocates nearly \$1 billion to

**"Clean Air and Global Climate Change."** These goals are unattainable as long as U.S. population growth—driven by high immigration—continues on its present course.

U.S. hospitals must provide **emergency medical treatment** to illegal immigrants. The Department of Health and Human Services provides \$250 million a year to help hospitals pay for this mandate. But the costs are far greater. As a result many emergency rooms have closed, diminishing access for immigrants and natives alike.

The **Bureau of Land Management**—a unit of the Interior Department—annually spends about \$1 million to mitigate the environmental damage done by *illegal* crossing of the southern border. This is a fraction of the amount that another federal report says is needed.

**Migrant education grants** are intended to help

## About the Author

**EDWIN S. RUBENSTEIN**, *president of ESR Research, economic consultants, has 25 years of experience as a business researcher, financial analyst, and economics journalist. Mr. Rubenstein joined the Hudson Institute, a public policy think tank headquartered in Indianapolis, as director of research in November 1997. While at Hudson he wrote proposals and conducted research on a wide array of topics, including workforce development, the impact of AIDS on South Africa's labor force, Boston's "Big Dig" the economic impact of transportation infrastructure, and the future of the private water industry in the United States.*

*As a journalist, Mr. Rubenstein was a contributing editor at Forbes Magazine and economics editor at National Review, where his "Right Data" column was featured for more than a decade. His televised appearances include Firing Line, Bill Moyers, McNeil-Lehrer, CNBC, and Debates-Debates. In The Right Data (National Review Press, 1994), Rubenstein debunks many widely held beliefs surrounding the distribution of income, government spending, and the nature of economic growth.*

*Mr. Rubenstein is also an adjunct fellow at the Manhattan Institute where he is principal investigator in the institute's ongoing analysis of New York state's budget and tax structure. He also published a newsletter devoted to economic statistics and contributed regularly to The City Journal, the Manhattan Institute's quarterly.*

*From 1980 to 1986 he was senior economist at W.R. Grace & Co. where he directed studies of government waste and inefficiency for the Grace Commission.*

*From 1978 to 1980 he was a municipal bond analyst for Moody's Investors Service where he was also editor of the Bond Survey, a weekly review of the municipal bond market. He served as senior quantitative analyst for the Office of the Mayor of New York City from 1973 to 1978. He also was staff economist for the New York State Commission on Education (the Fleischman Commission), and was principal investigator on a study of multinational corporations published by the Institute for Public Administration. Mr. Rubenstein has a B.A. in economics from Johns Hopkins, and an M.A. in public finance from Columbia University.*



states educate the children of seasonal farm workers. But the Department of Education distributes the funds based on the number of eligible students rather than the number actually enrolled. This creates an incentive for states to overcount—and underserve—migrant children.



The Department of Labor's *Office of Foreign Labor Certification* (OFLC) does the fact finding needed to ensure that foreign workers brought into the country do not adversely impact wages and working conditions of comparable native workers. Unfortunately, the law allows employers to calculate wages and skill levels of their current workforce. The loophole prevents



OFLC from discharging its responsibilities—and opens the gate to cheap foreign workers.

Immigrant workers depress the wages received by natives. We estimate

the resulting decline in federal revenues at \$100 billion in FY2007—larger than any federal benefit received by immigrants. Although all agencies suffer,

we allocate the *fiscal impact of lost revenues to the Treasury Department*, the federal government's primary tax collector. (See epilogue table.)

And then there are the federal policies, ostensibly unrelated to immigration, that have greatly accelerated the influx. The *Department of Agriculture's* grain subsidies devastated much of Mexico's farm economy, forcing their unemployed farmers to cross the U.S. border illegally. The Commerce Department's *Security and Prosperity Partnership* (SSP) is mapping a course toward a North American Union embracing the U.S., Mexico, and Canada. Immigration would be allowed without limit under such a regime.

A complete accounting is beyond our capability. Our goal, however, is to increase awareness—within the government and among citizens—of the myriad ways by which immigration increases the cost of government and how government policies increase immigration.

Hopefully Washington will be moved by our example. ■



# Department of Homeland Security

SHADOW SECRETARY OF HOMELAND SECURITY EDWIN S. RUBENSTEIN

The Department of Homeland Security (DHS, which combines parts of other federal agencies, including the former Immigration and Naturalization Service) has three major immigration-related missions: 1. Secure the nations borders; 2. combat terrorism; and 3. enforce immigration laws inside the United States by removing immigrants who are here illegally and preventing employers from deliberately or inadvertently hiring illegal immigrants.

The first two objectives are performed primarily by the Border Patrol. Interior enforcement is the responsibility of the Bureau of Immigration and Customs Enforcement (ICE).

## The Border Patrol (BP)

At the start of the Bush Administration there were 9,096 BP agents. The 2008 budget provides funding for 17,819 agents—effectively doubling BP manpower. Legislation currently being considered in the Senate would hire 18,000 new border agents, doubling BP manpower yet again.

Money for the Border Patrol increased by 70 percent since 2005, to \$3 billion. <http://www.nytimes.com/2007/10/21/us/21border.html?partner=rssnyt&emc=rss> The 2008 budget proposes more than \$3.5 billion, and if Congress passes the new law BP spending will likely increase to \$7 billion per year.

## Ending Catch and Release

The Bush Administration has ended the policy of “catch and release” along the northern and southern borders. Non-Mexicans apprehended crossing the border illegally are now detained and then returned to their home countries as quickly as possible.

All non-criminal Mexican aliens are returned to Mexico immediately.

This represents a welcome policy change. In 2005 more than 70 percent of the 98,000 illegal aliens detained by the U.S. Border Patrol from countries other than Mexico (OTMs) were released almost immediately onto the streets of America because of a lack of detention facilities. A lack of funding and manpower at federal detention centers nationwide forced BP agents into what they angrily called a “catch-and-release” policy under which apprehended OTMs are turned loose because they have overwhelmed the number of available beds.

Some OTMs come from nations identified as state sponsors of terrorism, although most come from Central and South America, Europe and Asia.

Of the 19,500 beds available for criminal aliens in 2005, and others facing deportation, only 2,500 were dedicated to OTMs and they were usually filled.

In prior years OTMs were simply given a “notice to appear” letter and released into the general population because we lacked the facilities to hold them. Only 12 percent of those receiving the letters ever showed up, with some Texas Border Patrol sectors reporting no-show rates as high as 98 percent. <http://washingtontimes.com/national/20050607-104727-5363r.htm>

Many of the at-large OTMs have prior criminal records.

The shortage of detention space was alleviated by an increase in total beds (to 28,450 in the 2008 budget) and a process known as “expedited removal” in which an arriving alien can be removed without a formal hearing if it is determined that the alien entered because of fraud or misrepresentation.

The expedited removal budgetary “math” runs like this: Prior to expedited removal, the average amount of time that an OTM spent in detention was about 90 days. Once expedited removal

## Immigration Fiscal Impact Statement

is implemented, the timeframe drops to about 30 days. ICE's goal is 15 days.

At 90 days, a detention bed can accommodate 4 OTMs per year. At 18 days, the same bed can accommodate 20 OTMs. Thus expedited removal can increase OTM removal efficiency by fivefold.

It costs \$35,000 to detain an OTM for one year. That implies a cost of \$8,750 for a 90-day detention, or \$1,750 for an 18-day detention.

In fiscal year (FY) 2005, 165,178 OTMs were apprehended. If the average duration of their detention were to fall from 90 to 18 days, total detention costs would decline from \$1.445 billion (165,178 x \$8,750) to \$289 million (165,178 x \$1,750), or by nearly \$1.2 billion.

Transportation costs are another matter. While Mexicans apprehended in the United States illegally are usually bused back within a few hours, OTMs are driven to an airport and flown back to Guatemala, Honduras, Iraq, China, or wherever else they call home. At a hypothetical \$1,000 per OTM, transporting them home would cost U.S. taxpayers \$165 million.

Homeland Security's FY2008 budget allocates \$2.2 billion to support the detention and transportation of OTMs. <http://www.whitehouse.gov/omb/budget/fy2008/pdf/budget/dhs.pdf>

## **Legal Border Crossers**

Last year 234 million travelers entered the country legally through the land border crossing from Mexico. Many were U.S. citizens who work or shop in Mexico and live in border cities like El Paso. Until recently when Americans arrived at border checkpoints they simply declared their citizenship and were waved through.

Starting on January 31, 2008, new rules will take effect that will require returning U.S. citizens to show a passport or other proof of citizenship. The requirements were approved by Congress as part of antiterrorism legislation passed in 2004.

Border agents have already stepped up scrutiny of returning Americans, slowing commerce and

creating delays at border crossing not seen since the months following September 11, 2001 (9/11). Border officials warn that delays could remain a fact of life for years—or at least until new security technology and expanded entry stations are installed and until Americans get used to being checked and questioned like foreigners.

Technology is no panacea, in part because government databases are notoriously erroneous. The Social Security Administration (SSA)'s database, for example, is used to determine whether workers are authorized to work in the United States. The agency sends "no match" letters to employers when the names and Social Security Numbers (SSNs) of employees do not match those in its database.

But the error rate for U.S. citizens in the SSA database is estimated to be 11 percent, meaning that about 13 million of the "bad" SSNs in 2006 belonged to U.S. citizens. As a result, a judge ordered DHS not to fine employers or initiate other actions on the basis of SSN discrepancies to "prevent irreparable harm to innocent workers and employers." ("DHS: No Match Enforcement," *Migration News*, October 2007. Vol.14. No 4. <http://migration.ucdavis.edu>)

Similar problems could develop if U.S. citizens were erroneously prevented from entering the country on the basis of SSN discrepancies.

We will need more border crossings and more border agents to alleviate the delays—even with enhanced technology. The prospect is not good, however. While the Border Patrol's budget has increased by 70 percent since 2005, financing for border station agents, who process travelers entering legally at designated crossing points, rose by just 30 percent over the same period. <http://www.nytimes.com/2007/10/21/us/21border.html?partner=rssnyt&emc=rss>

## **Interior Enforcement I Worksite Arrests**

Most illegal aliens enter the country to work. As a practical matter, controlling the inflow of illegals





is impossible so long as U.S. employers are able to hire them with impunity. The 1986 immigration act established an employment verification process and strict sanctions against employers who knowingly hired illegal aliens.

But the effort to penalize companies for hiring illegals has languished. Counterfeit IDs plus the DHS's unwillingness to hold employers accountable for hiring workers with these bogus documents led to a resurgence of illegal immigrants in the workforce after 1986. [http://www.fairus.org/site/PageServer?pagename=iic\\_immigrationissue-centersff8e](http://www.fairus.org/site/PageServer?pagename=iic_immigrationissue-centersff8e) When the government subpoenaed employment records of large employers suspected of employing illegals, a huge outcry from the usual suspects—industry associations, Hispanic groups, and tame politicians—forced the immigration authorities to back off. <http://aolsvc.timeforkids.kol.aol.com/time/magazine/article/0,9171,995145,00.html>

Historically, Congress and INS/DHS have devoted over five-times more staff and budget resources to border enforcement than to interior enforcement. Workplace enforcement is especially understaffed.

Understandably, 9/11 skewed the mix even further toward border enforcement. But indifference toward non-security-related workplace enforcement was evident well before 9/11—beginning in the late Clinton years.

In April 2006, ICE announced a new interior enforcement strategy of bringing criminal charges against employers who knowingly hire illegal aliens. The media has reported large scale arrests of illegal alien workers since then. (Miriam Jordan, "Firms Brace for Crackdown on Illegal Labor," *Wall Street Journal*, October 1, 2007 <http://www.millerlawoffices.com/news.htm> ; Nicole Gaouette, "Immigration rules may hurt economy," *Los Angeles Times*, August 11, 2007. <http://www.house.gov/>

[list/speech/ca50\\_bilbray/latimesenforce.html](list/speech/ca50_bilbray/latimesenforce.html) )

Unfortunately, DHS statistics on workplace arrests for years after 2004 are either unavailable or are combined with other actions so as to make comparisons with prior years impossible. This may reflect a desire to downplay ICE's workplace efforts for political reasons.

In any event, the recent crackdown appears to be grossly underfunded. No additional workplace enforcement agents have been hired and the fines levied on employers who hire illegals have not been increased. Instead, ICE has focused its workplace enforcement effort on new technology. An Internet-based system—

called Basic Pilot—is designed to enable employers to electronically check employees' work eligibility with information in DHS and SSA databases. The 2008 budget provides \$30 million for the Basic Pilot program.

There have already been problems reported with Basic Pilot. A GAO report <http://www.gao.gov/htext/d06895t.html> warns that its "inability to detect identity fraud and DHS delays in entering data into its databases" could affect future usage. Participation is voluntary. Only 8,600 employers have registered to use the Basic Pilot Program—and a smaller number actually use it.

By heightening border security without ramping up interior enforcement, DHS has made the illegal alien problem worse. Research suggests, for example, that the illegal alien population increased significantly when border security was tightened after 9/11. Seasonal migrants who previously would leave the United States at the end of the agricultural season and return later were, in effect, trapped by the increased border surveillance.

**Border Fence**

The immigration bill currently under consideration calls for the erection of 200 miles of vehicle barriers and 370 miles of new fencing along the

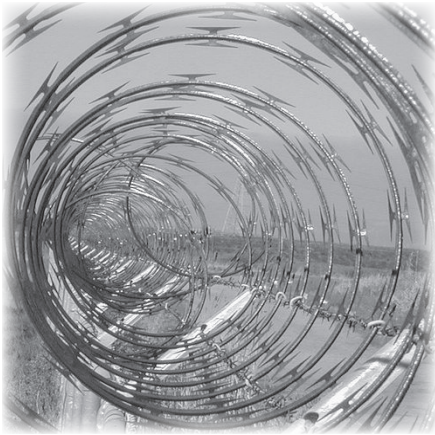
**Worksite Arrests of Illegal Alien Workers**

Key Indicators		Notices of Intent To Fine Employers	
1997	17,554	1997	865
1999	2,849	1999	417
2000	953	2000	178
2001	735	2001	100
2003	445	2003	162
2004	159	2004	3

U.S.-Mexican border.

How much will the new fencing cost? In the mid-1990s the Federal government built a 14-mile security fence at the Mexican border near San Diego. It cost \$25 million, or \$1.7 million per mile (February 19, 2004).

More recently, Israel constructed a fence at places on the West Bank. The Israeli security fence also costs about \$1.7 million per mile (ParaPundit).



Using this as a guide, 370 miles of new fence should cost taxpayers about \$629 million. (370 x \$1.7 million).

This is not your garden variety fence, but a complex of two 16-foot high steel fences separated by a wide road. It takes so much time to climb the first fence and cut through the second that apprehension is practically inevitable. Illegals have simply stopped trying to enter along the San Diego border.

Arrests of illegal immigrants along the border near San Diego plummeted from about 25,000 to 3,000 per year after the fence went up. Violent crimes have virtually come to a halt in that area, according to the San Diego Police Department. (Valerie Alvord, "Border Fence Plan Runs into a Barrier," *USA Today*, April 19, 2004)

The San Diego fence pushed the illegal influx eastward, into the desert, but Arizona apprehensions climbed from 160,000 in 1994 to 376,000 in 2003; Texas apprehensions rose slightly; and California apprehensions were cut in half.

The southern border is 1,951 miles long. So why not fence off the entire border? At \$1.7 million per mile, *the entire U.S.-Mexican border could be sealed off for \$3.3 billion dollars.*

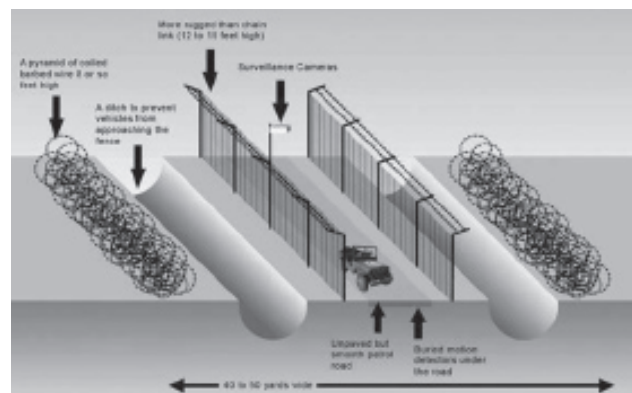
Compared to other infrastructure projects, the border fence seems downright puny. The federal interstate highway system, for example, is about 46,000 miles long.

And we could easily afford to fence off the entire border. The \$3.3 billion price is equivalent to only:

3.0 percent of the \$110 billion spent on highway construction annually (*National Transportation Statistics 2006*, Table 3-29a. [http://www.bts.gov/publications/national\\_transportation\\_statistics/2006/index.html](http://www.bts.gov/publications/national_transportation_statistics/2006/index.html) )

0.5 percent of national defense spending in FY2008 (\$603 billion)

0.11 percent of the entire U.S. federal budget for FY2008 (\$2.9 trillion) (OMB, *Budget of the U.S. Government FY2008*, Historical Tables, Table 8-1. <http://www.whitehouse.gov/omb/budget/fy2008/pdf/hist.pdf> )



Federal funding may not even be necessary. Border state taxpayers could pass initiatives ordering the security fence construction. They would save millions in social service costs currently incurred on behalf of illegal immigrants—I estimate, for example, that nearly one-quarter of California's annual budget deficit, that is, over \$9 billion in 2003, stemmed directly from immigration.

At the same time, a dwindling supply of illegal workers would raise incomes for border state natives—and boost tax revenues.

A fence would quickly pay for itself. ■

# Department of Defense

SHADOW SECRETARY OF DEFENSE EDWIN S. RUBENSTEIN

The Department of Defense (DOD) provides the military forces needed to deter war and to protect the security of the United States. Although projecting U.S. power abroad is its major mission, DOD is also responsible for homeland defense. Homeland defense includes the protection of U.S. sovereignty, territory, domestic population, and critical defense infrastructure against external threats and aggression, or other threats as directed by the President.

The nation relies on DOD to be vigilant regarding potential threats, prospective capabilities, and perceived intentions of potential enemies.

## Illegal Immigrants and National Security

Defense is rarely included among the governmental activities impacted by immigration. In the jargon of economists, defense is a “public good.” Consumption of a public good by one person does not reduce the amount available for others to consume. Thus, all people in a nation must “consume” the same amount of national defense—the defense policy established by the government.

This implies that if U.S. population were to double while defense spending remained the same, the level of defense protection provided to each resident would not change. Under these assumptions, higher rates of immigration would not require additional national defense spending.

But what if the new immigrants are themselves a threat to national security? The “public good” concept is oblivious to this possibility—and is

therefore a dangerous abstraction that has no real world relevance.

## Case in point: Immigrants other than Mexicans

The number of illegal aliens flooding into the United States this year will total about 3 million — enough to fill 22,000 Boeing 737-700 airliners, or 60 flights every day for a year. It will be triple the number of immigrants who enter the United States legally. (No one knows how many illegals are living in the United States, but estimates [http://www.bearstearns.com/bscportal/pdfs/under-ground.pdf] run as high as

## Immigration Fiscal Impact Statement

20 million.)

While the vast majority are Mexicans, a small but sharply growing number come from other countries, including those with large populations hostile to the United States.

In 2005 Border Patrol Chief David Aguilar reported his agency was on course to apprehend 150,000 people who fall into the category described officially as other than Mexicans (OTMs). That would almost triple the previous year’s 65,000. In fiscal 2003, the numbers were around 40,000, and in 2002 and 2001, around 30,000 each. <http://www.cbsnews.com/stories/2005/07/26/national/printable711912.shtml>

But that’s just the OTMs who are caught. Based on long-time government formulas for calculating how many elude capture, as many as 450,000 illegals from countries other than Mexico may have entered the United States undetected in 2005, including intruders from Afghanistan, Bulgaria, Russia, and China, as well as Egypt, Iran, and Iraq. <http://www.time.com/time/magazine/article/0,9171,995145-2,00.html>

Until recently, most apprehended OTMs were released due to lack of detention space. (See my Immigration Fiscal Impact Statement for the Department of Homeland Security.) Today OTMs are detained and transported to their home country. Yet according to the Border Patrol, some 465,000 OTMs apprehended under the old “catch and release” policy are living in the United States.

No one knows how many OTMs still cross the border undetected.

It is clear, however, that they represent a threat to national defense and should be dealt with by DOD as well as the Border Patrol. We highlight expenditures DOD may incur when dealing with OTMs.

### **Border surveillance**

H.R. 4437, the Border Protection, Antiterrorism, and Illegal Immigration Control Act of 2005, was aimed at strengthening U.S. borders and eliminating Homeland Security’s “catch and release” practice. Among its provisions was a requirement that DHS and DOD develop a joint strategic plan that will provide the Border Patrol with military support and increased DOD surveillance. The law authorized physical barriers and widespread, state-of-the-art surveillance technology, including cameras, sensors, radar, satellite, and unmanned aerial vehicles.

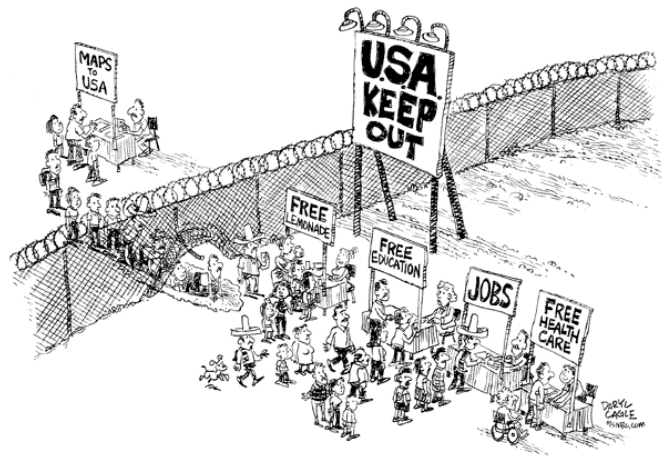
In May 2006, the President committed 6,000 National Guard troops to border security. The National Guard’s border missions were to include surveillance and reconnaissance, engineering support, transportation support, logistics support, vehicle dismantling, medical support, barrier and infrastructure construction, road building, and linguistics support. (Guard forces play no role in the direct apprehension or incarceration of illegal immigrants detained by Homeland Security or other civilian authorities.) <http://www.defenselink.mil/news/newsarticle.aspx?id=15749>

The average military “salary” for enlisted personnel, defined as basic pay plus housing and subsistence allowance plus associated tax savings, is \$45,000. Multiplying this figure by the 6,000 additional National Guard personnel yields an estimated cost of \$270 million.

Total Army National Guard spending is estimated at \$6 billion in the fiscal year (FY) 2008 budget. <http://www.whitehouse.gov/omb/budget/fy2008/pdf/appendix/mil.pdf>

### **Border fence**

Most fences built along the southern border were constructed by the U.S. Army Corps of Engineers for Homeland Security’s border protection unit. The Corps obtains the land, drafts the environmental protection plan, designs the project, and oversees construction. Labor is usually provided by National Guard and military units on loan from the Department of Defense.



The cost of building and maintaining a double set of steel fences along 700 miles of the U.S.-Mexico border could be 5 to 25 times greater than congressional leaders forecast last year, or as much as \$49 billion over the expected 25-year life span of the fence, according to the nonpartisan Congressional Research Service (CRS). <http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2007/01/08/BAG6RNEJJG1.DTL>

A CRS study released in December 2006 notes that even the \$49 billion does not include the expense of acquiring private land along hundreds of miles of border or the cost of labor if the job is done by private contractors—both of which could drive the price billions of dollars higher.

A state-of-the-art fence constructed on almost 10 miles of border in western San Diego County has reduced the number of Border Patrol arrests of illegal entrants there, CRS says. Secure fencing of

some kind already exists along 106 miles of border, mostly in short stretches around cities.

Boeing Co., under a September 2006 contract with Homeland Security, is already constructing a “virtual fence” along all 6,000 miles of the U.S. border, north and south, that is expected to run to \$2.5 billion.

Congress provided \$1.5 billion for upgrading infrastructure and technology at the border in FY2007, which ended September 30th. No money has been allocated specifically for the 700 miles of fence.

Total Army Corps of Engineers outlays in 2007 are estimated at \$4.3 billion. <http://www.whitehouse.gov/omb/budget/fy2008/pdf/appendix/mil.pdf>

### Illegal Alien Soldiers?

Tucked away in the current immigration bill is a provision to help boost military recruiting. It’s known as the Development, Relief and Education for Alien Minors, or DREAM Act of 2007. The provision would allow illegal aliens to enlist in the military as a way to obtain citizenship.

Defense Department figures show that the Army fell short of its May recruitment goal by 399 recruits. The Army National Guard fell 12 percent short of their goal, while the Air National Guard was well below their target by 23 percent. [http://www.infowars.com/articles/military/recruitment\\_numbers\\_fall\\_us\\_army\\_looks\\_toward\\_illegals.htm](http://www.infowars.com/articles/military/recruitment_numbers_fall_us_army_looks_toward_illegals.htm)

Illegals who cross the border as minor children and have been in a U.S. school system for “a number of years” would be eligible to enlist under DREAM. The newly enlisted recruits would be given a Z visa, granting them probationary status as a legal resident and making them eligible for student loans, job training, and other benefits as a first step toward citizenship. <http://www.jbs.org/node/4479>

At the end of their enlistment they would be eligible for full citizenship.

Currently, only immigrants legally residing in the United States are eligible to enlist. There are

about 30,000 such noncitizens in the U.S. armed forces, making up about 2 percent of the active duty military, according to press reports. About 8,000 permanent resident aliens enlist every year. [http://www.boston.com/news/nation/articles/2006/12/26/military\\_considers\\_recruiting\\_foreigners/](http://www.boston.com/news/nation/articles/2006/12/26/military_considers_recruiting_foreigners/).

Drawing from the pool of illegal immigrants would add significantly to recruitment. With an estimated 750,000 of youths eligible for DREAM, even 10 percent of them would equal a year’s worth of recruits.

Some top military brass believe the United States should go as far as targeting foreigners in their native countries—that is, recruit foreign mercenaries for the U.S. armed forces. The alternative would be a sharp increase in military pay or less stringent qualifications for enlistees.

Fighting an unpopular war may be one job that Americans truly “don’t want to do.” Displacing native-born American soldiers with illegal immigrants would surely reduce the cost of manning the volunteer army. But sometimes you get what you pay for: is it really wise to recruit illegal immigrants who haven’t assimilated well or learned the language of our nation, and whose loyalties may lie elsewhere?

Even the National Council of La Raza—a Hispanic immigration rights advocacy group—says the plan sends the wrong message, making it appear that Americans are not willing to sacrifice to defend their country. Officials have also raised concerns that immigrants would be disproportionately sent to the front lines as “cannon fodder” in any conflict. [http://www.boston.com/news/nation/articles/2006/12/26/military\\_considers\\_recruiting\\_foreigners/](http://www.boston.com/news/nation/articles/2006/12/26/military_considers_recruiting_foreigners/)

We believe the military can meet recruiting goals without having to rely on foreigners. It may require significantly higher pay and benefits but, unlike the illegal alien alternative, would not compromise national security. ■



# Department of Education

SHADOW SECRETARY OF EDUCATION EDWIN S. RUBENSTEIN

The Department of Education's (ED) mission is to "promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access." ED distributes billions to states and localities based on formulas that measure academic performance, poverty rates, immigrant enrollment, English language proficiency, and student disabilities. <http://www.ed.gov/about/landing.jhtml?src=gu>

Immigration has a profound impact on these metrics.

## No Child Left Behind (NCLB)

The central goal of the No Child Left Behind program is for all students to read and to do math at grade level and above by 2014. More than half of the \$20 billion budgeted for NCLB in the 2008 federal budget is Title I funds, which are funds distributed to state education departments and local school districts based on the number and percentage of students who are poor, student test scores, and per student costs.

Immigrant children are poorer than native-born children, and their numbers have increased far faster. Without school-age immigrants and the children of immigrants, school enrollment would not have risen at all during the past decade. As it was, school enrollment increased by 14 percent between 1990 and 2000, putting it at an all-time high. Current enrollment exceeds the record set in 1970 when the last of the "baby boomers" entered the

country's school systems.

Foreign-born children accounted for 5 percent of all pre-K to 12 enrollments in 2000. U.S.-born children of immigrants represented an even larger burden—14 percent of total enrollment. Thus at least 19 percent of all pre-kindergarten through 12th grade (pre-K to 12) enrollment is the result of immigration. [Urban Institute, "The New Demography

of America's Schools: Immigration and the No

## Immigration Fiscal Impact Statement

Child Left Behind Act," PDF]

In California, New York, Texas, and Florida, immigrants and the children of immigrants are, respectively, 47 percent, 28 percent, 27 percent, and 26 percent of total public school enrollments.

Of the 48.4 million students enrolled in pre-K through 12 public school classes in 2005, using the Urban Institute's findings, we can conclude that 9.2 million, or 19 percent, are immigrants or the children of immigrants.

(In 1982 the Supreme Court ruled that illegal immigrant children are entitled to the same education benefits available to U.S. citizens. An estimated 1.1 million public school students are illegal immigrants, according to the Urban Institute.)

Because these students require more services than the children of natives, they will naturally receive an even larger share of educational spending. It is not unreasonable to attribute 25 percent of all pre-K to 12 spending to the 19 percent of students who are immigrants or the children of immigrants.

Total expenditures for public elementary and secondary education reached \$499.1 billion in the 2005 school year,



according to ED. [https://nces.ed.gov/pubs2007/expenditures/tables/table\\_8.asp](https://nces.ed.gov/pubs2007/expenditures/tables/table_8.asp) We can safely conclude that 25 percent of this, or about \$125 billion, was spent on foreign-born children and the U.S.-born children of immigrants.

At the federal level, Title I grants are budgeted at \$12.7 billion in 2007. At least one-quarter of this, or \$3.2 billion, is the result of immigration.

Enrollments are projected by the U.S. Department of Education to reach 55 million by 2020 and 60 million by 2030. Immigration will account for 96 percent of the future increase in the school-age population over the next 50 years.

(Statement of Mark Seavey, Assistant Director, National Legislative Commission, the American Legion, House Judiciary Committee, May 23, 2007. <http://www.aila.org/content/fileviewer.aspx?docid=23115&linkid=164770> )

Implication: over the next half century, immigration will account for virtually all of the rise in public education enrollment and spending.

### English as a Second Language (ESL)

The surge of immigrant children has led to a steady increase in the number of students who speak a foreign language at home, and if they speak English at all, they do so “with difficulty.” A report entitled “The Condition of Education 2005” <http://nces.ed.gov/pubsearch/pubsinfo.asp?pubid=2005094> from the National Center for Education Statistics (NCES) shows that 9 percent, or 3.7 million, of students in pre-K to 12<sup>th</sup> grade in 1979 spoke a foreign language at home, and more than a third of them “spoke English with difficulty.” By 2001, the number of immigrant children who did not speak English at home had grown to 19 percent of the national school population, or 9 million students, of whom 2.4 million spoke English with difficulty.

The number who spoke a language other than English at home and who spoke English with difficulty increased by 124 percent from 1979 to 2003, the report says. In Western states, 31 percent of all school-age children spoke a language other than English at home in 2003, compared with 19 percent in the Northeast, 16 percent in the Midwest, and 10 percent in the South, according to the NCES report.

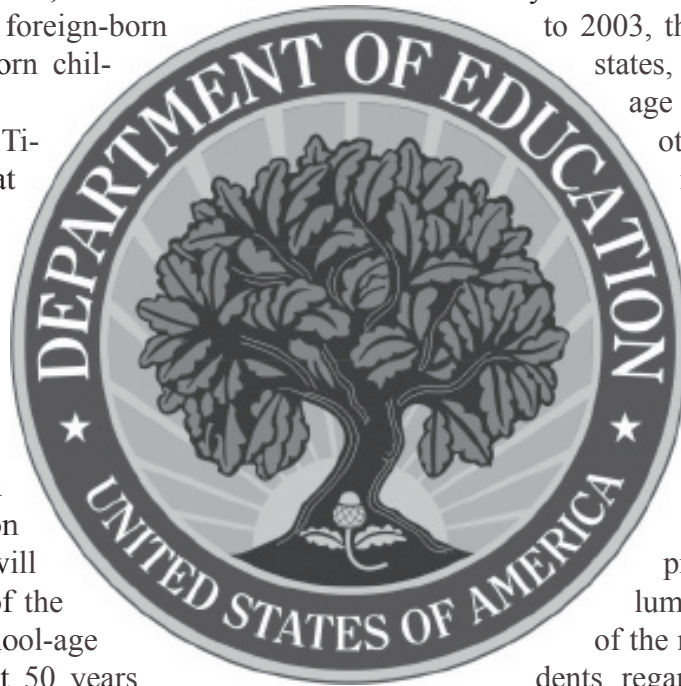
The federal government requires public schools to include ESL or bilingual education (BE) programs in their curriculum to accommodate the needs of the non-English speaking students, regardless of their legal status.

Approximately 3.8 million public school students—7.9 percent of total K to 12 enrollment—are enrolled in classes for “English language learners” (ELLs), according to Department of Education statistics. [http://nces.ed.gov/pubs2003/Overview03/tables/table\\_10.asp](http://nces.ed.gov/pubs2003/Overview03/tables/table_10.asp)

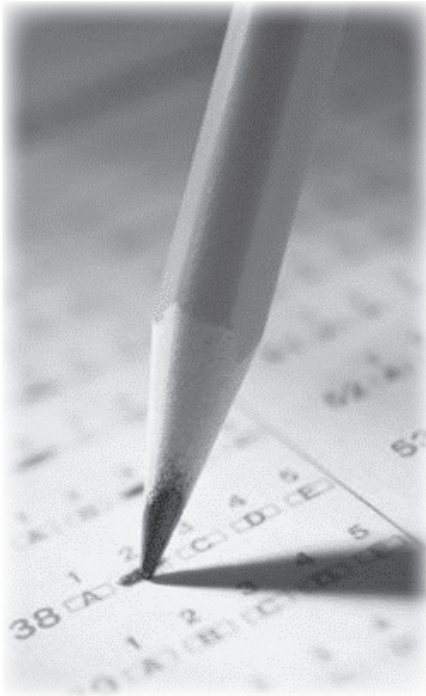
These classes are significantly more expensive than mainstream English classes. Personnel costs include specialized teachers who supplement instruction

provided by the mainstream English teacher and professional development to strengthen the skills of teachers working with ELLs. These require additional school district outlays.

Just how expensive? The Rand Corporation conducted



case studies of delivery and cost of bilingual education in 1981. Rand researchers found that program costs varied by the type of instructional delivery model that was being used in a local school. “Pull-



out programs” that required the hiring of extra teachers to deliver supplemental instruction to ELLs were the most expensive. On the other hand, programs that used self-contained classrooms where one teacher provided bilingual instruction were less expensive.

In their analysis, the added costs for language assistance instruction ranged from \$100 to \$500 per pupil. In addition to personnel expenses, the researchers also noted that other costs should be taken into consideration in computing add-on bilingual education costs. These included program administration, staff development (which can add significant costs), and other functions such as student identification and assessment. [http://www.idra.org/IDRA\\_Newsletters/February\\_2004\\_Self\\_-\\_Renewing\\_Schools\\_Fair\\_Funding\\_for\\_the\\_Common\\_Good/Insufficient\\_Funding\\_for\\_Bilingual\\_Education\\_in\\_Texas/](http://www.idra.org/IDRA_Newsletters/February_2004_Self_-_Renewing_Schools_Fair_Funding_for_the_Common_Good/Insufficient_Funding_for_Bilingual_Education_in_Texas/)

The total additional per pupil costs for language assistance instruction was estimated to be in the range of \$200 to \$700 in 1981 dollars—equivalent to \$460 to \$1,600 in 2007 dollars. Using the average of the latter two amounts—\$1,030—as our estimate of per pupil cost, the total cost of providing English Language Learning instruction to the 3.8 million students enrolled in those programs would equal about \$3.9 billion. ( $\$1,030 \times 3.8$  million.)

To help states defray these costs, the federal

government provides English language acquisition grants. The funds are distributed according to a formula that takes into account the number of immigrant and ELL students in each state. The fiscal year (FY) 2007 budget authorizes \$669 million of such grants, an amount that covers only a fraction of the added instructional costs.

The federal government requires states to test ELL students annually in order to gauge the success of the specialized English instruction provided to immigrants. In some districts this is particularly burdensome—or even impossible. In Stamford, Connecticut, for example, students speak 57 languages. The top three are English, Haitian Creole, and Spanish, but there are blocks of students speaking other languages. Polish is spoken by 202 students, 93 speak Albanian, 109 speak Russian, and 96 speak Bengali, district data show.



All in all, more than 140 languages are spoken in Connecticut schools. Developing tests in all the languages would be prohibitively expensive. Immigrant students have one school year before their scores must be reported to the federal government for evaluating their schools.

Very little new research has been done in this area. It is clear, however, that the per student cost of providing English language instruction to immigrant students is significantly higher today than it was a quarter century ago. The No Child Left Behind testing requirement for ELLs is in itself a major new expense item.

Bottom line: English language instruction for immigrants is an increasingly burdensome unfunded

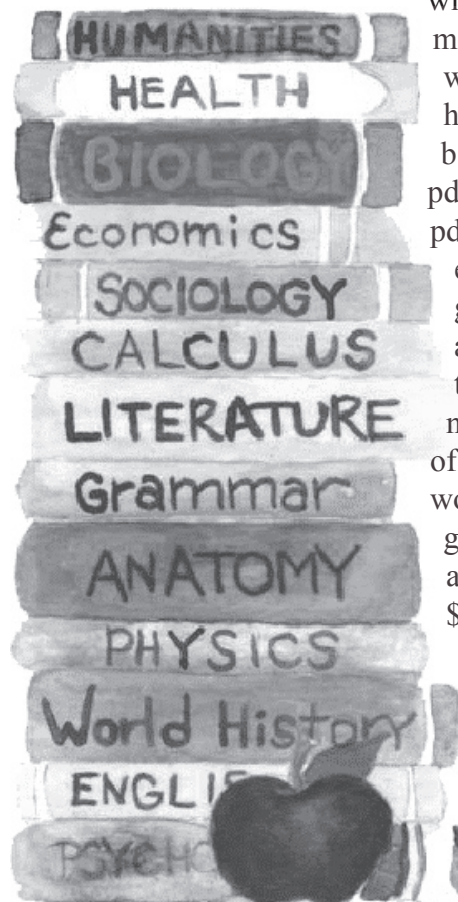


mandate imposed by the federal government on states and school districts.

**Migrant Education**

Described in the budget as “formula grants to States for educational services to children of migratory farm workers and fishers, with resources and services focused on children who have moved

within the past 36 months,” <http://www.whitehouse.gov/omb/budget/fy2008/pdf/appendix/edu.pdf>, the migrant education program was created in 1966 to address the needs of children of mobile farm workers. The program will spend an estimated \$387 million in



FY2007 providing educational programs to 635,000 children, ages 3 to 21. <http://web.ebscohost.com/ehost/detail?vid=1&hid=16&sid=21d87f4a-e6bc-4e5c-9928-7a3f929d493e%40sessionmgr7>

The basic program distributes funds to state education departments based on each state’s per pupil expenditures and on counts of eligible migratory children residing in the state.

Recent audits conducted by the Department of Education have uncovered overcounts in the number of eligible children. California is one of several states found to have significantly overidentified children who were eligible for the migrant pro-

gram. In a sample of 102 migrant children from two California school districts, the Education Department’s inspector general found 38 children—or 37 percent—to be ineligible.

Under current regulations, a “migratory child” is one with a parent who works in the fishing or agricultural industry and who, within the most recent three years, has moved across school district lines to seek seasonal or temporary employment in fishing or agriculture. Determining intent is difficult: many individuals may end up in those fields by default.

Philip Martin, a professor of agricultural economics at the University of California, Davis, notes that states receive migrant aid based on the number of students eligible for the program, not on the number of students served. This obviously creates an incentive to overcount eligibles and, perhaps, minimize the number actually enrolled. Martin believes the law should tie funding to those who are actually served. <http://web.ebscohost.com/ehost/detail?vid=1&hid=16&sid=21d87f4a-e6bc-4e5c-9928-7a3f929d493e%40sessionmgr7>

Other ED programs specifically designed for children of migrant farm workers include: College Assistance Migrant Program (CAMP): \$15.4 million in FY2006. CAMP funds the first year of undergraduate studies at accredited colleges, as well as counseling, tutoring, health services, and housing assistance to eligible students. Approximately 2,400 students receive CAMP funds each year.

Migrant Education Program–Even Start: \$3.0 million in FY2006. Projects include early childhood education, adult literacy, parenting education, and interactive parent-child literacy activities, often made available through government agencies, public schools, Head Start programs, and other community-based groups. Children from birth through age 7 and their parents are eligible for Even Start.

**State Subsidies for Illegal Alien College Students**

Federal law expressly bars illegal aliens from receiving “any postsecondary education benefit”

unless U.S. citizens are eligible for the same benefit “in no less an amount, duration, and scope.” The intent of the Illegal Immigration Reform and Immigrant Responsibility Act, which was signed by President Clinton in 1996, is very clear. Anticipating that the states might try to get around the law, Congress specified that states may not award a college tuition subsidy to illegal aliens “on the basis of residence within a State.”

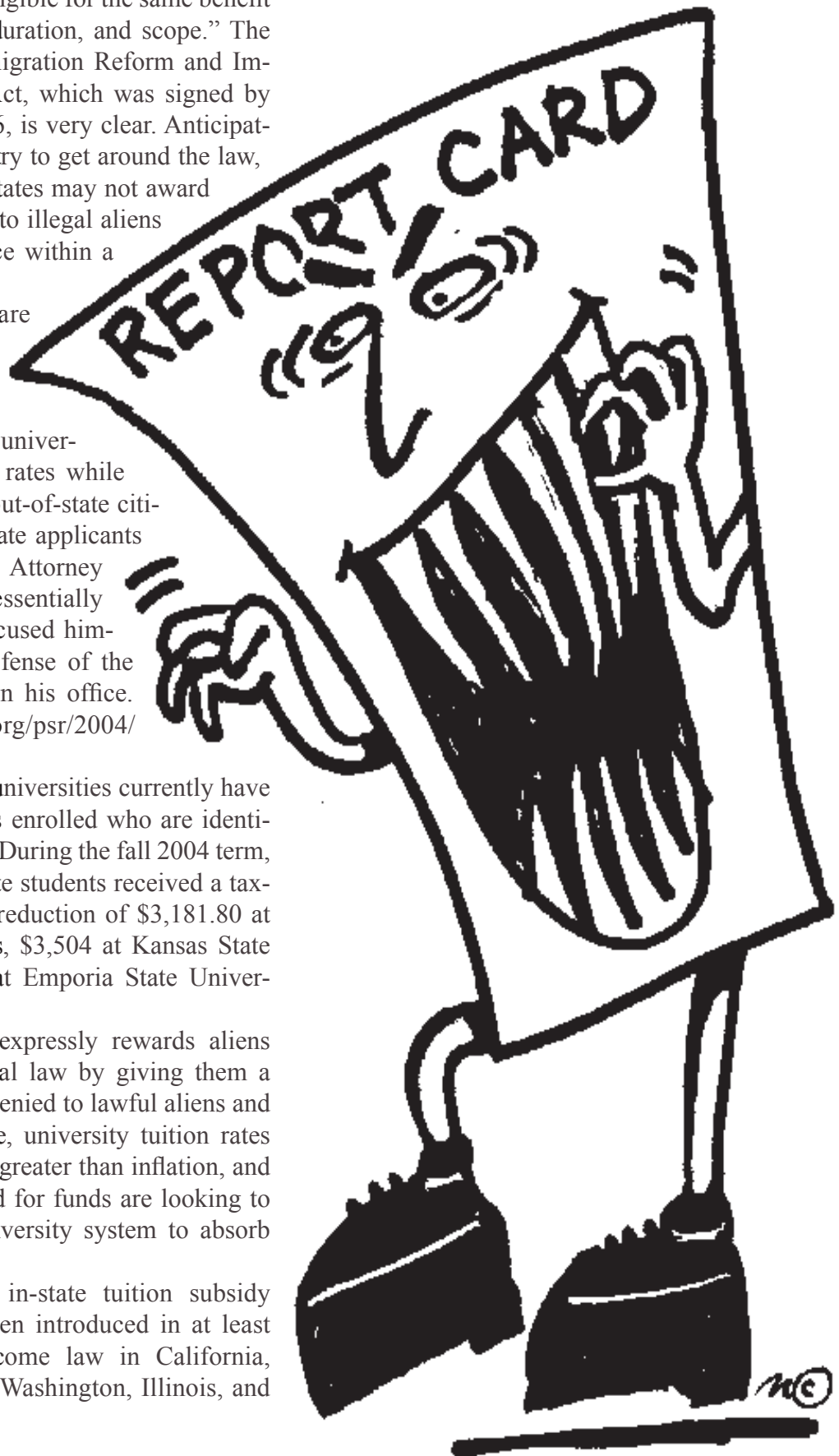
But several states are violating the law.

Kansas passed a law allowing its illegal aliens to attend its state universities at discount tuition rates while denying the discount to out-of-state citizens. When the out-of-state applicants filed a lawsuit, Kansas Attorney General Phill Kline essentially agreed with them. He recused himself and assigned the defense of the case to other attorneys in his office. <http://www.eagleforum.org/psr/2004/nov04/psrnov04.html>

Three Kansas state universities currently have more than 9,000 students enrolled who are identified as non-U.S. citizens. During the fall 2004 term, illegal alien undergraduate students received a taxpayer-subsidized tuition reduction of \$3,181.80 at the University of Kansas, \$3,504 at Kansas State University, and \$3,360 at Emporia State University.

Thus, Kansas law expressly rewards aliens who have violated federal law by giving them a taxpayer subsidy that is denied to lawful aliens and U.S. citizens. Meanwhile, university tuition rates continue to soar at a rate greater than inflation, and state legislatures strapped for funds are looking to their expensive state university system to absorb some of the squeeze.

Bills to grant the in-state tuition subsidy to illegal aliens have been introduced in at least 23 states and have become law in California, Texas, New York, Utah, Washington, Illinois, and Oklahoma. ■



# Department of Justice

SHADOW ATTORNEY GENERAL EDWIN S. RUBENSTEIN

The Department of Justice (DOJ) is the nation's chief prosecutor. It is charged with representing the United States in court; seeking just punishment for those guilty of unlawful behavior; enforcing federal civil laws, including those protecting civil rights; safeguarding the environment; preserving a competitive marketplace of integrity; defending the national treasury against fraud and unwarranted claims; and preserving the integrity of the nation's bankruptcy system.

Illegal immigration plays an increasingly large role in DOJ's workload and budgetary needs.

## Bureau of Prisons

Criminal aliens—non-citizens convicted of crimes—are an increasing burden on U.S. prison systems. In 1980, federal and state facilities held fewer than 9,000 criminal aliens. But at the end of 2004, approximately 267,000 non-citizens <http://www.gao.gov/new.items/d05337r.pdf> were incarcerated in U.S. correctional facilities, as follows:

- ◆ 46,000 in federal prisons
- ◆ 74,000 in state prisons
- ◆ 147,000 in local jails

Approximately 27 percent of all prisoners in Federal Bureau of Prisons (BOP) facilities are criminal aliens. [http://www.vdare.com/rubenstein/050630\\_nd.htm](http://www.vdare.com/rubenstein/050630_nd.htm) The majority (63 percent) are citizens of Mexico. Other major nationalities include Colombia and the Dominican Republic 7 percent each; Jamaica 4 percent; Cuba 3 percent; El Salvador 2 percent; and Honduras, Haiti, and Guatemala 1 percent each.

The remaining 11 percent are from 164 different countries. The BOP's budget request called for

spending \$5.4 billion in fiscal year (FY) 2008. Using 27 percent as an allocation factor, we estimate the costs of holding foreign-born, non-citizen inmates in BOP facilities at \$1.5 billion. While this may seem large, it is, in fact, not large enough. A shortage of available prison capacity has forced federal authorities to release criminal aliens prematurely. Nationally an estimated 80,000 to 100,000 illegal immigrants who have been convicted of serious crimes

still walk the streets. (For them, crime pays.)

The DOJ also reimburses state and local prison systems for holding criminal aliens. About \$300 million of such reimbursements are made to state and local governments annually under the State Criminal Alien Assistance Program (SCAAP). But SCAAP funds cover less than 25 percent of the full cost of incarcerating criminal aliens in state and local correctional facilities, according to the Government Accountability Office (GAO).

Still, the public costs of incarcerating aliens are trivial alongside the private costs they impose on their victims. The GAO recently analyzed the rap sheets of more than 55,000 illegal aliens incarcerated in federal, state, and local facilities during 2003. (Source: General Accountability Office, "Information on Certain Illegal Aliens Arrested in the United States," Letter to Congressman John N. Hostettler, May 9, 2005.)

It found:

- ◆ The average criminal alien was arrested for 13 prior offenses.
- ◆ 12 percent were for murder, robbery, assault, and sexually related crimes.
- ◆ Only 21 percent were immigration offenses; the rest were felonies.
- ◆ 81 percent of their arrests occurred after 1990.

## Immigration Fiscal Impact Statement

In a word, criminal aliens are not casual lawbreakers. Most are recidivists—that is, career criminals. The economic burden they impose on victims, including loss of income and property, uncompensated hospital bills, and emotional pain and suffering, has been estimated at \$1.6 million per property and assault crime offender. (Source: Anne Morrison Piehl and John J. DiLulio, “Does Prison Pay?”)

So the benefits of incarcerating criminal aliens far outweigh the budgetary costs.

### **FBI Criminal Alien Database**

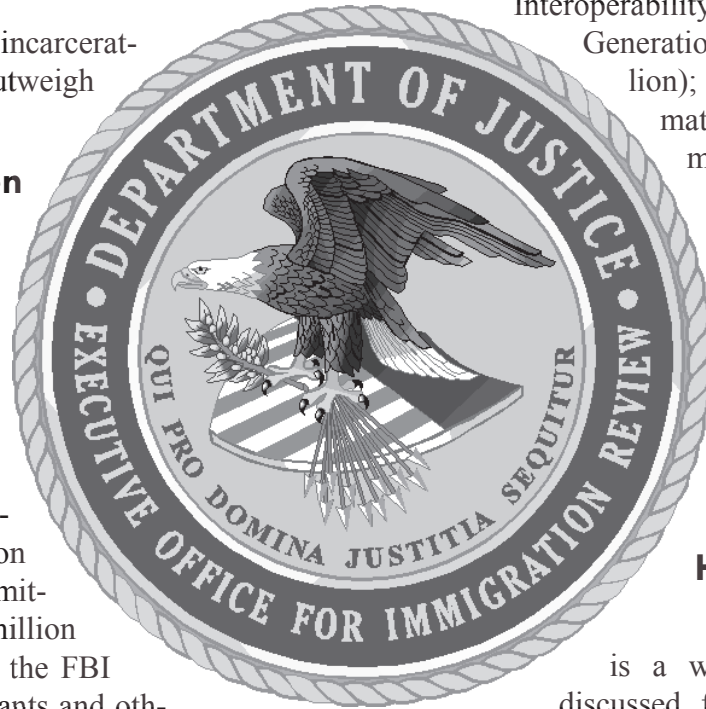
State-of-the-art information technology is critical to the apprehension, detention, and deportation of criminal aliens. In a recent year U.S. Citizenship and Immigration Service personnel submitted approximately 1.5 million name check requests to the FBI (for prospective immigrants and others facing immigration/removal problems). Of these, 233,000 are still pending. This does not include the 2.7 million names that the FBI had to re-run after the attacks of September 11, 2001, of which 2,600 are still pending.

Border Patrol agents also consult the FBI’s criminal alien database to determine whether apprehended individuals are wanted for crimes committed in the United States. To be effective, there must be instantaneous access to the biometric identifiers (i.e., fingerprints) in the FBI database. Unfortunately, the FBI’s software—called the Integrated Automated Fingerprint Identification System (IAFIS)—was not designed to run on a real-time basis, meaning it cannot be seamlessly integrated into the border entry-exit system.

Thus, a Border Control agent entering an illegal alien’s fingerprints in the Homeland Security database cannot determine the alien’s true identity

or whether he or she had a prior criminal record in the FBI’s IAFIS system.

An overhaul of the FBI’s IT capability is essential for border security. This costs money: In FY 2008, the FBI requested a total of \$90.5 million to improve its capacities and capabilities for providing identification services for federal immigration and law enforcement agencies, including IDENT/IAFIS Interoperability (\$10.0 million); Next Generation Identification (\$25 million); Law Enforcement Information Sharing/R-DEX (\$5 million); DNA forensic services (\$14.6 million); Combined DNA Index System (\$7 million); Regional Computer Forensic Laboratories (\$6 million); and Computer Analysis Response Teams (\$22.8 million).



### **Human Trafficking**

Trafficking in persons is a widespread, albeit rarely discussed, form of illegal entry into the U.S. Human trafficking differs from the smuggling of illegal immigrants. In the latter, people voluntarily request a smuggler’s services for fees, and there may be no deception involved in the (illegal) agreement. On arrival at their U.S. destination, the smuggled person is usually free. The trafficking victim, on the other hand, is enslaved, or the terms of their bondage are fraudulent or highly exploitive. Victims are often tricked and lured by false promises, or physically forced. It is a form of modern-day slavery. An estimated 600,000 to 800,000 human beings are trafficked across international borders each year.

The Department of Justice estimates that between 14,500 and 17,500 victims are trafficked into the United States each year. <http://www.usdoj.gov/ag/annualreports/tr2005/agreporhumantrafficking2005.pdf> More than 80 percent of these victims are women and girls, and 70 percent of them are

forced into sexual servitude. In response, the United States has led the world in the fight against this crime.

The centerpiece of U.S. government efforts to eliminate trafficking in persons is the trafficking Victims Protection Act of 2000 (TVPA), Pub. L. 106-386, signed into law on October 28, 2000. TVPA created a new class of forced labor and sex trafficking criminal offenses, as well as protective measures for victims. In the years 2001 to 2005, federal investigations of human trafficking quadrupled from 106 to 420, resulting in 95 prosecutions. But the overall track record is dismal: Of the estimated 14,500 to 17,500 people trafficked into the United States each year, only 1,000 have become liberated through the actions of law enforcement.



Prosecuting human trafficking violations is notoriously difficult.

Because of their distrust of police in their home countries, trafficking survivors usually fear U.S. law enforcement agents. Often, victims come from societies with corrupt authorities. Also, traffickers lie to them about police brutality and deportation; victims begin to believe that U.S. authorities will treat them as criminals, incarcerate them, or deport them. Overcoming this obstacle is important; as one FBI agent told DOJ investigators: “You can’t manufacture evidence—witnesses have to go to trial. It was very difficult gaining the cooperation of the victims so they would testify.” <http://www.fbi.gov/publications/leb/2007/april2007/april2007leb.htm>

Cases where victims have escaped their traffickers and have likely fled the location or even the

country pose challenges for investigators. Most trafficking survivors are immigrants with few economic resources and are relatively excluded from mainstream U.S. society. For that reason, escaped trafficking victims and witnesses can be difficult to locate and interview. A rural non-governmental organization (NGO) assisting trafficked persons is quoted by DOJ investigators: “The biggest problem with working on these cases is catching the people who are all over the migrant farm-worker world—a world that’s the hardest to understand and most difficult to locate people. They must be located by word of mouth. It’s not as if you can just pick up the phone and call people or mail them a letter.” <http://www.fbi.gov/publications/leb/2007/april2007/april2007leb.htm>

Also, human trafficking survivors often do not identify themselves as victims. Therefore, law enforcement agents often have difficulty detecting victims among detainees to separate them from perpetrators. As a result, investigators have treated trafficked persons as illegal immigrants or undocumented workers and prostitutes. Assigning such criminal identities can lead to incarceration and deportation of innocent victims. Ultimately, the investigating agents and prosecuting attorneys must gain their trust to muster cooperation.

In its budget presentation the DOJ says:

Increasing the number of personnel will allow CRT [the Civil Rights Division] to create an effective coordination structure to ensure that these larger, more complex human trafficking cases are investigated and prosecuted efficiently and effectively in a systematic, proactive fashion. Moreover, as the Division brings more complex cases involving trafficking networks, the Division anticipates that the United States will be able to more effectively seize greater assets from these criminal organizations. [http://www.usdoj.gov/jmd/2008factsheets/pdf/0806\\_enforcing\\_federal\\_laws.pdf](http://www.usdoj.gov/jmd/2008factsheets/pdf/0806_enforcing_federal_laws.pdf)

DOJ’s 2008 budget commits \$4.8 million and 34 positions to the Civil Rights Division’s human trafficking initiative.

Judging from the department’s poor record of prosecuting human trafficking violators, this may be far too small. ■

# Department of Health and Human Services

SHADOW SECRETARY OF HEALTH AND HUMAN SERVICES EDWIN S. RUBENSTEIN

The Department of Health and Human Services (HHS) is the cabinet-level department entrusted with protecting the health of all Americans and providing essential human services. Departmental outlays are estimated at \$672.9 billion for fiscal year (FY) 2007—about one-quarter of the entire federal budget.

## Individual Development Accounts (IDAs)

IDAs are matched savings accounts made available to refugees whose annual income is less than 200 percent of the poverty line and whose assets are less than \$10,000. They are funded by HHS's Office of Community Services. [http://www.nlihc.org/detail/article.cfm?article\\_id=2785&id=23](http://www.nlihc.org/detail/article.cfm?article_id=2785&id=23)

The government matches up to \$1 for every \$1 deposited by a refugee in a savings account. The total match amount may not exceed \$2,000 for individuals or \$4,000 for households. When enrolling in an IDA program, a refugee signs a savings plan agreement which specifies the savings goal, the match rate, and the amount the refugee will save each month.

Funds accumulated in IDAs are supposedly restricted to one (or more) of the following uses: home purchase; microenterprise capitalization; postsecondary education or training; or purchase of an automobile if needed to maintain or upgrade employment. [http://www.acf.hhs.gov/programs/ort/programs/ind\\_dev\\_acc\\_prg.htm](http://www.acf.hhs.gov/programs/ort/programs/ind_dev_acc_prg.htm)

None of these goals appear to be related to health or essential human services. They are above

and beyond the broad goals articulated in HHS's mission statement.

Congress authorized \$10 million per year for FY1999 and FY2000 and roughly \$25 million per year for each subsequent year. By the end of 2004 (the most recent data available), the IDA program had received \$145 million from HHS. [http://www.nlihc.org/detail/article.cfm?article\\_id=2785&id=23](http://www.nlihc.org/detail/article.cfm?article_id=2785&id=23)

There are currently more than 30,000 IDA accounts. President Bush wants to fund 900,000 such accounts, and he wants financial institutions that match refugee deposits to receive a one to one federal tax credit of up to \$500. [http://www.nlihc.org/detail/article.cfm?article\\_id=2785&id=23](http://www.nlihc.org/detail/article.cfm?article_id=2785&id=23)

While the IDA program is not nearly as expensive as Medicaid or the State Children's Health Insurance Program (SCHIP), it does not fit into the

objectives of HHS. Special interest groups have succeeded

in creating an entitlement for refugees in the government's enormous health care bureaucracy.

## Medicaid

Medicaid is the largest means-tested government program in the United States. Enacted in 1965, it provides medical care to more than 50 million low-income Americans.

Supporters praise the program for making essential care available to those who otherwise cannot afford it. Some even urge that Medicaid be expanded to cover individuals who are currently uninsured. However, a considerable body of research finds that Medicaid actually exacerbates the problems of poverty and the lack of affordable medical care.

## Immigration Fiscal Impact Statement

## THE SOCIAL CONTRACT: AN EXCLUSIVE REPORT

One thing is undeniable: Medicaid is the fastest growing government program. Double-digit rates of annual outlay growth are common. In 2004 Medicaid surpassed primary and secondary education to become the largest component of state government spending—22 percent of the total.

About one-third of the HHS budget is spent on the program:

Medicaid spending has often risen at twice the rate predicted in official federal projections. Many factors are responsible. The federal government's open-ended commitment to match state Medicaid spending has created a powerful incentive for states to expand Medicaid eligibility. Meanwhile, the proliferation of expensive diagnostic tests and other procedures has increased per-recipient costs. Some observers argue that private health insurance providers have priced themselves out of the market, forcing many Americans to seek Medicaid coverage. Finally, as the population ages and lifespans increase, more Americans are relying on Medicaid to provide nursing home and other long-term care.

Immigration is another important, albeit rarely mentioned, driver. Between 1990 and 2000, the immigrant population increased 57 percent compared to a 9 percent rise in the U.S.-born population. In

the first five years of the 21<sup>st</sup> century (2000 to 2005) immigration accounted for 43.2 percent of U.S. population growth.

In 2006 about 38 million U.S. residents—about 12.7 percent of the population—were foreign born.

Most immigrants are poorly educated and lack the basic skills required for middle-class jobs—jobs that include health insurance coverage. Even full-time non-citizen workers are at a great disadvantage, with nearly half—49 percent—lacking employer-based health coverage compared to just 19 percent of full-time U.S.-born workers.<sup>1</sup>

Not surprisingly, the share of immigrants lacking any health insurance coverage (33 percent) is significantly above that of U.S. natives (12 percent).<sup>2</sup> Immigrants accounted for more than half—59 percent—of the growth in uninsured population during the 1992–2001 period.<sup>3</sup>

Even after the 1996 welfare reforms, which curtailed welfare eligibility for new immigrants, immigrant households received Medicaid at far greater rates than households headed by natives. In 2005, 14.8 percent of households headed by a native received Medicaid versus 24.2 percent of households headed by immigrants. <http://www.cis.org/articles/2005/back1405.html>

### Medicaid as a Share of HHS Spending, 1970–2008 Est.

Fiscal Year	HHS Outlays	Medicaid Outlays	Medicaid as a percentage of HHS
1970	\$17.3	\$2.7	15.6
1980	68.3	14.0	20.5
1990	175.5	41.1	23.4
1995	303.1	89.1	29.4
2000	382.3	129.4	33.8
2005	581.5	181.7	31.2
2006	614.3	180.6	29.4
2007 EST.	671.3	191.9	28.6
2008 EST.	599.2	202.0	33.7

Source: OMB, Historical Tables, 2008 Budget. HHS: Table 4.1; Medicaid, Table 11.3.  
<http://www.whitehouse.gov/omb/budget/fy2008/pdf/hist.pdf>

Although immigrants are generally younger than natives, they and their children are more prone to certain conditions and risky behaviors. Compared to non-Hispanic white and black children, for example, Latino children generally are less likely to be immunized, have higher rates of tuberculosis, have higher rates of obesity and sedentary activity, have more dental caries, and are more likely to experience intentional and unintentional injuries. Latino adolescents are also more likely to use drugs, alcohol, and tobacco; less likely to use contraceptives; more likely to be injured; and more likely to attempt suicide than African-American and non-Hispanic

white adolescents. <http://web.ebscohost.com/ehost/detail?vid=1&hid=123&sid=40af45d4-4602-4216-9b11-5c9d1eb772d5%40sessionmgr107>

Implication: Immigrant children account for a disproportionate share of Medicaid spending.

What percent of Medicaid outlays go to immigrants? To estimate this we use the following three factors as “weights” (see table above).

Using these three factors as weights, we calculate that 11.0 percent of all Medicaid outlays go to immigrant households. Thus the share of Medicaid benefits received by immigrants is less than their population share.

However, immigrants account for a disproportionate share of enrollment and enrollment growth. In 2003 (the latest year of readily available Medicaid data) Hispanics accounted for 19.2 percent of Medicaid enrollment and 13.7 percent of the U.S. population. [ftp://ftp.cdc.gov/pub/Health\\_Statistics/NCHS/Publications/Health\\_US/hus06tables](ftp://ftp.cdc.gov/pub/Health_Statistics/NCHS/Publications/Health_US/hus06tables).

From 1990 to 2003 the number of Hispanic recipients rose by 163 percent while non-Hispanic recipients rose by 95 percent. Thus Hispanics accounted for 23 percent of Medicaid enrollment growth over this period. [ftp://ftp.cdc.gov/pub/Health\\_Statistics/NCHS/Publications/Health\\_US/](ftp://ftp.cdc.gov/pub/Health_Statistics/NCHS/Publications/Health_US/)

### Medicaid Cost Allocation Factors Immigrants versus Natives

	Natives	Immigrants
<b>Population Share (2005)</b>	<b>87.9 %</b>	<b>12.1 %</b>
<b>Medicaid Recipient Rate (2005)</b>	<b>14.8 %</b>	<b>24.2 %</b>
<b>Payments per Recipient (2003)<sup>a</sup></b>	<b>\$4,487</b>	<b>\$2,463</b>

**a. Medicaid cost data are broken out by race and ethnicity, but not by nativity. Therefore, we use data for Hispanics as a proxy for immigrants, and data for total recipients as a proxy for natives.**

**Sources: Population shares, reciprocity rates: <http://www.cis.org/articles/2005/back1405.html>; Payments per recipient: [ftp://ftp.cdc.gov/pub/Health\\_Statistics/NCHS/Publications/Health\\_US/hus06tables](ftp://ftp.cdc.gov/pub/Health_Statistics/NCHS/Publications/Health_US/hus06tables)**

hus06tables.

(Note: The Medicaid Statistical Information System <http://msis.cms.hhs.gov/> does not break out foreign-born beneficiaries separately. It does, however, identify beneficiaries by race and ethnicity. Thus in the preceding analysis we used Hispanic beneficiaries as a proxy for foreign-born beneficiaries. This is reasonable given the fact that over half [52 percent] of the foreign-born population is from Latin America. More important, Hispanic immigrants accounted for 56 percent of immigrant population growth over the past decade.)

### Controlling Access to Medicaid

The 1996 welfare reform law made it more difficult for immigrants to receive Medicaid. For the first time, the eligibility of legal immigrants was tied to their length of residency in the United States. After five years, they become eligible for Medicaid if they meet the other eligibility requirements.



## THE SOCIAL CONTRACT: AN EXCLUSIVE REPORT

Some legal immigrants are eligible for Medicaid regardless of how recently they arrived. These include refugees and other humanitarian immigrants as well as active-duty members of the U.S. military. Individuals entering the country on temporary work or student visas are generally not eligible.

Despite these exceptions, the 1996 welfare reform seems to have reduced immigrant Medicaid use—at least initially:

for all Medicaid services except emergency room care—no matter how long they’ve lived in the United States. However, their U.S.-born children are entitled to the full gamut of services. There are an estimated 3 million such “anchor babies” living in the United States.

The 1996 law also gave states the option of extending Medicaid coverage to new immigrants with their own funds. Several have done so, while implementing outreach initiatives designed to alert immigrants to

the health programs available to them and their children. As a result, Medicaid coverage actually declined less for some low-income immigrant parents than for their U.S.-born counterparts (see table next page).

Harvard University economist George Borjas studied the outcome of the 1996 welfare reform on immigrants.

He found that the result of that “draconian” measure was exactly the opposite of what many would predict—health coverage among non-citizen immigrants actually grew. One reason was that immigrants most adversely affected by the new Medicaid restrictions were forced into the labor force, working longer hours to make themselves eligible for employer-sponsored health insurance. [http://findarticles.com/p/articles/mi\\_m1272/is\\_2728\\_134/ai\\_n16882277/pg\\_1](http://findarticles.com/p/articles/mi_m1272/is_2728_134/ai_n16882277/pg_1).

The bottom line: Immigrant health insurance coverage was largely unaffected by welfare reform.<sup>4</sup>

### Medicaid Reciprocity Rates for Immigrants and Natives, 1994–2001 (Percent of Households Receiving Assistance)

	Natives	All Immigrants	Illegal Immigrants
1994	13.5	21.3	NA
1995	13.2	21.9	NA
1996	13.5	20.5	20.4
1997	12.5	18.7	17.9
1998	12.1	16.9	19.2
1999	12.1	18.6	18.2
2000	12.6	19.9	20.6
2001	13.4	21.8	23.0

Sources: George Borjas, “The Impact of Welfare Reform on Immigrant Welfare Use,” Center for Immigration Studies (CIS), March 2002. Table 2 <http://www.cis.org/articles/2002/borjas.htm>; Steven Camarota, “Back Where We Started,” CIS, March 2003. Table 1. <http://www.cis.org/articles/2003/back503.pdf>

For the first two years following welfare reform (1996–1998) Medicaid usage dropped relatively more for immigrants in than for natives. Illegal immigrants were especially affected, their reciprocity rate falling by more than 20 percent.

But it is absurd to attribute this decline to welfare reform. That law changed the eligibility rules for new immigrants, that is, those arriving after the effective date of the 1996 legislation (August 22, 1996). Only a small fraction of the immigrant population living in the United States in the late 1990s arrived after that date.

The 1996 law made illegal immigrants ineligible

**State Child Health Insurance Program (SCHIP)**

SCHIP is a health insurance program for children (and in some states, adults) in families that earn too much to qualify for Medicaid. Typically families with incomes above the poverty level, but no more than 200 percent of poverty, are eligible. Congress is currently considering an expansion to 400 percent of the poverty line—\$83,000 for a family of four. <http://www.ncpa.org/pub/ba/ba589/>

Approximately 6.7 million children and adults are covered. In FY2006 federal SCHIP expenditures totaled \$5.5 billion. <http://www.state-healthfacts.org/comparetable.jsp?ind=234&cat=4> About \$605 million of this amount was spent on immigrants.<sup>5</sup>

In FY1999—its first full year of operation—total SCHIP outlays were \$922 million.

The rules governing immigrant eligibility for SCHIP are identical to those for Medicaid. That means most legal immigrants are not eligible during their first five years in the United States while illegal aliens are not eligible no matter how long they've lived in the country.

However, legislation currently being considered in Congress would greatly weaken the illegal alien prohibition. In particular, an SCHIP reauthorization bill sponsored by congressional Democrats would eliminate the requirement that anyone applying for SCHIP services provide original documents attesting to their U.S. citizenship. [\[journal.com/apps/pbcs.dll/article?AID=/20070730/BLOGS28/70730059/1046/OPINION\]\(http://journal.com/apps/pbcs.dll/article?AID=/20070730/BLOGS28/70730059/1046/OPINION\). This will open the door to document fraud even wider than it already is.](http://www.statesman-</a></p>
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Another proposal would reportedly raise the age for “children” to 25 years. This would effectively give immigrant gang members and other illegal aliens “free health care” at taxpayer expense.

**Emergency Medical Treatment and Active Labor Act of 1985 (EMTALA)**

EMTALA requires hospitals to screen and stabilize all individuals, including illegal immigrants, who seek care in an emergency room. In recent years the federal government (HHS) has provided \$250 million to help cover the costs of this mandate. <http://www.hhs.gov/asl/testify/t060726c.html>.

**Medicaid Coverage of Low-Income Parents and Children**

	<b>Percentage Covered by Medicaid, 2001</b>	<b>Percentage Point Change, 1995-2001</b>
<b>U.S.-born parents</b>	<b>22.6</b>	<b>-6.1</b>
<b>Naturalized citizen parents</b>	<b>16.1</b>	<b>-2.5</b>
<b>Non-citizen parents</b>	<b>12.3</b>	<b>-9.5</b>
<b>Citizen children in citizen family</b>	<b>46.5</b>	<b>1.9</b>
<b>Citizen children in immigrant family</b>	<b>49.6</b>	<b>2.5</b>
<b>Non-citizen children</b>	<b>24.3</b>	<b>-11.7</b>

**Source: Kaiser Commission on Medicaid and the Uninsured, “How Race/Ethnicity, Immigration Status and Language Affect Health Insurance Coverage,” August 2003. Tables 1 and 2. <http://www.kff.org/uninsured/loader.cfm?url=/commonspot/security/getfile.cfm&PageID=22103>**

Each year, two-thirds of this \$250 million, or \$167 million, is allocated to the states based on their relative percentages of illegal aliens. The remaining \$83 million is allotted to the six states with the highest number of illegal alien apprehensions for each fiscal year. In FY 2005 and FY 2006, Arizona, Texas, California, New Mexico, Florida, and New York were the six states determined to have the highest number of illegal immigrant apprehensions.

## THE SOCIAL CONTRACT: AN EXCLUSIVE REPORT

<http://www.hhs.gov/asl/testify/t060726c.html>.

An “emergency,” as defined by this statute, is any complaint brought to the emergency room (ER), from hangovers to hangnails, from gunshot wounds to AIDS.

The hottest ER diagnosis, according to medical lawyer Madeleine Cosman, is “permanent disability”—a vaguely defined condition that covers mental, social, and personality disorders. (Source: Madeleine Perner Cosman, “Illegal Aliens and American Medicine,” *Journal of American Physicians and Surgeons*, Spring 2005.)

Drug addiction and alcoholism (DA&A) are among the fastest-growing “disabilities”:

- ◆ In 1983 only 3,000 ER cases were classified as DA&A
- ◆ In 1994 DA&A cases exploded to 101,000
- ◆ In 2003 about 325,000 such cases were reported

And EMTALA gives illegals more than medical treatment. A “disability” diagnosis automatically qualifies them for Supplemental Security Income (SSI), a federally funded cash transfer payment.

The numbers are staggering:

- ◆ 127,900 immigrants on SSI in 1982 (3.2 percent of recipients)
- ◆ 601,430 immigrants in 1992 (10.9 percent of recipients)
- ◆ 2 million in 2003 (about 25 percent of SSI recipients)

Unlike the other laws affecting illegal aliens, EMTALA is vigorously enforced. Hospital ERs must have physicians available to them at all times from every department and specialty covered by the hospital. The feds impose fines of up to \$50,000 on any physician or hospital refusing to treat an ER patient—even when the attending physician examines and declares the patient’s illness or injury to be a non-emergency. Lawyers and special interest groups are granted more authority than doctors in these matters.

EMTALA was supposed to make ERs more accessible to the uninsured. It didn’t work out that way:

Not only did this unfunded mandate contribute to the closure of numerous emergency departments and trauma centers, it also created a perverse incentive for hospitals to tolerate emergency department crowding and divert ambulances while continuing to accept elective admissions. Rather than improving access to emergency care, EMTALA diminished it.

(Arthur L. Kellermann, “Crisis in the Emergency Department,” *NEJM*, September 28, 2006)

Talk about unintended consequences! ■

### End Notes

1. Federation for American Immigration Reform (FAIR), “The Sinking Lifeboat: Uncontrolled Immigration and the U.S. Healthcare System,” February 2004. <http://www.fairus.org/news/NewsPrint.cfm?ID=2379&c=55>
2. Edwin S. Rubenstein, “ERs: \$10 Billion Subsidy to Immigrants—and Their Employers,” VDARE.com, April 7, 2005. [http://www.vdare.com/rubenstein/050407\\_nd.htm](http://www.vdare.com/rubenstein/050407_nd.htm)
3. FAIR, op. cit. 2004.
4. Medicaid is apparently unique in this respect: “The persistently high rate of welfare use by immigrant households is almost entirely explained by their heavy reliance on Medicaid, use of which has actually risen modestly. In contrast, their use of TANF has fallen significantly, from a little under 6 percent to slightly over 2 percent in 2001. Food stamp use has also declined significantly, from about 10 percent to 6 percent.” Steven Camarota, “Back Where We Started,” CIS, March 2003. <http://www.cis.org/articles/2003/back503.pdf>
5. This assumes immigrants receive the same share of SCHIP as they do Medicaid—11 percent by our estimates.

# Department of State

SHADOW SECRETARY OF STATE EDWIN RUBENSTEIN

The State Department's mission is to "[c]reate a more secure, democratic, and prosperous world for the benefit of the American people and the international community." <http://www.state.gov/s/d/rm/rls/dosstrat/2004/23503.htm>

## Visa Fraud Prevention

While the Department of Homeland Security administers U.S. immigration law within the United States, the State Department is responsible for adjudicating visas overseas. In fact, the State Department's consular corps plays such an important role in immigration control that it is often referred to as the "Other Border Patrol."

Spending on diplomatic and consular programs is estimated at \$4.943 billion in the 2008 budget. It is the most expensive item listed in the State Department's budget summary. <http://www.whitehouse.gov/omb/budget/fy2008/state.html>

As is brought out below, the system doesn't work well. About half of all illegal aliens entered the United States legally after being vetted by State Department consular officers in their home country. Despite the interview and document verification process, they overstayed their visas.

Failure to identify visa abuses reflects an inherent conflict of interest in the State Department's mission—that is, its twin roles as both the nation's chief diplomat and enforcer of visa policy. Shifting the latter function to Homeland Security would enhance national security as well as the efficiency of immigration law administration.

Consular officials have three principal areas of immigration law responsibility: non-immigrant visas (most commonly, "tourist" visas); immigrant

visas (the first step toward obtaining a "green card"); and anti-fraud activities relating to visa issuance.

## Non-immigrant Visas

The vast majority of individuals who enter the country every year are non-immigrants. For 2004 the Department of Homeland Security estimated that there were 179 million non-immigrant admissions—that is, entries by foreign nationals authorized for temporary stays. <http://pewhispanic.org/files/factsheets/19.pdf> The vast majority of them—148 million—are Canadians and Mexicans who have Border Crossing Cards that allow them to

cross the border for short stays, including daily commutes to

work. Another 30.8 million are tourists, businessmen, and students who enter on non-immigrant visas.

A State Department consular officer must ascertain whether a non-immigrant visa applicant is from his stated country of origin and determine the likelihood that the applicant will not overstay his visa. <http://www.cis.org/articles/2000/back800.pdf> In making this determination, the officer interviews the applicant while also relying on his knowledge of the economic and social conditions in the applicant's country, the applicant's supporting documents—and intuition.

The interviewing officer will issue the visa if he is convinced that the applicant's ties to his home country necessitate his return (and if the applicant passes a computerized background check). Otherwise, the officer will deny the visa.

## Immigrant Visas

Consular officers are also responsible for interviewing applicants for immigrant visas, which are the first step toward obtaining permanent U.S. residency or a green card. As with non-immigrant visas, the law provides for different types of immigrant

## Immigration Fiscal Impact Statement

visas, from family-based and employment-based visas to so-called diversity visas issued by lottery to citizens of many countries. Although Homeland Security prepares and approves the initial paperwork in the United States, State Department personnel interview applicants at the U.S. consulate in their country of origin.

For family-based visas, which constitute the majority of immigrant visas, the verification process centers around the affidavit of support: Visa applicants must be sponsored by one or more family members who pledge to support the immigrant financially for an initial period. (The law prohibits issuance of a visa to an alien likely to become a “public charge.”) If the sponsor’s income falls below established poverty guidelines, the visa application is supposed to be rejected.

In practice, consular officers routinely ignore this provision and issue visas to applicants whose sponsors are already living well below the poverty line, before the added burden of newcomers. <http://www.cis.org/articles/2000/back800.pdf> This blind eye explains, in part, why immigrants are a large and growing presence in the U.S. poverty population.

### Visa Fraud

Document fraud is the most common violation in the immigration process. Applicants throughout the world use fraudulent means to obtain visas. Compared to the cost and danger involved in using the services of a professional alien smuggler for an illegal border crossing, it is easier and safer for an would be immigrant to pay a \$45 visa interview fee and mislead a consular officer who has received training in cultural sensitivity and interview courtesy. <http://www.cis.org/articles/2000/back800.pdf>

Non-immigrant visa fraud typically consists of fake documents or information regarding prior visa applications or stated purpose of visits to the United States.

Fraudulent immigrant visa applications mostly involve fake relationships, but can also involve fake supporting documentation.

Illegal visa document mills are usually located close to the American embassy and are well known to consular officers. Although visas aren’t issued

when false documents are detected, fraudulent applicants are rarely reported to the local police. <http://www.state.gov/r/pa/ei/ask/79932.htm> These would be easy cases to prosecute, and the image of a bogus applicant being detained or arrested could have a huge impact on others contemplating this crime.

### The System Doesn’t Work

In recent years 1.0 to 1.5 percent of foreign nationals who entered on non-immigrant visas have overstayed (<http://pewhispanic.org/files/factsheets/19.pdf>), That implies 250,000 to 350,000 illegal aliens each year—or as much as 45 percent of the annual increase—are overstayers. All of these individuals successfully passed the State Department’s screening process.

Given the institutional culture in which State Department consular officers work, this is not surprising. <http://www.cis.org/articles/2000/back800.pdf> It is hard to imagine two more incompatible functions than diplomacy and rigorous enforcement of U.S. immigration laws. Diplomacy requires tact, negotiation, compromise, and conciliation. By contrast, law enforcement requires strict adherence to the letter of the law and intolerance of criminal conduct. <http://www.cis.org/articles/2000/back800.pdf>

For a consular officer, fighting visa fraud is an inconvenient obstacle to the diplomatic mission. This may explain why 70 percent of non-immigrant visa applications reviewed at the Mexico City embassy are approved—an absurdly high figure in light of the fact that half of illegals in the United States are from Mexico.

It is impossible to focus on both priorities. The State Department should be allowed to practice “diplomacy,” and its visa issuance responsibilities should be transferred to Homeland Security.

### Refugee Admissions Program

A refugee is a person who has crossed an international border and is unwilling or unable to return home because of past persecution or a well-founded fear of persecution due to his race, religion, nationality, membership in a particular social group, or political opinion.

The Refugee Admissions Program (USRAP) is administered by the State Department’s Bureau

of Population, Refugees, and Migration (PRM). PRM relies on multilateral organizations, non-governmental organizations (NGO)s, and other government agencies to facilitate the resettlement of displaced people in the United States. <http://www.state.gov/g/prm/rls/fs/84207.htm>

Many of the non-profit organizations funded by this program were created by the refugees themselves—a potentially massive conflict of interest.

The 2008 budget allocates \$774 million for “Migration and Refugee Assistance”—up from \$750 million the prior year.

Since 1975 USRAP has resettled more than 2.6 million refugees in the United States. <http://www.state.gov/g/prm/rls/fs/84207.htm> Each year the President consults with Congress to determine the number of refugees the United States will aim to resettle in the following year. This consultation sets in motion a complex process that identifies, screens, and prepares refugees for whom resettlement in the United States is deemed the best option.

Refugee arrivals declined sharply in the years immediately following the attacks of September 11, 2001 (9/11). Since 2003 they have nearly doubled, although still below pre-9/11 levels:

Less than 500 Iraqi refugees were admitted during the three years 2003 to 2005. This trickle may soon become a torrent: In May 2007 PRM announced “The U.S. Refugee Admissions Program is currently expanding its capacity to consider Iraqi refugees for resettlement in the United States.” <http://www.state.gov/g/prm/rls/fs/84207.htm>

Iraqis must leave Iraq in order to apply for admission as a refugee. This is consistent with the definition of “refugee” as someone who has crossed an international border.

A May 2007 State Department statement <http://www.state.gov/g/prm/rls/fs/84207.htm> urges Iraqi asylum seekers located in third countries to “register with the nearest United Nations High Commissioner for Refugees (UNHCR). UNHCR has the international mandate to provide protection and assistance to refugees and can provide a protection document and possibly other assistance if needed. For a small number of extremely vulnerable individuals, this could include referral to the USRAP or another country’s resettlement program. UNHCR will identify individuals for resettlement referral based on an assessment of their vulnerability at the time of registration.”

But the “small number” of refugees selected for resettlement in the United States turns out not to be small at all: UNHCR has made the commitment to the U.S. to refer 7,000 Iraqis in Jordan, Syria, Egypt, Turkey, and Lebanon to the U.S. Refugee Admission Program for consideration for resettlement by September 2007. This is the number that is expected to be received in the first tranche of referrals. However, the U.S. expects to receive additional referrals after the first 7,000 have been submitted, and

## Refugee Arrivals — Total and from Iraq, 1999–2005

Year	Total	Iraq	Percentage from Iraq
1999	85,076	1,955	2.3
2000	72,143	3,158	4.4
2001	68,925	2,473	3.6
2002	26,769	466	1.7
2003	28,304	298	1.1
2004	52,835	66	0.1
2005	52,738	198	0.4

Source: Department of Homeland Security, *Immigration Statistics 2005*, November 2006. Table 14.

[www.dhs.gov/xlibrary/assets/statistics/yearbook/2005/OIS\\_2005\\_Yearbook.pdf](http://www.dhs.gov/xlibrary/assets/statistics/yearbook/2005/OIS_2005_Yearbook.pdf)

7,000 is not a limit on the number of Iraqis the U.S. will consider for the USRAP. We are also exploring other avenues of access to the USRAP in addition to UNHCR referrals. <http://www.state.gov/g/prm/rls/fs/84207.htm>

Note that 7,000 is “not a limit” on the number of Iraqi refugees to be admitted to the United States.

Refugees have already emerged as a large and growing fiscal burden. They are immediately eligible for various government welfare programs, and the evidence is clear that they stay on them. Moreover, they start chain-migrating relatives under the “family reunification” provisions of current law.

In absolute terms, the largest migration of refugees to these shores occurred during the Cold War. Millions of displaced persons fled Eastern Europe after the Soviet takeover. To embarrass the Soviet Union, the United States passed the Displaced Person (DP) Act of 1948, enabling DPs to enter the United States as refugees. From 1945 to 1960 668,000 European refugees came here. <http://www.vdare.com/asp/printPage.asp?url=http://www.vdare.com/rubenstein/refugees.htm>

After declining in the 1960s and 1970s, the European influx resumed after 1980, spurred by the Soviet Union’s collapse and war in the Balkans.

A total of 1.5 million European refugees became permanent U.S. residents between 1945 and 2002. This represented 0.3 percent of the 1950 population of Europe.

But other regional conflicts have triggered much larger refugee movements relative to population. Here, for example, is the cumulative refugee total received by the United States as of 2002, expressed as a percent of the home country’s population at the (approximate) year of the conflict:

- ◆ 9.9 percent of Cuba’s population since 1960
- ◆ 2.0 percent of Bosnia’s population since 1990
- ◆ 1.6 percent of Vietnam’s population since 1970
- ◆ 0.3 percent of Somalia’s population since 1990

The State Department’s efforts on behalf of displaced Iraqis could presage a refugee influx of similar magnitude. Applying these population shares to Iraq’s current 25 million population, we

generate a plausible range for the number and timing of Iraqi refugees settling in the United States:

- ◆ 75,000 Iraqi refugees by 2016 under the Somali refugee scenario
- ◆ 500,000 Iraqi refugees by 2016 under the Bosnian scenario
- ◆ 560,000 Iraqi refugees by 2036 under the Vietnam scenario
- ◆ 2.5 million Iraqi refugees by 2044 under the Cuban scenario

### Fiscal Impact of Iraqi Refugees

The fiscal year (FY) 2008 budget contains \$774 million for “Migration and Refugee Assistance”—up from \$750 million the prior year.

The lion’s share of the public costs associated with refugees occurs at the state and local level, where refugees are eligible for a wide array of social programs and benefits—including access to public education.

In recent testimony before the House Judiciary Committee, Robert Rector estimated the fiscal deficit of households headed by immigrants who lack a high school diploma—a reasonable proxy for refugees. [<http://judiciary.house.gov/media/pdfs/Rector070517.pdf>] Rector finds that the average uneducated immigrant household:

- ◆ Receives \$30,164 in government benefits
- ◆ Pays \$10,573 in government taxes
- ◆ Generates a fiscal deficit of \$19,588 (\$30,164 less \$10,573)

Under the “Cuban scenario,” 2.5 million Iraqi refugees could eventually settle in the U.S.

This translates to 625,000 Iraqi (4-person) refugee households, implying that the fiscal deficit (benefits received less taxes paid) for Iraqi refugees could equal \$12.1 billion (625,000 × \$19,588). More than half of this deficit—\$6.7 billion—occurs at the state and local government level.

Bottom line: \$12 billion a year, or about 0.1 percent of current GDP, could eventually be transferred from native taxpayers to Iraqi refugees. ■

# Social Security Administration

SHADOW COMMISSIONER OF SOCIAL SECURITY EDWIN S. RUBENSTEIN

**M**ission: “[The Social Security Administration] SSA advances the economic security of the Nation’s people through compassionate and vigilant leadership in shaping and managing America’s social security programs. These programs include Old-Age and Survivors Insurance and Disability Insurance, commonly referred to as Social Security, and Supplemental Security Income (SSI).” <http://www.ssa.gov/budget/genst06.htm>

## Can Immigration Save Social Security?

Social Security is in trouble. If current trends in population, incomes, and age expectancy persist, the benefits promised to future retirees will exceed payroll tax collections. The long-term (75-year) actuarial deficit is estimated to be a whopping \$13.4 trillion in present value terms. <http://www.whitehouse.gov/omb/budget/fy2008/pdf/budget/ssa.pdf>

Many claim increased immigration can reduce Social Security’s long-term deficit. As we discuss below, this conclusion is based on flawed assumptions regarding the amount of payroll taxes immigrants pay into the system as well as the benefits they are likely to receive. Moreover, the reduction in native income resulting from competition with low-wage immigrants is invariably ignored by those who claim increased immigration can help shore up the program.

Social Security today operates on what is known as a pay-as-you-go basis, in which current worker payroll taxes are used immediately to pay for the benefits of current retirees and other beneficiaries. In 1950, there were about 16 workers for every retiree. Today, there are slightly over

three workers for every beneficiary, and by the time today’s 20-year-olds retire, that number will fall to two workers for every beneficiary. Furthermore, Social Security is paying greater benefits for longer periods of time as life expectancy increases, and the imminent retirement of the baby boom generation will result in added strain on the system. <http://www.whitehouse.gov/omb/budget/fy2008/pdf/budget/ssa.pdf>

By 2017, the Social Security system will collect less in taxes than it pays in benefits and will shift into a permanent cash deficit that will grow every year. In 2040, the Retirement Trust Fund will have spent its accumulated surplus and lack the resources to pay the benefits that have been promised. <http://www.whitehouse.gov/omb/budget/fy2008/pdf/budget/ssa.pdf>

The 2005 Economic Report of the President estimates that over the last 10 years as much as 58 percent of employment growth in the United States and 51 percent of growth in the working age population have been due to new immigrants. The U.S. population and work force is aging rapidly due to the baby boom cohort entering retirement years and steady increases in the life expectancy at birth and at age 65.

Since most immigrants to the United States tend to enter the country as young adults, they lower the average age of the population. As they age, however, they tend to raise the average age of the nation. Immigrants also tend to have slightly higher fertility rates than non-immigrants. The children of immigrants will continue to affect the size and growth rate of GDP and the ratio of workers to beneficiaries well into the future. <http://www.ssab.gov/brief-1-immigration.pdf>

But population growth is not the major reason

## Immigration Fiscal Impact Statement



## THE SOCIAL CONTRACT: AN EXCLUSIVE REPORT

why immigration is deemed good for Social Security. It has been the conventional wisdom for years that illegal immigrants pay payroll taxes but do not stick around to collect retirement benefits. Illegal immigrant workers in the United States are now providing the system with a subsidy estimated to be as much as \$7 billion per year. That amount represents 10 percent of the current surplus—the difference between what the system currently receives in payroll taxes and what it doles out in pension benefits. <http://www.immigrationforum.org/PrintFriendly.aspx?tabid=724>



Social Security’s actuaries estimate that a sustained 250,000 per year increase in immigration will reduce the retirement fund’s actuarial deficit by about 5 percent, or by \$670 billion (5 percent of \$13.4 trillion.) <http://www.ssab.gov/brief-1-immigration.pdf>

Subsidizing Social Security is not what illegal immigrants came here to do. The 1986 immigration reform act (IRCA) required employers to verify the citizenship status of employees by asking for documents such as Social Security cards. This triggered a boom in forged cards and fictitious or stolen Social Security numbers. <http://www.immigrationforum.org/PrintFriendly.aspx?tabid=724>

IRCA did little to deter employers from hiring illegals with (obviously) phony Social Security cards.

Starting in the late 1980s the Social Security Administration received a flood of W-2 earnings reports with incorrect Social Security numbers. It stashed them in what it calls the “earnings suspense file” in the hope that someday it would figure out whom they belonged to. <http://www.immigrationforum.org/PrintFriendly.aspx?tabid=724>

The file has been mushrooming ever since: \$189 billion worth of wages ended up recorded in the suspense file over the 1990s, two and a half times the amount of the 1980s. <http://www.immigrationforum.org/PrintFriendly.aspx?tabid=724>

While Social Security does not know what fraction of the suspense file corresponds to the earnings of illegal immigrants, other researchers say illegal immigrants are the main contributors. <http://www.immigrationforum.org/PrintFriendly.aspx?tabid=724>

In the current decade, the file has grown, on average, by more than \$50 billion a year, generating \$6 billion to \$7 billion in Social Security tax revenue and about \$1.5 billion in Medicare taxes. In 2002 alone nine million W-2s with incorrect Social Security numbers landed in the suspense file, accounting for \$56 billion in earnings, or about 1.5 percent of total reported wages. <http://www.immigrationforum.org/PrintFriendly.aspx?tabid=724>

### Reality Check: Totalization Agreements

The assumption that most illegal immigrants will not collect Social Security—and that the suspense file money will be available to fund Social Security benefits for natives and legal immigrants—is unrealistic.

A law called the Social Security Protection Act of 2004 explicitly prohibits benefits to “aliens residing in the United States unlawfully.” But a loophole in that law exempts illegals from any country “that has a social insurance or pension system under which benefits are paid to eligible U.S. citizens who reside outside that country.”

“Totalization” agreements do that. They are designed to protect workers who have divided

their careers between the United States and a foreign country but haven't worked long enough under either social security system to qualify for benefits. The agreements allow workers to combine ("totalize") work credits earned in both countries to meet minimum eligibility requirements.

With the signing of the U.S.-Mexico totalization agreement on June 29, 2004, most of the illegal aliens living in the United States became potential Social Security recipients.

We say "potential" because the U.S.-Mexico agreement has yet to be signed by the President—or even sent to Congress for review. Eligibility and costs will ultimately depend on specific terms and language of the final agreement.

Indeed, some observers fear Mexican totalization could metastasize into a *de facto* guest worker program, effectively legalizing millions of erstwhile illegal aliens. (See, for example, *Totalization: Sellout of American Workers*, by Phyllis Schlafly, November 17, 2004)

That devil will be in the details of the final agreement.

But in any event, the Social Security Administration's preliminary cost estimates for Mexican totalization are absurdly low. In 2003 SSA's actuaries projected those costs at \$78 million in the first year, growing to \$650 million (in constant 2002 dollars) by 2050. SSA claimed that the agreement would have a "negligible impact" on the Social Security trust fund long-range actuarial deficit. (As noted above, the trust fund is expected to be exhausted—with or without Mexican totalization—by 2040.)

However, SSA's projections assume only 50,000 newly eligible Mexican beneficiaries would be added during the initial phases of totalization, with that number growing to 300,000 over time. Amazingly, these are the same numbers that SSA used to cost out the totalization agreement with Canada. Illegal aliens from Mexico make up about

70 percent of all illegals in the United States. Those from Canada and the 19 other totalization countries combined account for less than 3 percent of all illegals. (*Social Security "Totalization": Examining a Lopsided Agreement with Mexico*, CIS Backgrounder, by Marti Dinerstein, September 2004)

And illegal alien headcounts don't tell the whole story. Mexico's retirement system is rudimentary compared to those of other totalization countries. Americans, for example, vest for Social Security benefits after working for 10 years; Mexicans must work for 24 years before vesting in their national pension plan. (Mexican aliens can vest for

Social Security after working just 18 months in the United States and make up the difference by "claiming" to have worked in Mexico.)

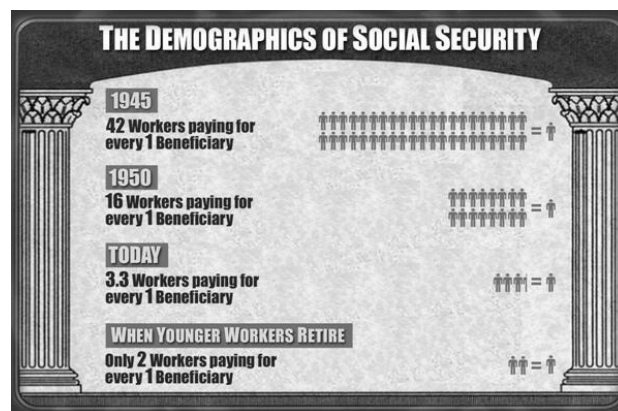
Moreover, under the Mexican system workers receive back exactly what they paid in, plus interest. (If it's not stolen, that is.

The men who paid into

the Mexican Government's Bracero Program in the 1940s haven't been paid; the money just disappeared.) By comparison, Social Security is also an income-redistribution system, with low-wage workers receiving benefits far in excess of their contributions.

Another federal agency, the Government Accountability Office (GAO), has said the prospect of easy Social Security eligibility could draw far more illegal aliens to the United States than SSA actuaries have projected:

Although the actuarial estimate indicates that the agreement would not generate a measurable impact on the trust funds, an increase of more than 25 percent in the estimate of initial, new beneficiaries would generate a measurable impact. For prior agreements, error rates associated with estimating the expected number of new beneficiaries have frequently exceeded



## THE SOCIAL CONTRACT: AN EXCLUSIVE REPORT

25 percent. Because of the significant number of unauthorized Mexican workers in the United States, the estimated cost of the proposed totalization agreement is even more uncertain than for the prior agreements. (Barbara D. Bovbjerg, "Proposed Totalization Agreement with Mexico Presents Unique Challenges," GAO, September 2003. PDF)



### **Social Security Administration bureaucrats updating information on file, circa 1930s.**

Overarching everything, according to GAO, are SSA's secretive, albeit sloppy, procedures:

A lack of transparency in SSA's processes, and the limited nature of its review of Mexico's program, cause us to question the extent to which SSA will be positioned to respond to potential program risks should a totalization agreement with Mexico take place. SSA officials told us that the process used to develop the proposed totalization agreement with Mexico was the same as for prior agreements with other countries. The process—which is not specified by law or outlined in written policies and procedures—is informal, and the steps SSA takes when entering into agreements are neither transparent nor well-documented.

Bottom line: most immigrants—legal and illegal—are likely to become Social Security pensioners

after retirement. The much touted immigration subsidy is just a brief one-time effect of new workers arriving who have no retired counterparts.

Today's low-wage immigrants will be tomorrow's drain on the Social Security system.

### **Other Federal and State Programs**

Social Security is not the only program affected when immigrants obtain fraudulent Social Security numbers. Illegal immigrants are also eligible for welfare, medical assistance, and housing subsidies. Like all people, they enroll their children in school, drive on roads, and require police, sanitation, and fire services. They are also more likely to be incarcerated.

They also pay taxes. Even those who avoid Social Security taxes can't escape paying excise, sales, and other taxes. But fiscal impact studies invariably find that the expenditures attributable to illegal immigrants exceed their tax payments by a wide margin.

At the federal level, illegal aliens receive more than \$26 billion a year in federal services and pay only \$16 billion in federal taxes, creating an annual fiscal deficit of about \$10.3 billion. These figures are from a report published by the Center for Immigration Studies (CIS) in 2004. <http://www.cis.org/articles/2004/fiscal.html>

**“The average illegal alien household receives \$2,736 more in federal government services than it pays in taxes. Since there are at least 3.8 million such households, the total drain on the federal budget due to illegal aliens is \$10.3 billion (\$2,736 × 3.8 million).”**

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such households, the total drain on the federal budget due to illegal aliens is \$10.3 billion (\$2,736 × 3.8 million). <http://www.cis.org/articles/2004/fiscal.html>



State and local governments incur even larger deficits. This is the conclusion of the National Research Council (NRC)'s comprehensive 1997 study of immigrants in California. While not explicitly comparing illegal and legal immigrants, the NRC research staff calculated that immigrant households generated a net fiscal deficit of \$3,463 per household—that is, they received \$3,463 (in 1996 dollars) more in state and local spending than they paid in state and local taxes. [http://books.nap.edu/openbook.php?record\\_id=5779&page=281](http://books.nap.edu/openbook.php?record_id=5779&page=281)

Using the NRC figure as a proxy for the national average—and adjusting for inflation—we estimate that the state and local deficit attributable to illegal aliens is currently \$15 billion (3.8 million

households × \$3,823 per household).

The total (federal, state, and local) deficit attributable to illegal aliens is therefore \$25 billion—\$10 billion federal and \$15 billion state and local.

Much of this could have been avoided if SSA cracked down on identity theft.

Obviously, the Social Security Administration is not responsible for enforcing our immigration laws. But SSA is the only agency with a comprehensive database of individuals working in the United States. SSA is supposed to verify immigration documents for all non-citizens with the Department of Homeland Security and refugee documents with the Department of State. <http://www.ssa.gov/budget/genst06.htm>

SSA is also responsible for implementing provisions of the Intelligence Reform and Terrorism Prevention Act of 2004, which place limitations on the number of replacement Social Security cards an individual may request. <http://www.ssa.gov/budget/genst06.htm>



By all accounts, SSA has not adequately discharged these responsibilities. Its reports on immigrants who hold stolen or multiple Social Security numbers are often outdated and incomplete. Efforts to make this information available electronically have been delayed by bureaucratic infighting. <http://washingtontimes.com/article/20070825/EDITORIAL/108250003/1013>

Fiscal stability and national security are both threatened by SSA's laxness. ■

# Department of Labor

SHADOW SECRETARY OF LABOR EDWIN S. RUBENSTEIN

The Department of Labor (DOL) fosters and promotes the welfare of the job seekers, workers, and retirees by improving their working conditions, increasing employment opportunities, protecting their retirement and health care benefits, helping employers find workers, and tracking changes in employment, prices, and other national economic measurements. In carrying out this mission, DOL helps administer a variety of Federal laws—including parts of the Immigration and Nationality Act, which regulates the admission of aliens into the U.S.

Historically, DOL played a much larger role in U.S. immigration policy. From the time of its founding as an independent agency in 1913 until the outbreak of World War II, the agency was charged with administering immigration and naturalization policy as well as border security. In assigning these responsibilities to DOL, Congress in effect acknowledged that immigration was primarily an economic issue—and a potential threat to the well being of American workers. Keeping immigration and all other employment related issues within DOL was an efficient allocation of governmental resources.

In the last section we discuss the advantages of restoring responsibility for enforcing immigration policy in the workplace to DOL. Currently the Bureau of Immigration and Customs Enforcement (ICE) in the Department of Homeland Security (DHS) is responsible for blocking employers' access to illegal alien workers.

First, we highlight units of DOL in which im-

migration currently plays an important role: the Office of Foreign Labor Certification and the Occupational Health and Safety Administration.

## Office of Foreign Labor Certification (OFLC)

OFLC carries out DOL's responsibilities under the Immigration and Nationality Act, which regulates the admission of aliens into the U.S. The Act allows employers to bring non-immigrant foreign workers into the country only if there are not sufficient U.S. workers who are able, willing, qualified, and available to perform the job. OFLC performs

the fact finding needed to determine that the foreign workers

brought into the country do not adversely affect the wages and working conditions of comparable U.S. workers.

Employers must also inform U.S. workers of the intent to hire a foreign worker by posting the completed Labor Condition Application form for the position. The posting must occur within the 30-day period preceding the date that the labor condition applications is submitted to the DOL.

DOL must certify to the Secretary of State and the Attorney General that these conditions are met before a foreign worker can be brought to the U.S. on an employment-based visa.

In particular, OFLC determines whether there are any qualified U.S. workers willing and able to work at the average, or "prevailing wage," paid for the occupation in the intended area of employment. The prevailing wage requirement applies for most employment based visa programs involving the Department of Labor.

Additional wage regulations apply to workers brought in under the H-1b visa program. The H-1b program allows employers to temporarily employ

## Immigration Fiscal Impact Statement

foreign workers on a nonimmigrant basis in a specialized, high tech occupation.

Specialty occupations are defined by DOL as those requiring “the theoretical and practical application of a body of specialized knowledge and a bachelor’s degree or the equivalent in the specific specialty (e.g., sciences, medicine and health care, education, biotechnology, and business specialties, etc...)”

Employers must pay H-1b workers either the prevailing wage or the same wage they pay other employees with similar skills, whichever is higher. This provision sounds good, until you realize that:

- employers write H-1b job descriptions so as to insure that no native-born workers have comparable skills, and
- employers are allowed to conduct their own wage surveys in calculating the prevailing wage.

In his comprehensive analysis <http://www.newcoalition.org/Article.cfm?artId=18535> of this scam, author John Miano writes:

Through this mechanism, employers paying low wages are simply re-affirming their own low standards, rather than providing a real comparison to industry or wider labor market standards.

Miano reports that prevailing wages as calculated by computer industry employers are about \$22,000 less than the median computer industry wage estimates of the Bureau of Labor Statistics. Obviously the loopholes in the H-1b law prevent OFLC from fulfilling its mission of protecting U.S.-born workers from unfair foreign competition.

Current law limits the number of H-1b visas issued annually to 65,000. The Senate bill would

increase that base to 115,000 visas per year with the potential to go to 180,000.

OFLC spending in FY2007 is estimated at \$177 million. The proposed FY2008 budget calls for an increase to \$222 million.

## **Occupational Health and Safety Administration (OSHA)**

OSHA’s mission is to assure the safety and health of America’s workers by setting and enforcing standards; providing training, outreach, and education; and encouraging continual improvement in workplace safety and health.

On-the-job injuries and deaths cost U.S. businesses a staggering \$241 billion a year, according to a recent study. [AFL-CIO, “Death on the Job: The Toll of Neglect,” April 2002. <http://www.aflcio.org/yourjobeconomy/safety/upload/deathonthejob.pdf>].

In recent years these costs have risen far faster than employment growth or the rise in the medical cost component of the CPI. This suggests that something else is driving up workplace related medical costs.

Immigration is a likely suspect.

OSHA has made immigrant worker safety a high priority. Spanish-language compliance assistance resources include dictionaries of OSHA and industry terms, training videos, newsletters, and public safety announcements. OSHA also offers employers and employees Spanish-language training courses to help them recognize and avoid safety and health hazards in their workplaces.

These resources are made available to legal and illegal immigrants.

Unfortunately, OSHA’s efforts on behalf of Spanish speaking workers are not evident in the statistics. In 2005, for example:



**Coal miners in Pike County, Kentucky sit below a “sign of the times,” circa 1979.**

- ◆ Hispanic workers accounted for 13.4 percent of total employment, but 19.3 percent of non-fatal workplace injuries
- ◆ Whites accounted for 71.0 percent of employment, but 67.1 percent of non-fatal injuries
- ◆ Blacks accounted for 10.6 percent of employment, and 12.0 percent of non-fatal workplace injuries

From 1995 to 2005:

- ◆ On the job fatalities involving Hispanic workers increased by 51 percent
- ◆ Fatalities involving White workers decreased by 21 percent
- ◆ Fatalities involving Black workers decreased by 30 percent

Language may not be the only explanation for higher Hispanic injury rates. Many illegals (who have no work records) simply say they know how to do the job when in fact they have no experience and rely on on-the-job learning.

In addition, Hispanic immigrants gravitate to risky occupations—"jobs natives do not want to do." This could also explain their above average workplace mortality rates.

This latter notion is belied by other government statistics, however.

Take the meatpacking industry, widely regarded as the province of Hispanic immigrants willing to work in conditions unacceptable to natives. Federal data show not only that whites are well represented in this industry, but also that they perform the same tasks more safely than Hispanics.

Ditto for the construction and manufacturing industries.

Over the years countless billions have been spent on teaching English to Hispanic immigrants. An increasing share <http://www.vdare.com/rubenstein/isolation.htm> of Hispanic immigrants are "linguistically isolated," i.e., they speak English poorly or not at all. Even simple English language instructions are incomprehensible to the linguistically

isolated.

Will OSHA succeed where the educational establishment failed? If English proficiency is the key to workplace safety, the prognosis is not good.

The FY2008 federal budget allocates \$490 million to OSHA, with \$80 million of this total going to compliance assistance of all types.

### **Fair Labor Standards Act/Seasonal Farm Workers**

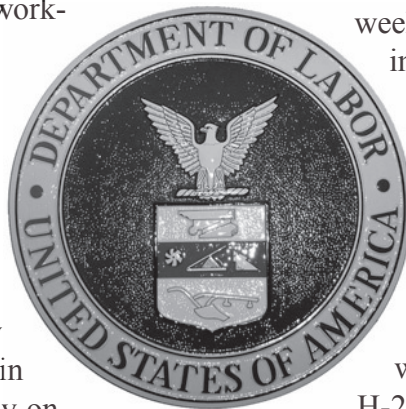
DOL administers the Fair Labor Standards Act that sets minimum wage levels and requires overtime pay for work over 40 hours a week. Like OSHA, it is not directly an immigration law but it does have impact since illegal immigrants are entitled to the same minimum wage and overtime protections as native workers—even if they are not legally allowed to work.

DOL also has regulatory responsibility for H-2A temporary workers in agriculture. Employers of H-2As must follow DOL's guidelines regarding recruitment practices, wages, and housing matters. DOL also has responsibility for monitoring the practices of labor contractors who hire migratory farm workers, many of whom are illegal immigrants.

### **Restore Responsibility for Workplace Enforcement to DOL**

Until the 1890s, responsibility for the administration and enforcement of immigration policy rested with the states. The federal role was primarily supervisory, with the Secretary of the Treasury seeing that the states were not admitting aliens in an excludable category. The list of grounds for exclusion included lunatics, idiots, and persons likely to become a public charge.

A series of congressional hearings in the 1880s revealed that federal immigration laws were being widely circumvented. On July 21, 1891 the era of joint federal-state administration ended as the Bureau of Immigration (BI) was created in the Department of the Treasury. All enforcement duties were



transferred to federal officers. Inspection stations were established on the Mexican and Canadian borders.

In 1903 BI was shifted to the new Department of Commerce and Labor. In 1906 the naturalization process was overhauled, and responsibility for it was given to BI, which became the Bureau of Immigration and Naturalization (BIN).

In 1913, when Congress split the Department of Commerce and Labor into two federal agencies, BIN was placed in the new Department of Labor (DOL). In giving DOL responsibility for immigration, Congress acknowledged the impact foreign born workers had on domestic wages, employment opportunities, and working conditions.

In President Franklin Roosevelt's first year, the federal government was reorganized. As part of the efficiency moves, the separate bureaus of immigration and naturalization were merged into the U.S. Immigration and Naturalization Service (INS). INS still remained in the Department of Labor, in recognition of the fact that that even in the Great Depression, immigration was a significant element of national employment policy.

On May 20, 1940 President Roosevelt recommended that Congress shift INS from DOL to the Department of Justice. It was part of a reorganization plan for government made necessary by the onset of World War II. In later background papers, the President said "after these days of emergencies have passed" that Congress should reconsider the matter of where the administration of immigration policy should be properly housed.

When World War II ended, however, no attempt was made to undo the wartime expedient. In the mid-1960s immigration—which had been declining in significance since the 1920s as a feature

of American life—was inadvertently revived. The 1965 Immigration Act was billed as presaging a very modest increase in overall immigration, which was averaging 250,000 to 300,000 a year. But the numbers increased radically.

In the late 1970s another Presidential commission was formed, this time by President Carter, to study the consequences of the return of mass immigration. The Select Commission on Immigration and Refugee Policy issued its report in 1981, concluding that immigration was "out of control," warning that "this is not the time for a large scale expansion in legal immigration."

Vernon Briggs, professor of Labor Relations at Cornell University, describes the perverse response to the Commission's recommendations:

Congress, however, chose to disregard these findings. In the years that followed the issuance of the Commission's report, Congress more than doubled the level of legal immigration suggested by the Commission; it enacted an ineffectual set of halfhearted measures to deter illegal immigration; and it has allowed the annual scale of entry of temporary foreign workers (called non-immigrant workers) and of refugees to be influenced more by the whims of special interest groups than by actual needs or circumstances. As a consequence, U.S. immigration policy in the 1990s is essentially a "hodge-podge" of politically-motivated initiatives that pays no attention to its collective economic implications. <http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1041&context=hrpubs>

By 1990 legal immigration reached 1,500,000. The expansion of legal immigration was due in no small part to the large number of illegal aliens amnestied by the 1986 Immigration Reform and Control Act (IRCA). IRCA was touted as a quid pro quo: amnesty for illegals in exchange for the establishment of employer sanction program that was supposed to dissuade U.S. companies from hiring illegals.



**Professor Vernon Briggs**



## THE SOCIAL CONTRACT: AN EXCLUSIVE REPORT

IRCA stipulated that employers would be fined up to \$10,000 for every illegal alien they hired, and repeat offenders could be sent to jail. These harsh measures reflected the widespread belief that employer sanctions were the only way to stem the tide. “We need employer sanctions to reduce the attraction of jobs in the U.S.,” an INS spokesman declared as Congress debated the bill. When President Reagan signed it, he called the sanctions the “keystone” of the law. “It will remove the incentive for illegal immigration by eliminating the job opportunities which draw illegal aliens here,” he said.<sup>1</sup>

But companies had little to fear. Neither Reagan nor subsequent Presidents or Congresses were eager to enforce the law. A single statistic attests to this. In 2002 the former Immigration and Naturalization Service (INS) issued orders levying fines on only 13 employers for hiring illegal aliens, a minuscule portion of the thousands of offenders. Non-enforcement of employer sanctions has been called the equivalent of hanging out a help wanted sign for illegals.

In 2003, responding to another national emergency, Congress established the Department of Homeland Security (DHS). INS was moved from the Department of Justice to DHS, rechristened U.S. Citizenship and Immigration Services (CIS), and given responsibility for border security and interior enforcement.

Not surprisingly, border security garnered an even larger share of immigration control spending after this post 9/11 administrative realignment. Less than 10 percent of ICE investigative resources are devoted to fraud, workplace violations, and visa overstayers. ICE could double non-criminal removals at a cost of just \$120 million, according to a recent CIS analysis. <http://www.cis.org/articles/2006/back406.html>

The lion’s share of new DHS spending goes to border security. The agency’s FY2008 budget con-

tains a \$2.4 billion rise in border protection outlays from FY2007, but only \$300 million more for interior enforcement. <http://www.whitehouse.gov/omb/budget/fy2008/homeland.html>

The Secure Border Initiative (SBI) is projected to cost \$2.5 billion. While SBI addresses a number of grave border security shortcomings such as Border Patrol staffing levels, detention capacity, and physical infrastructure, and will undoubtedly reduce the number illegal border crossers, it will have no noticeable effect for communities across the country that already are hosting illegal populations.

The SBI makes almost no effort to reduce the size of the existing illegal alien population; nor does it address the problem of visa overstayers, who make up perhaps as much as 40 percent of the illegal immigrant flow.

Ongoing research by leading immigration scholars strongly suggests that when border control is the sole focus of immigration enforcement policy, illegal immigrants tend to stay put, rather than risk re-entry. According to Princeton researcher Douglas S. Massey

Enforcement has driven up the cost of crossing the border illegally, but that has had the unintended consequence of encouraging illegal immigrants to stay longer in the United States to recoup the cost of entry. The result is that illegal immigrants are less likely to return to their home country, causing an increase in the number of illegal immigrants remaining in the United States. <http://www.freetrade.org/pubs/pas/tpa-029.pdf>

If the goal of immigration policy is to relieve the fiscal and social burden of illegal immigration, some effort must be made to reduce the existing population of illegal immigrants as well as to slow the flow of new illegal arrivals.



Vigorous enforcement of immigration laws within the U.S. would do that. Elements of such a policy would include requiring that employers verify Social Security numbers and the immigration status of workers, increasing non-criminal removals of illegal immigrants, and passing state and local laws to discourage hiring of illegal aliens and to make it more difficult for illegal aliens to conceal themselves.

The mere announcement of such steps would induce many illegals to return home prior to their being apprehended by federal authorities.

Interior enforcement efforts would reduce the illegal population from its current 11.5 million to 5.6 million, or by 51 percent, over a five year period, according to a recent CIS analysis. This would cost \$2 billion—or only \$400 million per year, according to government estimates. <http://www.cis.org/articles/2006/back406.html> SBI will cost more and produce more modest results—a 10 percent reduction in illegals after five years.

Unfortunately, DHS is not inclined to fight for such a reallocation. The Department of Labor is the natural constituency for interior enforcement.

The criticism Professor Briggs leveled against the Department of Justice and INS in the 1990s can be applied to DHS today:

Moreover, the Justice Department is the most politicized and politically sensitive of all federal agencies. It often chooses to pursue short-run, expedient solutions to controversial policy issues. Seldom has it manifested any interest in the economic consequences of immigration, nor has it ever seen fit to establish any ongoing research program to monitor the influences of immigration on the labor market or the economy. Moreover, the statistical data on immigration that it generates are primarily designed to meet administrative purposes rather than to serve policy-development needs. <http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1041&context=hrpubs>

It would be a major step toward the achievement of an immigration policy that is accountable for its economic effects if the INS were returned to its previous home in the Department of Labor, which is far better equipped to understand labor market issues and to be able to design and administer an immigration policy targeted to meet specific labor force needs. Being an employment-oriented agency, it could best identify the appropriate level of immigration that is needed each year and the specific occupational needs that immigration might be able to address. The Labor Department is better qualified to explain how prevailing employment levels could adjust to the specific numbers of immigrants and refugees that are annually admitted. Moreover, because it already has enforcement responsibilities for wage and hour violations, child labor laws, occupational health and safety laws, and migrant farm workers protections, it could easily add enforcement of employer sanctions and anti-discrimination protections for resident aliens to its present duties.

Changing the administrative structure that is responsible for the nation's immigration policy is no panacea. But a 're-invention' of the contributory role that government agencies can have in better serving the national interest is long overdue in the area of immigration matters. <http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1041&context=hrpubs>

A modest proposal: Move interior enforcement responsibilities out of DHS to the Department of Labor. Labor would fight for interior enforcement dollars more zealously than DHS, and probably would be more efficient at it given its expertise. ■

### **End Note**

1. Donald L. Barlett and James B. Steele, "Who Left the Door Open?," *Time*, September 2004.

# Department of Commerce

SHADOW SECRETARY EDWIN S. RUBENSTEIN

**M**ission: The Department of Commerce promotes job creation and improved living standards for all Americans by creating an infrastructure that promotes economic growth, technological competitiveness, and sustainable development. <http://www.osec.doc.gov/bmi/budget/04APP/04APPFront.pdf>

## The Security and Prosperity Partnership (SPP)

In February 2007 a Commerce Department news release described SPP thus:

The Leaders of Canada, Mexico and the United States launched the Security and Prosperity Partnership of North America (SPP) to increase security, prosperity, and improve the quality of life for the citizens of each sovereign nation. Last March in Cancun, Leaders reaffirmed their commitment to the SPP and identified five priorities: 1) Strengthening Competitiveness through creation of a private sector-led North American Competitiveness Council (NACC), and enhancing regulatory cooperation; 2) Emergency Management; 3) Avian and Pandemic Influenza; 4) Energy Security; and 5) Smart, Secure Borders. [http://www.commerce.gov/opa/press/Secretary\\_Gutierrez/2007\\_Releases/February/23\\_Gutierrez\\_SPP\\_Ottawa\\_stmnt.htm](http://www.commerce.gov/opa/press/Secretary_Gutierrez/2007_Releases/February/23_Gutierrez_SPP_Ottawa_stmnt.htm)

The bland, bureaucratic verbiage notwithstanding, SPP could change American life and the nature of our country more than any other federal program. Housed in the North American Free Trade

Agreement (NAFTA) office of the U.S. Department of Commerce, SPP is a highly secretive group of bureaucrats from the United States, Canada, and Mexico who are rewriting proposals for our laws, regulations, and trade agreements. Their ultimate goal could be the creation of a North American Union (NAU) that will erode our sovereignty and border security.

If the SPP group has its way, immigration could be allowed without limit. Mexico, Canada, and the United States would be governed as one country. In fact, the intellectual godfather of SPP is on record as proposing a simple solution to the problem of illegal

immigration: Stop defending the U.S. border. "Instead of

stopping North Americans at the borders," he says, "we ought to provide them with a secure biometric EZ Pass that permits cars and trucks to speed through tolls." [http://www.aim.org/aim\\_report\\_print/5102\\_0\\_4\\_0/](http://www.aim.org/aim_report_print/5102_0_4_0/)

Dr. Robert Pastor, Vice Chairman of the Council on Foreign Relations (CFR) Task Force on North America—is a leader of the NAU movement. Dr. Pastor was the Latin American specialist on Jimmy Carter's National Security Council. He was instrumental in the turnover—some call it a sellout—of the Panama Canal.

Currently, Pastor advocates "economic integration" of the United States, Canada, and Mexico and says their citizens should "think of themselves as North Americans." Dr. Pastor's ideas are spelled out in a CFR report, "Building a North American Community," which he co-authored. Among other things, this report proposes a North American "security perimeter" around all three nations by 2010. [http://www.aim.org/aim\\_report\\_print/5102\\_0\\_4\\_0/](http://www.aim.org/aim_report_print/5102_0_4_0/)

Pastor denies having any formal connection with SPP or to the trilateral conference that established it. That meeting, held in Waco, Texas, in March 2005, ended in a handshake between President

## Immigration Fiscal Impact Statement

Bush, Mexican President Vicente Fox, and then-Canadian Prime Minister Paul Martin.

Pastor acknowledges that the leaders of the three countries often consult him on economic and political integration issues.

Congress also seeks his opinion. On infrastructure, Dr. Pastor told a subcommittee of the Senate Foreign Relations Committee that he favors “new North American highways and high-speed rail corridors.” [http://www.aim.org/aim\\_report\\_print/5102\\_0\\_4\\_0/](http://www.aim.org/aim_report_print/5102_0_4_0/)

On June 5, 2005, the CFR guru cheerfully told the senators that the NAU would be helped by creating “a new consciousness among Americans.” The remark prompted journalist Wes Vernon to write: “Shorn of the euphemisms, that could be taken to mean we must disabuse these Americans of their quaint notions of sovereignty.” [http://www.aim.org/aim\\_report\\_print/5102\\_0\\_4\\_0/](http://www.aim.org/aim_report_print/5102_0_4_0/)

Many see NAU as the brainchild of transnational corporations seeking to maximize profits at the expense of ordinary workers. The process by which the union will be established is outlined by Christopher S. Bentley in *The New American* <http://www.thenewamerican.com/>:

First, the superelite create a free trade area. This lowers barriers to the trade of goods and services among member nations, while quietly instituting a raft of political and bureaucratic controls. This was done in Europe in the late 1940s. In North America, think NAFTA/CAFTA. <http://www.news-withviews.com/Yates/steven23.htm>

Second, they create a customs union, which adds a common external trade policy and expands the bureaucracy to implement it.

Third, they create a common market, which

ends restrictions on migration and allows labor and capital to move freely across increasingly meaningless national borders of member states. “This,” Bentley writes, “is exactly what is behind the Bush Administration’s fanatical zeal to implement its guest worker/amnesty program.” <http://www.news-withviews.com/Yates/steven23.htm>

Fourth, the common market metastasizes into a full-blown economic union—which requires uniform regulations, a common currency, a common tax policy, and a common fiscal policy. In this vein, Robert Pastor and others advocate replacing the dollar and the peso with a common North American currency that would be called the amero. <http://www.news-withviews.com/Yates/steven23.htm>

The fifth and final phase, political union, follows almost naturally. Political union is consistent with the self-serving agendas of international bankers, large corporations, and the governmental-bureaucratic establishment. <http://www.news-withviews.com/Yates/steven23.htm>

There is no line item in the Department of Commerce’s budget for the Security and Prosperity Partnership (SPP). A search of the Commerce Department’s Web site turns up no citations for “North American Union.” At this stage they are very much “under the radar.”

When pressed, even the most ardent NAU advocates deny their true agenda. There was an interesting debate in Washington on June 20, 2007, dealing with this issue. The National Press Club event included Phyllis Schlafly of Eagle Forum and Rosemary Jenks of Numbers USA. They were pushing NAU backers to disclose their plans. <http://www.renewamerica.us/columns/vernon/070709>



Dr. Pastor and David Bohigian, Assistant Secretary of Commerce in the Bush administration, insisted that there is nothing to be concerned about. Bohigian argued that the plan for “cooperation” among the three countries of North America is (1) not a loss of our sovereignty; (2) not a proposal to unite Canada and Mexico; (3) not building a NAFTA superhighway; (4) not creating a single currency; and (5) not creating a separate legal or judicial system. <http://www.renewamerica.us/columns/vernon/070709>

All that’s at stake here, he said, is “quality of life” on the continent. (Ironically, sitting right next to him was Dr. Pastor, who has argued for the amero.)

A North American Union will not be established overnight. It’s an evolutionary process. But the end game—one North American government—may be closer than most of us think:

The SPP working groups and attendees of meetings like this North American Forum are taking us in the same direction as Europe at breakneck speed. NAFTA’s Chapter 11 tribunals actually begin laying in place the final phase of the process by reviewing U.S. court decisions. If you have an internationalized legal process, then as enforcement mechanisms fall into place you are on your way to political union under a regional, hegemonic authority. <http://www.newswithviews.com/Yates/steven23.htm>

Thus what has taken the superelite over 50 years to accomplish in Europe could be done in North America in about half the time. <http://www.newswithviews.com/Yates/steven23.htm>

The fiscal implications are staggering. There are an estimated 4.54 million poorly educated

immigrant households living in the United States today. That figure could easily triple under an NAU—although the new arrivals would be “fellow countrymen” rather than “immigrants.”

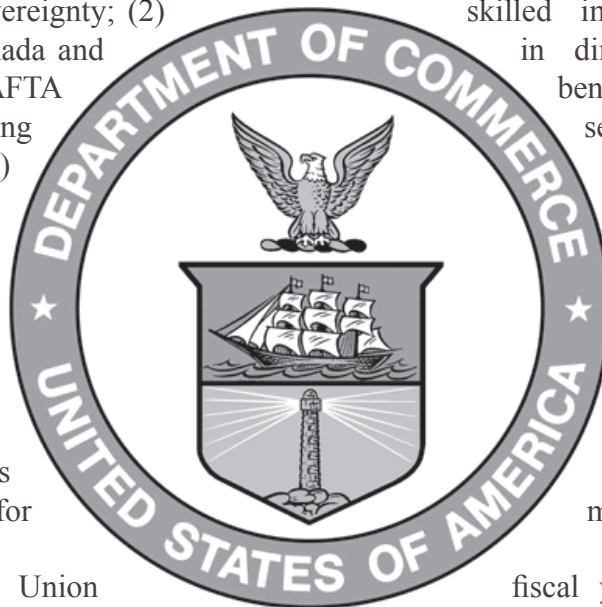
Robert Rector estimates the average low-skilled immigrant receives \$30,160 in direct benefits, means-tested benefits, education, and other services from all levels of government. By contrast, these households pay only \$10,573 in taxes. Net, the average low-skilled immigrant household imposes a deficit of \$19,587 (expenditures of \$30,160 minus taxes of \$10,573.) <http://judiciary.house.gov/media/pdfs/Rector070517.pdf> (The above figures are for fiscal year 2004; they are surely higher now.)

At \$19,587 per household, unskilled immigrant households currently generate a fiscal deficit of about \$89 billion (\$19,587 times 4.54 million). A threefold increase in such households (as we assume would occur under an NAU) would raise the deficit by \$178 billion, to \$267 billion.

In other words, an NAU could increase the amount that U.S.-born taxpayers pay to foreign-born residents by a factor of three—to \$267 billion per annum.

### The NAFTA Highway

NAFTA was supposed to combine cheap Mexican labor with U.S. capital and technology to enable both countries to compete with cheap Asian imports. C. Fred Bergsten and Jeffrey Schott, of the Institute for International Economics, testified to Congress in 1997: “We wanted to shift imports from other countries to Mexico since our imports from Mexico include more U.S. content and because Mexico spends much more of its export earnings on imports from the United States than do, say, the East Asian rivals.” <http://www.citizensforaconstitutionalrepublic.com/hawkins9-24-06.html>



The Department of Commerce supposedly shares those goals. But the SPP's new transportation plans make a mockery of that belief.

We refer to a secretive, under-the-radar plan for a north-south superhighway spanning three countries—from Mexico through the United States and into Canada. The word “secret” is appropriate. The plan is regionalized, mostly in Texas—where the governor recently unveiled plans for a piece of the highway. While a lot of Texans know about it, few know the whole story because the project is being built in increments so as to keep it off the national radar screen of most, if not all, the mainstream media. [http://www.aim.org/aim\\_report\\_print/5102\\_0\\_4\\_0/](http://www.aim.org/aim_report_print/5102_0_4_0/)

A major highway supporter is Cintra, a Spanish company which plans to build the highway and operate it as a toll road. In its financial plan Cintra is projecting a 12 percent return on investment for their equity partners. The 12 percent return is after taxes, which is approximately equivalent to 16 percent before taxes. [http://en.wikipedia.org/wiki/Trans-Texas\\_Corridor](http://en.wikipedia.org/wiki/Trans-Texas_Corridor)

But don't be fooled: the high profits expected from the superhighway are not the result of free market demand. Instead they reflect the money politically connected special interests stand to make from government-managed trade schemes like NAFTA.

To read press accounts of the planned superhighway, one would never suspect that it is part of a plan to accelerate the deindustrialization of the United States and destroy thousands of well-paying transportation jobs in California.

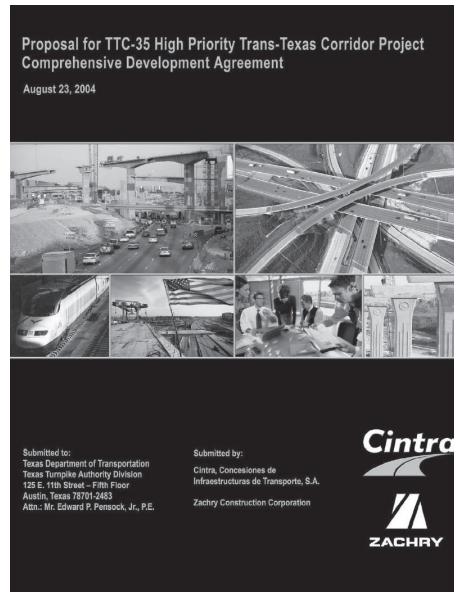
Currently, intermodal transportation of cheap imported commodities is the lifeline of the American economy. In 2004, the Port of Los Angeles processed 7.3 million container units and Long Beach handled 5.8 million. These two ports accounted for about 70 percent of the West Coast container traffic

and are, by far, the largest employers in California. <http://www.monthlyreview.org/0206vogel.htm>

U.S. port workers and the army of trucking and logistics firms that work with them, after seeing so many lucrative manufacturing jobs moved overseas, assumed that their jobs could not be offshored and would, in fact, increase in number as cheap Asian imports increased. <http://www.monthlyreview.org/0206vogel.htm>

How wrong they were!

Sparked by union organizing and wildcat actions by workers against falling wages and deteriorating working conditions at America's ports and on the nation's highways, the flow of container traffic is being shifted to from an east-west to a south-north orientation. By taking advantage of NAFTA, big U.S. importers are leaving pricey California ports for low-wage Mexican ports. <http://www.monthlyreview.org/0206vogel.htm>



## THE SOCIAL CONTRACT: AN EXCLUSIVE REPORT

This will be a boon to Wal-Mart and other importers of cheap Chinese goods. It will hurt our dock workers and American-based manufacturers, who are already suffering under the barrage of Chinese imports.

To facilitate the increase in northbound truck traffic, the Bush Administration wants to give Mexican trucks unrestricted access to U.S. highways. Currently trucks from Mexico are restricted to a zone along the border. James Hoffa, whose union is working in court to halt the proposal, says that Mexican trucks and drivers will endanger U.S. lives, damage U.S. jobs, pollute the U.S. environment, and benefit no one but big business. <http://stopssp.com/stopssp/?p=308>

“All we’re asking is that Mexican trucks and truckers meet the same standards as American trucks and drivers,” Hoffa said. He cited the requirements in the United States for commercial drivers’ licenses, drug screening, physical evaluations, hazmat certifications, etc. <http://stopssp.com/stopssp/?p=308>

National security is another concern. Hoffa insists there’s no way to adequately monitor vehicles of the 100 Mexican trucking corporations expected to be involved in cross-border hauling.

Promoters of the NAFTA highway system tout it as the largest engineering project ever undertaken in U.S. history. What they fail to publicize, however, are the economic and environmental costs of the system.

The NAFTA highway corridors will be up to four football fields wide with separate lanes for passenger vehicles (three in each direction) sandwiched between truck lanes (two in each direction).

The corridors will also contain six rail lines (three in each direction): two tracks for high-speed passenger rail, two for commuter rail, and two for freight. Total land consumption in the United States could exceed 1 million acres. Since the corridors are going to be routed through rural areas, this means they

will consume a total area of agricultural land and open spaces almost as large as the land area of the state of Vermont. <http://www.monthlyreview.org/0206vogel.htm>



will consume a total area of agricultural land and open spaces almost as large as the land area of the state of Vermont. Based on the estimated construction cost of \$31.4 million per mile, the 4,000-mile Texas sections of the NAFTA corridors will cost \$125.5 billion. Adding in right-of-way and miscellaneous costs, the total outlay could reach \$183.5 billion. Cost estimates for the entire NAFTA corridor system have not been disclosed but could double those figures. <http://www.monthlyreview.org/0206vogel.htm>

The prospect of low-cost Mexican ports seamlessly linked to the U.S. heartland with railroads and highways will accelerate the migration of Mexican industry to China. Mexican industry has already been smashed by Chinese competition: More than 600 of the maquiladora assembly plants along the U.S.-Mexican border have relocated to China. There will be little chance for Mexican wages to rise if at \$1.50 per hour they are undercut by Chinese labor making \$0.50 per hour. <http://www.citizensforaconstitutionalrepublic.com/hawkins9-24-06.html>

NAFTA was supposed to reduce Mexican poverty and stem illegal immigration to the United States. Instead it is exacerbating both of these problems—with the full support of the Department of Commerce and its SPP subsidiary. ■

# Department of the Treasury

SHADOW SECRETARY OF THE TREASURY EDWIN RUBENSTEIN

The Treasury Department promotes global economic growth and stability and is an advocate for greater economic opportunity and security for U.S. citizens. Treasury is the lead agency in the government's efforts to reduce the tax burden on working Americans. Treasury is also leading efforts to reform the major entitlement programs, Medicare and Social Security, to make sure they remain solvent and are able to meet spending commitments without placing an undue burden on future generations of Americans. Specific departmental responsibilities include managing federal finances; collecting taxes and paying all bills of the United States; managing the public debt; enforcing federal finance and tax laws; and investigating and prosecuting tax evaders.

This statement summarizes the impact of immigration on Treasury's ability to achieve these objectives.

## Direct Fiscal Burden

Immigrants are poorer, pay less tax, and are more likely to receive public benefits than natives. It follows that government finances are adversely impacted by immigrants—and this negative will increase as the share of immigrants in the population increases.

There is surprisingly little objective research on the fiscal burden imposed by immigrants. The best study is still that in *The New Americans*, the National Research Council (NRC)'s 1997 study of immigration's economic and demographic impact. The NRC staff analyzed federal, state, and local government expenditures on programs such as Medicaid, AFDC (now TANF), and SSI, as well as the cost of educating immigrants' foreign- and

native-born children. The NRC also estimated the average immigrant household's share of: police and fire protection, defense, public works, recreation, higher education, and municipal assistance.

NRC found that the average immigrant household receives \$13,326 in federal expenditures and pays \$10,664 in federal taxes—that is, they generate a fiscal deficit of \$2,682 (1996 dollars) per household. In 2007 dollars, this is a deficit of \$3,408 per household.

At the state and local level, NRC found immigrant households pay taxes averaging \$7,718 and receive benefits worth an average \$11,181—producing a net fiscal deficit of \$3,463 (1996 dollars.) In 2007 dollars this is a deficit of \$4,398 per household.

Thus the average immigrant household generates a total (federal, state, and local) fiscal deficit of \$7,806. This is the net subsidy immigrant households receive from households headed by U.S. natives. There are currently about 36 million immigrants living in about 9 million households, so the aggregate deficit attributable to immigrants comes to \$70.3 billion ( $\$7,806 \times 9$  million.)

The Census Bureau's mid-level projection is that we will add 120 million people to our current 300 million by the year 2050. Seventy percent of this increase will likely be traceable to immigrants and their descendants, if current policy is maintained. This implies that the immigrant stock will increase by 84 million, to approximately 120 million, by 2050. If the per household fiscal deficit remains as it is today, by mid-century the aggregate deficit due to immigrants would be \$234.8 billion ( $\$7,806 \times 30$  million).

If the Bush Administration's guest worker amnesty is passed, the immigrant fiscal deficit will be significantly larger than projected. Many erstwhile illegals would receive benefits they currently are

## Immigration Fiscal Impact Statement



not entitled to or are reluctant to apply for. Although their tax payments may also increase, research suggests their benefit payments will rise by more.

By mid-century the immigrant fiscal deficit alone could exceed the largest deficits experienced thus far in the nation's history.

### Indirect Fiscal Burden

A study by Harvard University Professor George Borjas finds that each 10 percent increase in the U.S. labor force due to immigration reduces native wages by about 3.5 percent.<sup>1</sup> Foreign-born workers account for about 15.0 percent of the U.S. labor force. If Borjas is right, immigrant workers reduce average native wages by 5.25 percent ( $15.0/10.0 \times 3.5$  percent).

This obviously will reduce revenues from personal income taxes, payroll taxes, sales, and excise taxes. By contrast, corporate income tax receipts will probably rise because cheap immigrant labor reduces costs and increases profits of U.S. corporations.

A “quick and dirty” way to estimate lost revenues is to assume that tax revenues based on personal income decline at the same rate as personal income. If U.S.-born workers suffer a 5.25 percent reduction in income, total personal income will fall by about 4.6 percent, the difference reflecting the fact that native-born workers receive 88 percent of personal income.<sup>2</sup>

Using this model, we calculate that taxes paid by native-born workers are about \$98.4 billion lower due to immigrant-related wage losses. The estimated deficit from immigration is thus nearly \$169 billion—\$70.3 billion direct and \$98.4 billion from the displacement of native workers.

### Earned Income Tax Credit

The Earned Income Tax Credit (EITC) is the nation's most expensive means-tested program for working families, with \$36 billion distributed in 2006. EITC is a “refundable” tax credit. That means even a worker who pays no taxes or pays less than the amount of the credit receives a check from the IRS.

More than one in four of all immigrant house-

holds received EITC in 2000, nearly twice the 13.2 percent eligibility of households headed by native-born Americans. Because immigrant households are larger, their tax refund payments are larger. In 2000, immigrant households received tax credit payments averaging \$1,700 versus \$1,450 for natives.

Illegal immigrants are eligible for EITC payments on behalf of their native-born children. But the IRS does little to verify the claim that such children actually exist or that they have lived with the worker for more than six months of the year, as required by law. Many immigrants claim nonexistent children, or claim children whom they've left behind with relatives.

Fraudulent EITC payments are no different than outright tax evasion: they shift the burden of taxation from dishonest to honest citizens. Treasury and the IRS are obligated to control this abuse.

### Economic Bottom Line: A Loss

American economists have made relatively little effort to measure the overall economic effects of immigration. But when they have, the answer is clear: immigration does not contribute much to economic growth. The consensus: the economic surplus (benefits less costs) generated by immigrants and accruing to native-born Americans is very small—about one-tenth of one percent of GDP.

One-tenth of one percent of GDP translates to a \$12.5 billion immigration surplus. But if immigration imposes a fiscal loss on native taxpayers of \$169 billion—as we calculate above—its net economic impact is a negative \$156 billion.

American society is being transformed by a policy that, at the end of the day, makes us poorer. ■

### End Notes

1. George J. Borjas, “The Labor Demand Curve Is Downward Sloping: Reexamining the Impact of Immigration on the Labor Market,” *The Quarterly Journal of Economics*, November 2003.
2. In 2004, U.S.-born workers accounted for 85 percent of the workforce and an estimated 88 percent of personal income. Median weekly income of U.S.-born workers in 2003 was \$688; foreign-born workers earned \$511 per week.

# Department of Energy and Environmental Protection Agency

SHADOW SECRETARY EDWIN S. RUBENSTEIN

The Department of Energy (DOE's) mission is "To foster a secure and reliable energy system that is environmentally and economically sustainable; to be a responsible steward of the Nation's nuclear weapons; to clean up our own facilities..." and to advance energy-related research in physics, biology, environmental, and computational sciences. <http://www.cfo.doe.gov/budget/02budget/perfplan/perfplan.pdf>

"The mission of the Environmental Protection Agency (EPA) is to protect human health and the environment." <http://www.epa.gov/epahome/aboutepa.htm#mission>

## Reducing Greenhouse Gases

Reducing greenhouse emissions is a major goal of EPA's climate change initiative. In implementing this goal, the agency focuses on market-based approaches (e.g., allowing companies with low greenhouse gas emissions to "sell" their emission rights to less efficient companies); voluntary programs (such as SmartWay Transport [http://www.epa.gov/smartway/documents/partnership\\_overview.pdf](http://www.epa.gov/smartway/documents/partnership_overview.pdf) to reduce truck and rail idling), and advanced energy practices (such as Methane to Markets, which assesses the feasibility of methane recovery and use at landfills, coal mines, and natural gas and oil facilities.)

In fiscal year (FY) 2008, EPA's budget allocates \$912 million to "Clean Air and Global Climate Change." Of this amount, \$123 million is specifically targeted to reducing greenhouse gas intensity. <http://www.epa.gov/budget/2008/2008bib.pdf>

Similarly, DOE's budget promotes nuclear

energy as a cleaner, cooler alternative to conventional energy sources: "A staple in our energy portfolio, nuclear energy has the potential to drive our 21st century economy to produce vast quantities of economical hydrogen for transportation use without emitting greenhouse gases and to generate heat and clean water to support growing industry and populations worldwide. In FY 2008, a total of \$874.6 million is requested for nuclear energy activities." <http://www.cfo.doe.gov/budget/08budget/Content/Highlights/Highlights.pdf>

DOE's Innovative Technology Loan Guarantee Program provides "loan guarantees for renewable energy systems, advanced nuclear facilities, coal

gasification, carbon sequestration, energy efficiency, and many other types of projects. These projects must avoid, reduce, or sequester air pollutants or anthropogenic emissions of greenhouse gases [and] employ new or significantly improved technologies compared to commercial technologies in service in the United States at the time the guarantee is issued..."

\$8.4 billion of such loan guarantees were underwritten by DOE in FY2008. <http://www.cfo.doe.gov/budget/08budget/Content/Highlights/Highlights.pdf>

## Private Sector Costs

Two things must be borne in mind when tallying the financial burden greenhouse gas regulations impose on the private sector. First, every dollar spent by federal agencies on regulatory programs generates an estimated \$20 of compliance costs.<sup>1</sup> Applying the 20 to 1 ratio to the \$912 million EPA spends administering clean air and climate change programs, we arrive at \$18 billion in private sector compliance costs.

## Immigration Fiscal Impact Statement

## THE SOCIAL CONTRACT: AN EXCLUSIVE REPORT

Administrative costs associated with all federal energy and environmental regulations are estimated to be \$7.5 billion in FY2007.<sup>2</sup> That translates to a whopping \$150 billion compliance cost imposition on private sector businesses.

Second, the United States did not sign the

driven by high immigration, continues on its present course.

### Energy Use and Population Growth

The historical relationship between energy consumption and population growth is instructive:

## U.S. Population, Energy Consumption, and Per Capita Energy Consumption, 1973–2006

Year	Resident Population	Energy Consumption (Quadrillion BTU)	Per Capita Energy Consumption (Million BTU)
1973	210,839,000	75.808	360
1974	212,846,000	74.080	348
1980	226,542,000	78.435	346
1990	248,718,000	84.344	339
2000	281,422,000	99.035	352
2006	299,398,484	99.873	334
<b>Percent Change</b>			
<b>1974-2006</b>	<b>40.7 percent</b>	<b>34.8 percent</b>	<b>-4.0 percent</b>

Sources: Donald F. Anthrop, "Immigration and the Energy Crisis," September 2002. (1973–2000) [http://www.mnforsustain.org/anthrop\\_immigration\\_and\\_the\\_energy\\_crisis\\_fair.htm](http://www.mnforsustain.org/anthrop_immigration_and_the_energy_crisis_fair.htm) Department of Energy, Energy Overview, 1949–2006. (2006) <http://www.eia.doe.gov/emeu/aer/overview.html>

Kyoto Protocol under which the developed nations agreed to reduce greenhouse gas emissions by an average 5 percent below 1990 levels by 2008 to 2012. Our excuse: Kyoto does not require emissions reductions from China, India, and other developing countries which are our major trading partners. Recent analysis from the U.S. Climate Change Science Program <http://www.epa.gov/climatechange/policy/internationalcooperation.html> suggests that greenhouse gas emissions from developing countries will exceed emissions from developed countries within the next 25 years.

Political trends in the United States, coupled with evidence that global warming is accelerating, appear likely to force Washington to adopt Kyoto's emission goals. Such efforts will be particularly onerous—and ineffective—if population growth,

Between 1974 and 2006, U.S. population increased by 41 percent while energy consumption rose by 35 percent. The year 1974 is significant because it is the first full year in which U.S. energy prices reflected the impact of the Arab embargo on oil shipments to the United States. The average price of crude oil imported to the United States jumped from \$6.41 per barrel in 1973 to \$12.32 in 1974. Since 1974, crude prices have risen another 380 percent, to an average of \$59.18 in 2006. <http://www.eia.doe.gov/emeu/aer/petro.html>

Higher oil prices triggered conservation, new energy-saving technologies, and more efficient energy use throughout the economy. As seen in the last column, per capita energy consumption in 2006 was 4 percent lower than in 1974. Had U.S. population been held to the same 4 percent growth,

total energy consumption today would be at 1974 levels.

Implication: population growth, not profligate energy usage, is the major driver behind greenhouse gas emissions.

### Immigration and Population Growth

U.S. population growth is increasingly linked to immigration. The following table shows the share of our population growth attributable to foreign-born persons:

(births per 1,000 women of child bearing ages, 15 to 44) in 2002 were<sup>3</sup>:

102 births per 1,000 immigrants  
59 births per 1,000 native born

Although fertility is falling for both natives and foreign born, the share of immigrant females in child-bearing ages is rising, while a smaller share of native-born females are in this bracket. As a result, absolute numbers of births to immigrant mothers have quadrupled over the past three decades:

## Immigration's Contribution to U.S. Population Change, 1970–2006

Year	Population (millions)		Change from prior period (millions)		
	Total	Foreignborn	Total	Foreignborn	Foreignborn as percent of total
1970	203.3	9.6	NA	NA	NA
1980	226.5	14.1	23.2	4.5	19.4
1990	248.7	19.8	22.2	5.7	25.7
2000	281.4	31.1	32.7	11.3	34.6
2006	299.4	37.4	18.0	6.3	35.0

Sources: CIS (1970–2000); FAIR (2006). <http://www.fairus.org/site/DocServer/06USFBPOP.pdf?docID=1561>

Since 1970, following the reopening of mass immigration, total U.S. population increased by 96.1 million, or 47.2 percent, while the foreign-born population increased by

27.8 million—a whopping 289 percent. Thus immigrants accounted for 28.9 percent (27.8/96.1) of U.S. population growth since 1970.

Moreover, as seen in the last column of the table, their share of U.S. population growth has risen steadily since 1970.

Immigration is not the entire story, however. Immigrants have children after they arrive in the United States. The immigrants, by definition foreign born, and their U.S.-born children together constitute what demographers call the “foreign stock.” Immigrants seem to have children at a faster pace than native-born Americans. Fertility rates

228,486 in 1970 ( 6.1 percent of all births)  
339,662 in 1980 (9.4 percent of all births)  
621,442 in 1990 (14.9 percent of all births)  
915,800 in 2002 (22.7 percent of all births)

Overall, the foreign stock—immigrants and their children—accounted for more than half (50.7 percent) of U.S. population growth between 1970 and 2004. [http://www.fairus.org/site/DocServer/immstock\\_report.pdf?docID=462](http://www.fairus.org/site/DocServer/immstock_report.pdf?docID=462). This implies that more than half of the rise in energy consumption since 1970 is due to immigration.

### Energy Use by Sector

The trend of energy consumption for different economic sectors provides important insights on

the link between population and energy usage (see table next page).

As seen in the last column of the table, per capita energy consumption fell by 2.2 percent between 1973 and 2000.

Several sectors contributed to that decline. First, the industrial sector responded to the increase in energy prices that began in 1974 by installing more energy-efficient equipment. At the same time, historically energy-intensive industries such as steel and basic materials shrank relative to the total industrial sector, and many moved offshore. The end result: a 17.8 percent reduction in per capita energy use by U.S. industry.

Per capita residential energy usage declined by a mere 1.0 percent, signaling that the amount of energy used to heat or cool residences rose at about the same rate as population growth.

Commercial sector energy consumption increased by a whopping 28.3 percent in per capita terms. At first glance it seems as if commercial establishments are conspicuously out of step with the energy-reduction efforts evident in other sectors. In fact, this apparent anomaly reflects the shift toward a “service economy” and away from an industrial economy. Industries such as banking, financial services, medical services, and travel and recreational services are all in the commercial sector.

The rise in per capita commercial sector energy consumption does not mean these establishments are profligate users of energy—just that they are growing faster than other sectors. (Energy use per dollar of commercial sector output is probably decreasing.)

**Transportation, Immigration, and Urban Sprawl**

In the transportation sector, per capita energy consumption rose 9.1 percent between 1973 and 2000, a fact which many environmentalists blame on the popularity of sport utility vehicles (SUVs)—a popular theory, perhaps, but probably not true, as the following excerpts [http://www.mnforsustain.org/anthrop\\_immigration\\_and\\_the\\_energy\\_crisis\\_fair.htm](http://www.mnforsustain.org/anthrop_immigration_and_the_energy_crisis_fair.htm) explain:

**Per Capita Energy Consumption by Sector, 1973–2000 (millions of BTUs)**

	1973	2000	Percent change 1973-2000
<b>Residential</b>	71.1	70.4	-1.0
<b>Commercial</b>	45.2	58.0	28.3
<b>Industrial</b>	155.0	127.2	-17.9
<b>Transportation</b>	88.3	96.3	9.1
<b>Total</b>	360.0	352.0	-2.2

Source: Donald F. Anthrop, “Immigration and the Energy Crisis,” September 2002. [http://www.mnforsustain.org/anthrop\\_immigration\\_and\\_the\\_energy\\_crisis\\_fair.htm](http://www.mnforsustain.org/anthrop_immigration_and_the_energy_crisis_fair.htm)

Per capita motor gasoline consumption in the U.S. was virtually unchanged between 1974 and 2000 despite major improvements in the fuel efficiency of new vehicles. Per capita motor gasoline consumption was 471 gallons in 1974 and 463 gallons in 2000. Over this same time period the fuel efficiency of the U.S. passenger car fleet increased from 13.6 miles per gallon (mpg) to 21.4 mpg and the fuel efficiency of the light truck fleet (including vans and SUV’s) increased from 11.0 to 17.1 mpg.

The driving factor behind gasoline consumption is vehicle miles, which in turn is driven by population growth. Total vehicle-miles for passenger cars, motorcycles,

light trucks and SUV's rose approximately 113 percent between 1974 and 2000. The fact that vehicle-miles increased more than three times as fast as the population should not be surprising. In the first place, as the population of an urban region grows, the urbanized area increases in size, and the residential areas are almost always on the periphery of the urban region.

Therefore commute distances are increased. Secondly, population growth has caused property values near some urban centers to rise dramatically. People with modest incomes who have been priced out of the housing market in these urban centers have been buying more affordable homes in small towns that, in some cases, are located considerable distances from their places of employment.

We drive more today because the area in which we live, work, and shop is larger and more spread out. Sprawl occurs when rural land which had been undeveloped or used for agriculture is developed for residential or commercial use. At the most basic level, there can be only three reasons for such sprawl: either there is a rise in per capita land use, a rise in population, or a rise in both.

The relative importance of these factors is quantified in a 2003 study <http://www.cis.org/articles/2003/SprawlPaper.pdf> by Roy Beck, Leon Kolankiewicz, and Steven Camarota.

This is what they found:

Nationally, population growth accounted for 52 percent of urban sprawl between 1982 and 1997, while increases in per-capita land consumption accounted for 48 percent.

The more rapid a state's population growth, the more a state sprawled. For example, states that grew in population by more than 30 percent between 1982 and 1997 experienced a 46 percent rise in urban sprawl. In contrast, states that grew in population by less than 10 percent sprawled only 26 percent on average.

On average, each 10,000-person increase in state population resulted in 1,600 acres of undeveloped rural land being developed, even controlling for other factors such as changes in population density.

We have already outlined the role immigration plays in population growth. Less widely appreciated is the impact of the immigrant population on urban sprawl. The conventional wisdom is that immigrants live in urban centers, often in crowded conditions. Contrary to the common perception, about half the country's immigrants now live in the nation's suburbs.

The pull of the suburbs is even greater in the second generation. Of the children of immigrants who have settled down and purchased a home, only 24 percent have done so in the nation's central cities. <http://www.cis.org/articles/2003/SprawlPaper.pdf>

The suburbanization of immigrants and their children is a welcomed sign of integration. But it also means that they contribute to sprawl just like other Americans.

Indeed, controlling urban sprawl will be difficult—or even impossible—unless immigration is also controlled. ■

### **End Notes**

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# Department of Transportation

SHADOW SECRETARY EDWIN S. RUBENSTEIN

The U.S. Department of Transportation (DOT) is responsible for shaping and administering policies to protect and enhance the safety, adequacy, and efficiency of the Nation's transportation system and services. <http://www.dot.gov/perfacc2003/ataglance.htm>

**C**reated in 1967, DOT initially included the Coast Guard, the Federal Aviation Administration (FAA), the Federal Highway Administration (FHWA), and the Federal Railroad Administration (FRA). In 1968, the mass transit programs of the Department of Housing and Urban Development were transferred to DOT; the unit overseeing them is now called the Federal Transit Administration. <http://www.dot.gov/perfacc2003/ataglance.htm>

## Immigration Fiscal Impact Statement

### Reducing Traffic Congestion

Whether it takes the form of commuters and trucks stalled in traffic or airplanes circling crowded airports, congestion is costing America an estimated \$200 billion a year. <http://www.dot.gov/stratplan2011/redcong.htm> Americans spent 3.7 billion hours in traffic in 2003, the last year for which such data are available—more than a fivefold increase from just 21 years earlier. <http://www.usnews.com/usnews/news/articles/070429/7gridlock.htm> We burn 2.3 billion gallons of fuel each year in traffic jams and waste \$9.4 billion as a result of airline delays. <http://www.dot.gov/stratplan2011/redcong.htm>

At its most basic level, congestion is the result of population growth outpacing road building. America has about 70 million more people than it did a quarter century ago, but highway miles have

increased by a little more than 5 percent over that period. And the gap between population growth and road capacity growth will only get worse: DOT estimates that the demand for ground transportation—either by road or rail—will be 2 ½ times as great by 2050, while highway capacity is projected to rise by only 10 percent during that time. <http://www.usnews.com/usnews/news/articles/070429/7gridlock.htm>

Immigration is the most important factor driving population growth—and commuter traffic—in urban areas. Immigrants are more likely than natives to live in metropolitan areas (90 percent do), and within metropolitan areas, in central cities over suburbs (55 to 45 percent). <http://gop.science.house.gov/hearings/ets03/apr10/meyer.htm>

Recent immigrants are less likely to own automobiles and more likely to commute to work via mass transit. Carpooling, like transit, is also much more common among immigrants, nearly 22 percent for those here less than five years versus less than 11 percent of U.S. born. Over time, however, the travel patterns of immigrants resemble those of the U.S. born. For those here over 20 years, there is practically no difference. (Chuck Purvis, "Commuting Patterns of Immigrants," Metropolitan Transportation Commission, Oakland. August 2003. <http://www.fhwa.dot.gov/ctpp/sr0803.htm>)

Even in the short run, immigrants add to traffic congestion woes. Cities with large immigrant populations experience larger increases in suburb-to-core commuter traffic—with many of the new suburban commuters having lived in urban cores until displaced by immigrants.

More importantly, immigrants increase population density in metropolitan areas:

For economic reasons, immigrants often live with more people per dwelling unit than do native-born residents; when

Fulton et al. (2001) conducted a study on sprawl for the Brookings Institution, they found that the single most important variable in explaining changes of density between 1982 and 1997 was the share of 1990 residents who were foreign born. Los Angeles, as a major immigrant port of entry, ranks near the top of their list of the United States' densest urban areas, and the top 20 are dominated by western urban areas like Phoenix, Modesto, Calif., and Fresno, Calif. Fulton et al. (2001) point as a counterexample to low-density Atlanta, where only 4.1 percent of the residents were foreign born in 1990. (Michael Manville and Donald Shoup, "Parking, People, and Cities," *Journal of Urban Planning and Development*, December 2005. <http://shoup.bol.ucla.edu/People,Parking,CitiesJUPD.pdf>)

As density increases, so too does congestion, in part because it is hard to add more street space in areas that are already heavily developed. Most new lane mileage is instead built on the urban fringe.

Until recently, mass transit was seen as the best way of reducing metropolitan area highway congestion. There are some success stories. For example: "Less than 18 months after the October 2005 opening of the city's [Los Angeles's] Orange Line a high-speed bus line using an old railroad right of way to avoid traffic-ridership had reached the city's 2020 projections. And unlike nearly every other city, Los Angeles drivers spend less time in traffic now than they did a decade ago, thanks to both mass transit and aggressive traffic management." <http://www.usnews.com/usnews/news/articles/070429/7gridlock.htm>

But experts are increasingly skeptical that public transportation offers a real solution. In the 2000 census, just 4.7 percent of people said they used public transit to get to work. Transit represents only 2 percent of daily trips in Southern California. In most cities, even if the percentage of trips using

transit tripled, which is not likely, the resulting drop in congestion would be overwhelmed by the projected growth in population.

And expanding mass transit capacity is extraordinarily expensive. Los Angeles's Mayor Villaraigosa estimates that a public transit system that would seriously reduce congestion, rather than just slowing its growth, would require funding "that has heretofore been unprecedented.

I'm talking about ... tens of billions of dollars and beyond." That's in Los Angeles alone. <http://www.usnews.com/usnews/news/articles/070429/7gridlock.htm>

The prohibitive cost of building new mass transportation infrastructure is one factor behind DOT's new congestion initiative, announced last year. In fiscal year (FY) 2008 the program will make \$175 million available to local governments to demonstrate innovative ideas for curbing congestion. <http://www.whitehouse.gov/omb/budget/fy2008/pdf/budget/transportation.pdf>

A select number of large-scale pilot projects would be chosen based on their willingness to implement a comprehensive congestion reduction strategy. That strategy would include a broad demonstration of some form of congestion pricing, commuter transit services, commitments from employers to expand work schedule flexibility, and faster deployment of real-time traffic information. <http://www.whitehouse.gov/omb/budget/fy2008/pdf/budget/transportation.pdf>

Clearly, DOT's anti-congestion strategy emphasizes efficiency—that is, making better use of existing infrastructure—rather than building new roads and mass transit facilities. Urban choke points are its major focus. Only \$25 million is earmarked for expanding capacity along interstate highways and trade corridors. <http://www.whitehouse.gov/omb/budget/fy2008/pdf/budget/transportation.pdf>





## THE SOCIAL CONTRACT: AN EXCLUSIVE REPORT

“Cordon tolls,” which charge drivers upon entering crowded urban centers, are already in place in London and Singapore; Mayor Bloomberg’s proposed \$8 charge for entering Manhattan, assessed using EZ-pass technology and cameras, would be the first in the United States. Tolls that vary with the time of day and congestion can increase the number of cars able to travel on existing roads by 40 percent, according to DOT.

But politics takes a heavy toll on congestion toll plans. Bloomberg’s proposal faces an uphill battle in the state legislature. Trucking unions oppose the plan, and suburban politicians are generally unwilling to support a plan that would place a daily charge on many of their constituents. The Mayor’s pledge to increase mass transit to compensate for the toll hasn’t changed many minds.

Another option—High Occupancy Transit (HOT) lanes—in which drivers who carpool or use buses are charged lower tolls—has proved effective in several states. But here too, politics often intervenes. HOT lanes are derided as “Lexus lanes” for the wealthy. More importantly, HOT lanes lack the major advantages of universal tolls, since drivers can still use the un-tolled lanes, and they don’t discourage drivers from traveling in peak travel periods.

Implication: While increasing roadways, congestion tolls, and enhanced driver information can help decrease traffic congestion, the problem will continue to grow unless population growth is slowed.

The bottom line: Enforcing immigration laws may be the most cost-effective technique for controlling traffic congestion in urban areas.

### DOT’s Language Mandate

More than 10 million people in the United States are of limited English proficiency (LEP), meaning that they do not speak English at all, or do

not speak it well. The vast majority of these persons are immigrants. They tend to rely on public transit more than English speakers.

On August 11, 2000, President Clinton issued Executive Order 13166, “Improving Access to Services for Persons with Limited English Proficiency.” E.O. 13166 requires each federal agency to implement a system by which LEP persons can access its services without unduly burdening the agency’s fundamental mission.

In complying with the order, DOT required all its funding recipients to ensure meaningful access by LEP persons. Special services include translated brochures and signs; multilingual telephone lines; bilingual drivers; and interpreters at public meetings. The mandate ap-

plies to all state departments of transportation, state motor vehicle administrations, airport operators, metropolitan planning organizations, and regional, state, and local transit operators.

Here are some of the “promising practices” identified in DOT’s report on its LEP effort:

The Iowa Department of Transportation provides a Spanish version of the Commercial Driver’s License knowledge test using a touch screen computer, and study guides of the Iowa Driver’s Manual in Albanian, Bosnian, Russian, Vietnamese, and Korean.

The New Jersey Department of Motor Vehicles administers driver’s license tests in more than 15 languages, including Arabic, French, Greek, Korean, Portuguese, and Turkish.

New York City Transit MetroCard vending machines are located in every station and contain software that allows them to be programmed in three languages in addition to English, based upon area demographics. Currently, these machines



**Population increases and demographic shifts lead to suburban sprawl, which creates transportation gridlock on America’s roads.**

are capable of providing information in Spanish, French, French Creole, Russian, Chinese, Japanese, Italian, Korean, Greek, and Polish.

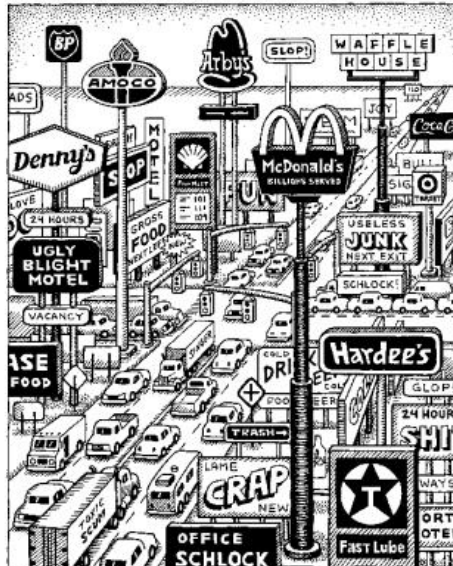
The Idaho Office of Traffic and Highway Safety implemented a Spanish-language safety belt media campaign to educate its Hispanic community on the statewide “Click It, Don’t Risk It!” program to boost seat belt use.

The Salt Lake City International Airport maintains a list of 35 bilingual and multilingual employees who speak one of 19 languages (including three dialects of Chinese) and their contact information. The list is published in the Airport Information Handbook and provided to all airport employees. The airport also contracts with a telephonic interpretation service to provide on-demand telephone interpretation services to beneficiaries.

In preparation of its 20-year planning document, the Transportation Concept Report, the California Department of Transportation held a public meeting titled “Planning the Future of Highway 1” in the largely Hispanic city of Guadalupe, through which Highway 1 runs. The meeting was broadcast on the local public access channel since many of the Spanish-speaking residents potentially affected by Highway 1 projects rely on the channel to receive public affairs information. The department provided a Spanish-language interpreter during the meeting and also made its Spanish-speaking public affairs officer available to meet with participants individually.

Coverage extends to a recipient’s entire

program or activity, that is, to all parts of a recipient’s operations. This is true even if only one program receives federal assistance. Thus if U.S. DOT provides assistance to rehabilitate a particular highway in a state—and for nothing else—all of the operations of the state DOT, including mass transit, are covered by the U.S. DOT’s LEP guidelines.



Most mass transit agencies do not view LEP language access costs as burdensome. A GAO survey found about one-half of such agencies spent between \$10,000 and \$30,000; one quarter reported annual costs of less than \$5000; and one-quarter reported costs greater than \$100,000. <http://www.gao.gov/highlights/d0652high.pdf>

Indeed, many agencies believe that providing services to LEP populations makes good

business sense, and that the resulting increases to mass transit ridership may pay for the services.

But LEP-related costs rise dramatically as the number of languages for which translations and special services are needed rises. Agencies that currently use existing staff to translate for Spanish speakers would have to contract out in order to accommodate those speaking other languages.

Transportation websites are also expensive to modify. For example, the Chicago Transit Authority estimates that the initial costs of translating its website into Spanish, Chinese, and Polish would be between \$74,000 and \$90,000. Ongoing costs would also be substantial. Updating just the Spanish section of a translated web-site would require a new full-time employee and the purchase of additional software costing about \$60,000 annually, according to agency officials. <http://www.gao.gov/highlights/d0652high.pdf>

As the linguistic diversity of the LEP population grows, the cost of providing language services could outweigh any commercial benefit. ■

# Housing and Urban Development

SHADOW SECRETARY OF HOUSING AND URBAN DEVELOPMENT EDWIN S. RUBENSTEIN

[The Department of Housing and Urban Development] HUD's mission is to increase homeownership, support community development and increase access to affordable housing free from discrimination. To fulfill this mission, HUD will embrace high standards of ethics, management and accountability and forge new partnerships—particularly with faith-based and community organizations—that leverage resources and improve HUD's ability to be effective on the community level. <http://www.hud.gov/library/bookshelf12/hudmission.cfm>

Immigrants have had an enormous impact on the housing markets of American cities. Among cities with populations above 250,000, the rate of housing overcrowding—defined as more than one person per room—is higher in cities with large immigrant populations. In cities with low foreign-born populations (that is, under 7.5 percent of the population), only 3.7 percent of housing units were overcrowded in 2000. In cities where immigrants made up 15 percent or more of the population, 14.9 percent of units are overcrowded.

Similarly, homeownership rates are lower in cities with large foreign-born populations. There may be many reasons for this besides a large immigrant population. For example, immigrant gateway cities such as Chicago, New York, and Los Angeles have relatively high housing costs along with large stocks of rental apartments. But multiple regression analyses, which control for city size and the availability of rental properties, show that a one percentage point increase in foreign-born population

corresponds to a 0.5 percent rise in overcrowding housing units and a 0.35 percent decline in the rate of homeownership. <http://www.huduser.org/Periodicals/CITYSCPE/VOL3NUM3/article7.pdf>

Many HUD mortgage programs and policies are designed to increase homeownership rates among low-income immigrants and minorities. Federal Housing Administration (FHA) insurance permits persons unable to qualify for conventional financing to purchase homes through mortgages provided by private lenders but insured against default by the federal government. All you need to qualify for an FHA mortgage on most of our homes is a down payment of \$200 to \$300 and marginal income. Little effort is made to verify the IDs of mortgagees.

Consequently federal mortgage insurance has enabled poor minorities and illegal aliens to purchase houses in neighborhoods they can't afford. It's like somebody owning a used car he doesn't have much money invested in. If something unexpected happens—a major repair or a job layoff—they

just walk away from their homes. The result is a neighborhood full of abandoned, boarded-up housing—the ugly reminders of FHA's misguided mortgage policy.

What's worse, FHA mortgage programs have been fraudulently exploited by real estate speculators for personal gain. Mortgage fraud schemes involving the quick resale of property at inflated prices are common. Immigrants are often unwitting victims, purchasing homes they cannot afford. In many cases, however, immigrant home "buyers" have themselves profited from the mortgage fraud.

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## Federal Housing Administration (FHA)

FHA was created in 1934 to resolve the housing crisis brought on by the Depression. At

## Immigration Fiscal Impact Statement

that time many banks were insolvent, causing a drastic decline in home loans and ownership. Home mortgages were short-term (3 to 5 years) balloon instruments, with loan to value ratios (Luvs) below 50 to 60 percent. Lenders foreclosed on the homes of unemployed mortgagees; refinancing was not available.

FHA lowers the cost and increases the availability of housing credit through a system of mortgage insurance. FHA mortgage insurance is substantially less expensive than conventional mortgage insurance and is available to people whose low credit scores would disqualify them for conventional loans. Luvs are as high as 97 percent. Thus in the event of a mortgage default, as much as 97 percent of the appraised value of the mortgaged property is transferred to the lenders; the remaining 3 percent is received from the original down payment for the home.

By protecting banks from financial loss, FHA mortgage insurance has helped expand home ownership from 40 percent in the 1930s to nearly 70 percent today. But subsidized mortgage insurance has also created a “moral hazard” —that is, an environment where both borrowers and lenders feel they can engage in risky practices without incurring economic losses. Outright fraud involving low-income immigrants and minority home buyers is the result.

In Colorado, for example, a ring of mortgage brokers, realtors, appraisers, and loan officers in local banks recruited hundreds of illegal immigrants to act as “straw buyers,” the lowest players in the FHA mortgage fraud game. The illegals were supplied with stolen identities, including driver’s licenses, Social Security cards, and income tax returns. Some were given green cards of legal immigrants. What couldn’t be stolen was forged.

The false documents enabled the illegal immigrant straw buyers to “buy” homes they had no intention of living in. The seller—usually a real estate speculator—had usually just purchased the

property at a much lower price. The speculator and his accomplices—bank officers, appraisers, loan officers, and real estate attorneys—fraudulently qualified their illegal immigrant recruits to purchase properties at inflated prices.

Some 300 single family homes in the Denver area are known to have been involved. In 191 of these transactions, every single qualifying document was fake. So far, 38 percent of the mortgage loans have gone into foreclosure. Millions of dollars have been lost.

(The *Denver Post* reports that an estimated 20,000 illegal immigrants hold FHA-insured loans in the metro Denver area—implying a far larger mortgage fraud could be in the cards.)

Illegal flipping schemes have also been reported in New York, Baltimore, Chicago, and Los Angeles. (These are HUD’s “Housing Fraud Initiative” locations; the fraud is national in scope.)

HUD’s Inspector General describes the telltale signs of such fraud:

When we see properties with FHA mortgage insurance bought and sold the same day for a 50 percent or 100 percent profit, we can be reasonably certain that something is wrong. In most cases, the profit results from false and fraudulent documentation provided by one or more of the parties to the transaction, such as the lender and/or the appraiser. In almost every case where we’ve seen a property flip, that is, a wide disparity between the purchase price and the resale price of a property, and a short turnaround between the two transactions—something illegal has happened. Unfortunately, these flips feed on each other, as the inflated value of one flipped property often becomes the valuation measure for the next property. Before long, these transactions have a devastating effect on neighborhoods.



## THE SOCIAL CONTRACT: AN EXCLUSIVE REPORT

<http://www.hud.gov/offices/oig/data/mmi.pdf>

The FHA is itself culpable for much of the mortgage mess. By making it easy for immigrants to obtain mortgage insurance, the agency also made it easier for such fraudulent practices to flourish. Here are some examples:

**No real down payment.** Mortgages insured by the FHA require a 3 percent down payment. In

sincerely wants to live in the house. <http://www.homelandstupidity.us/2006/12/11/rocky-mountain-mortgage-fraud-fever/>

**Illegal alien mortgagees.** With federal policy so focused on home sales, FHA makes little or no effort to verify the identities of home buyers. Loan papers may include a resident alien card, a Social Security number, W-2 forms, and even an income history from an employer. These documents are



**The slums of Detroit, Chicago, and Newark showcase the legacy of America's public housing and urban "renewal" policies.**

the past, only family and friends were allowed to provide down payment assistance. But in 1998, the FHA started letting sellers cover down payments via a "gift" from a charitable, non-profit organization. Eight years later, even HUD acknowledges that such organizations are frequently for-profit fronts controlled by unscrupulous sellers. The seller typically raises his price to recoup the down payment money, and an appraiser OKs a slightly higher house value. With no money invested in the house, the buyer has less incentive to make things work—even if he

easily forged; Social Security numbers are stolen. Document fraud is widespread, with some rings reportedly operating out of real estate offices. A 2004 study by the Washington, D.C.-based National Association of Hispanic Real Estate Professionals (NAHREP) estimated that more than 200,000 illegal immigrants from Latin America have qualified for FHA loans. A NAHREP board member asserts that "Being in the country legally or not is not an issue when you are buying a house." <http://originatortimes.com/content/templates/standard>.

aspx?articleid=2202&zoneid=5

**Appraisal fraud unchecked.** Inflated appraisals are crucial to successful mortgage fraud. HUD regulations require oversight of each appraiser's performance, stipulating that 10 percent of all appraisals be reviewed in detail by FHA field staff. These controls are not followed because "they do not have enough staff to monitor appraisers or to sanction poor performers," according to testimony by HUD's Inspector General. <http://www.hud.gov/offices/oig/data/mmi.pdf>

Nationally, delinquency rates on FHA loans doubled between 2000 and 2005. Delinquency rates on FHA loans have surpassed even high-interest subprime loans for three years. FHA loans have been foreclosing at double the rate of loans backed by the U.S. Department of Veterans Affairs. [http://www.denverpost.com/search/ci\\_4228048?source=email](http://www.denverpost.com/search/ci_4228048?source=email)

Despite the high default rate, FHA's mortgage insurance fund is solvent. (FHA spending was a *negative* \$654 million in fiscal year (FY) 2006, indicating that premiums exceeded default costs.) One reason for the financial health of the mortgage insurance fund is that FHA collects both an upfront premium charge and an annual premium of 1.50 percent of the outstanding mortgage principal balance. The premium structure protects taxpayers from incurring the direct costs of FHA mortgage defaults.

However, there are opportunity costs associated with FHA's involvement in the housing market. Nearly half of FHA's metropolitan area business is located in central cities, a percentage that is much higher than that of conventional loans. The FHA also lends to a higher percentage of blacks, Hispanics,

and illegal immigrants. [http://en.wikipedia.org/wiki/Federal\\_Housing\\_Administration](http://en.wikipedia.org/wiki/Federal_Housing_Administration)

Individuals who do not live in urban areas, who are not minorities or illegal immigrants, have a tougher time finding mortgage money because of the FHA's efforts on behalf of those groups.

The fiscal impact of FHA is also felt by individuals who own property in neighborhoods beset by mortgage fraud. First, there is a distortion of the local real estate market with an artificial boom of properties doubling in value. Then these homes suddenly go into foreclosure or are abandoned or used as crack houses. Some

neighborhoods struggle for years to recover from this economic dislocation. Property values go down. Local governments and school districts are plagued by declining property tax revenues.

Despite the extent of the fraud and its destructive impact on neighborhoods, plus the cost to those whose identities are stolen, penalties have generally been light. In Denver, for example, the convicted real estate scammers paid only a small restitution to HUD as part of their sentencing package. Illegal immigrants who acted as straw buyers are now being arrested. Officials claim they'll be deported. But in Washington, D.C. there has been no investigation of HUD or its FHA unit.

HUD is truly the gift that keeps on giving. ■



# Department of the Interior

SHADOW SECRETARY EDWIN S. RUBENSTEIN

The mission of the Department of the Interior (DOI) is to protect and provide access to our Nation's natural and cultural heritage and honor our trust responsibilities to tribes (<http://www.doi.gov/secretary/mission.html>). Illegal immigration and smuggling activities have threatened this mission.

## Managing Border Lands

**D**OI manages approximately 14 percent of the land on the Canadian border, 31 percent along the southeast border, and 40 percent of the southwest border. This area includes 17 border parks, 6 along the United States–Canada border, 4 in south Florida, and 7 on the United States–Mexico border. <http://www.doi.gov/ocl/2005/BorderSecurity.htm>

The parks along the United States–Mexico border share approximately 365 miles of land and 72 miles of seashore with Mexico that are directly impacted by increased illegal border activity. Big Bend National Park alone shares 245 miles of border with Mexico, nearly 13 percent of the entire United States–Mexico border. In 2004, the U.S. Border Patrol documented that over 1 million illegal immigrants were apprehended while attempting to enter the United States, with approximately 14,000 apprehended in Organ Pipe Cactus National Monument (NM).

Two units of DOI—the Bureau of Land Management (BLM) and the National Park Service (NPS)—are responsible for managing public lands, including those along the southern border.

The role of illegal aliens in preventing DOI

from achieving its mission is summarized in congressional testimony by Michael D. Snyder, a regional NPS director:

“Parks in border areas were originally established to preserve some of this country’s natural and cultural resources, irreplaceable treasures contained in unique environments. The unchecked movement of significant numbers of humans, vehicle traffic, and contraband across the borders negatively impacts natural and cultural resources, causing considerable resource degradation, soil compaction, and endangering sensitive or threatened wildlife and plant species. Drug and immigrant trafficking patterns impact parklands many miles from the actual borders. These parks continue to work to provide a safe and memorable experience for their visitors. However, because of these illegal activities, there have been times when we have had to close sections of parks to visitors out of concern for visitor safety.” [http://](http://www.doi.gov/ocl/2005/BorderSecurity.htm)

## Immigration Fiscal Impact Statement

[www.doi.gov/ocl/2005/BorderSecurity.htm](http://www.doi.gov/ocl/2005/BorderSecurity.htm)

The Department of Homeland Security (DHS) investigates numerous incidents of drug and alien smuggling annually along the southern border. DHS’s records do not record the land ownership of the locations where these incidents occur, so BLM has no reliable gauge of the volume of border-related illegal activity occurring on the public lands under its jurisdiction. However, the presence of trash on remote trails and roads indicates that such activity is an ongoing and increasing problem on BLM lands in the border area. [http://www.blm.gov/wo/st/en/prog/more/law\\_enforcement/major\\_issues\\_of\\_national.html](http://www.blm.gov/wo/st/en/prog/more/law_enforcement/major_issues_of_national.html)

Patrolling the border is like squeezing a balloon: applying pressure at one end increases pressure at the other. Thus, since the construction of a fence along the Mexican border just east of San Diego, illegal crossings have been pushed further east, into the wilderness areas of the California–Mexico

border. This means an increase in trash dumping and other ecologically damaging activities within that area.

Eventually the combined efforts of the Border Patrol, BLM, and other resource and law enforcement agencies resulted in a decrease in illegal immigration in California. More recently, those numbers have risen again as the infrastructure along the border in Arizona and elsewhere was put in place and border security strengthened in those areas. <http://www.blm.gov/nhp/news/legislative/pages/2006/te060805.htm>

As a result, the illegal inflow along the California border is again increasing. Immigrant trails are increasingly being used, trash and human waste along these trails and at campsites is increasing, and escaped campfires lit by immigrants continue to be a major threat to wildlands along the border. The increased frequency of wildland fires is a primary issue for resource management along the border and is having a serious impact upon certain unique species of flora. <http://www.blm.gov/nhp/news/legislative/pages/2006/te060805.htm>

### **The Cost of Undoing the Damage Done by Illegal Aliens**

The Bureau of Land Management (BLM) and the National Park Service (NPS) are the units of DOI responsible for land management. Outlays for BLM and NPS are estimated at \$1.756 billion and \$2.135, respectively, in fiscal year (FY) 2007. Their combined spending—\$3.891 billion—represents about 35 percent of all DOI outlays.

In the four years following the terrorist attacks of September 11, 2001, Congress appropriated nearly \$87.6 million in one-time funding and over \$36.4 million in recurring funding to the NPS directly related to homeland security costs.<sup>1</sup> The \$87.6 million included \$53.1 million for construction projects related to homeland security, including \$17.8 million for the vehicle barrier at Organ Pipe Cactus National Monument—a popular border crossing point. The \$87.6 million also included \$33.8 million in operational increases dedicated to security for border parks. <http://www.doi.gov/ocl/2005/BorderSecurity.htm>

Interest in mitigating the damage done by illegal immigrants along the southwestern border was stimulated by a study pushed forward by Congressman Jim Kolbe (R-Arizona) and released jointly in 2002 by the Interior Department, INS, and Environmental Protection Agency.

“As a result of the vast amount of smuggling of humans and controlled substances in southeast Arizona,” said the study, “the extremely valuable, and sometimes irreplaceable, natural and cultural resources...are in jeopardy.” <http://www.doi.gov/ocl/2005/BorderSecurity.htm>



**Clothing, bicycles, human waste, and assorted litter left by illegal aliens are environmental hazards all along the southern border.**

“Report to the House of Representatives Committee on Appropriations on Impacts Caused by Undocumented Aliens Crossing Federal Lands in Southeast Arizona” included a draft plan to mitigate damages caused by smugglers of controlled substances and undocumented aliens in southeast Arizona. Estimated funding needs for the first year of implementation was \$23.5 million and more than 90 full-time equivalents (FTEs). The first-year estimate for BLM was \$3.8 million and 24 FTEs.

In 2003, as a result of the report, the House Appropriations Committee approved a \$1 million appropriation for federal lands in southeastern Arizona to begin mitigating impacts from smuggling and immigration. After conference and rescission, the final amount received was \$695,000 in March 2003. Thereafter, BLM received these amounts for



the mitigation of impacts caused by illegal smuggling:

FY2003 \$ 695,000

FY2004 \$ 790,000

FY2005 \$ 986,000

FY2006 \$ 971,000

Bottom line: BLM has received less than one-quarter of the estimated \$3.8 million the Kolbe report says was needed to mitigate the damage illegal aliens do along a portion of the Arizona–Mexico border.



The scope of the environmental damage caused by illegal aliens is detailed in a Bureau of Land Management report [http://www.blm.gov/style/medialib/blm/az/pdfs/undoc\\_alien.Par.62736.File.dat/complete\\_summary\\_03-05.pdf](http://www.blm.gov/style/medialib/blm/az/pdfs/undoc_alien.Par.62736.File.dat/complete_summary_03-05.pdf) which we excerpt here:

Litter: Thousands of acres are covered by trash. It has been estimated that each immigrant ...discards at least eight pounds of trash on his/her journey through southern Arizona. This anecdotal figure feels correct to many individuals involved in removing trash. On this basis, with over 3,200,000 immigrants apprehended by the U.S. Border Patrol (USBP) since FY2000, almost 25,000,000 pounds of trash could have been left, 86 percent on federal and tribal lands in southern Arizona. Add to this the number of illegal immigrants that were not apprehended but left trash on these lands as they crossed, and we now have an understanding of the scope of the litter...What's in the litter?....Essentially, litter includes:

- **Containers and Bottles:** Thousands of

plastic water bottles from 1-gallon size to pint size, broken glass jars, electrolyte bottles, juices, milk containers, baby bottles, soda and beer bottles (many beer bottles shot to pieces).

- **Personal Hygiene Items and Medications:** Razors, combs, brushes, shampoo, toothpaste, mouthwash, soap, makeup, toothbrushes, medications (Naproxin, Advil, Aspirin, stomach meds, electrolytes), vitamins.

- **Clothing and Shoes:** Pants, sox, underwear, shirts, hats, caps, gloves, coats; high heels, shower shoes, boots, tennis shoes, sandals and thongs.

- **Food and food cans:** food cans (tuna, beans, juices, etc), mostly from Mexico, food cans opened with a pocketknife, leaving ragged edges and torn metal lids; tortillas, baby foods; food items in American store containers and bags.

- **Jewelry:** Watches, necklaces, bracelets, knives, and key chains.

- **Paper:** Many items originate from other countries besides Mexico. Forms from maquiladore factories; airline and bus ticket stubs; phone cards, Social Security cards, identification cards; pay receipts from the US; photographs, letters, books, promissory notes, paper money; toilet paper, sanitary pads, disposable diapers.

- **Fabric and plastic:** Back packs by the hundreds; blankets, towels, table cloths, serapes, rags, rope, string, wire, lots of plastic bags used for carrying food, or large ones for use as raincoats; fanny packs, shoulder packs, wallets, and gloves.

- **Miscellaneous:** Batteries, cell phones, radios, home-made weapons

- **Human Waste:** the accumulation of dis-

integrating toilet paper and human feces represents both health and safety concerns and is unsightly to visitors.

Illegal roads and trails and damaged infrastructure and improvements: Thousands of roads and trails are being illegally established. Illegal roads and trails fragment habitat, destroy vegetation, cause erosion and leave unsightly scars which, if not rehabilitated, will last for decades in areas which were pristine less than a decade ago. Legal roads become unusable due to illegal vehicle traffic and required law enforcement use. Paths made by thousands of feet cross sensitive areas such as archaeological sites, riparian zones and springs. Gates are rammed and range improvements are damaged. Fences are cut, run over, left open or removed. Water tanks for cattle and wildlife are emptied of water or destroyed, adding to the critical shortage in severe drought conditions.



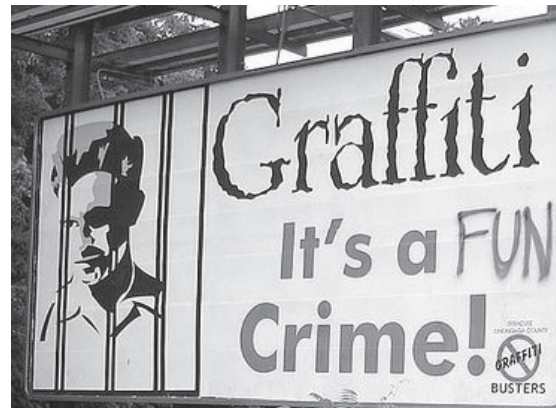
Abandoned vehicles and bicycles: Bicycles began to emerge as a significant item in 2003 and some use may stem from transporting drugs as well as humans. The Tohono O’odham Nation reports that bicycles are used at night across the reservation. Hundreds of smuggling vehicles have been abandoned and tires, batteries, gas cans and seats scattered across the landscape. Abandoned and often burned vehicles are difficult and costly to remove with great care needed to avoid further damage by the removal. Even though hundreds of vehicles have been removed, hundreds need removal.

Campfires and escaped fires: The impacts of warming and cooking fires by illegal immigrants cannot be overlooked in southern Arizona where the drought is a serious issue with no end in sight. Fires not only escape and destroy vegetation and wildlife habitat, and cause a safety hazard to people, but they increase the costs of suppressing fires and increase the requirements for prescriptive burns.

Vandalism, Graffiti and Archaeological Site

Damage: New images scratched or spray painted on trees, boulders and sites sometimes mark the path and sometimes indicate time spent in passing or waiting. Historic and prehistoric sites are covered with litter, trampled or have paths cut through them.

Public lands are cleaner because of the money spent by BLM to mitigate the environmental damage done by illegal border crossers. The cleanup also makes it easier to spot new incursions, thereby increasing apprehensions. A cleaner border is, in many ways, a safer border.



But the border cleanup program is still woefully underfunded:

It is also true...that some areas have yet to receive any attention due to the funding levels or to remoteness and steepness and the crews on the ground are just barely keeping ahead of the litter and constant damages to infrastructure. *“If we didn’t have this funding ... to do the work, we would be buried in trash. This has been absolutely beneficial and remains extremely important.”* Bill Childress, [BLM] Manager, San Pedro Riparian Natural Conservation Area, February 2006. [http://www.blm.gov/style/medialib/blm/az/pdfs/undoc\\_aliases.Par.62736.File.dat/complete\\_summary\\_03-05.pdf](http://www.blm.gov/style/medialib/blm/az/pdfs/undoc_aliases.Par.62736.File.dat/complete_summary_03-05.pdf) ■

### End Notes

1. The author has been unable to find figures showing more recent appropriation amounts for this purpose.

# Department of Agriculture

SHADOW SECRETARY EDWIN S. RUBENSTEIN

**M**ission statement: “We provide leadership on food, agriculture, natural resources, and related issues based on sound public policy, the best available science, and efficient management.” <http://www.usda.gov/wps/portal/usdahome>

USDA administers Food Stamps and other federally subsidized food and nutrition programs received by immigrants and their U.S.-born children. The Department is also responsible for promoting the export of U.S. food products and reducing international trade barriers facing American food producers.

While U.S. farmers have benefited from trade liberalization, their counterparts in Mexico and other poor countries have suffered. They simply cannot compete with the large-scale, highly mechanized American farm economy. Many have left their farms to seek employment in the United States. As a result, trade liberalization is a major factor behind increased illegal immigration across the southern border.

## U.S. Agricultural Policy: De Facto Immigration Policy

U.S. agricultural policy is designed to promote the production and export of three major crops—corn, soybeans, and wheat. The 2007 farm bill allocated \$25 billion to purchase surplus production—that is, the amount that farmers produce over and above the market demand for these products.

By making it possible for American farmers to sell their crops abroad for considerably less than it costs to grow them, USDA subsidies help determine the price of corn in Mexico and whether farmers in that country are forced off the land, to migrate to the cities—or to the United States. The problem

is exacerbated by the North American Free Trade Agreement (NAFTA), which eliminated the barriers to U.S. agricultural imports that had protected Mexican farmers.

NAFTA was the pioneer trade agreement in USDA’s export-oriented agricultural policy. Since its enactment, agricultural exports to Mexico have increased drastically. Since 1992, U.S. corn exports to Mexico have increased by [?]240 percent, while wheat exports have increased by 182 percent. <http://www.globalfarmer.org/Uploads/immigration%20paper2.pdf>

These quantities were driven, in part, by artificially low prices. In 2002, corn exports from the United States were priced at 13 percent below the cost of

production, and wheat at 43 percent below cost of production. <http://www.globalfarmer.org/Uploads/immigration%20paper2.pdf>

More recently, the ethanol craze has driven up U.S. corn prices, leaving Mexican consumers reeling from soaring tortilla prices. Linking its corn economy to ours has been a disaster for Mexico’s consumers as well as its farmers.

The flow of immigrants north from Mexico since NAFTA is inextricably linked to the flow of American corn in the opposite direction, a flood of subsidized grain that the Mexican government estimates has thrown two million Mexican farmers and other agricultural workers off the land since the mid-90s. <http://www.nytimes.com/2007/04/22/magazine/22wwlnlede.t.html?ei=5070&en=770602bee6d0e6a3&ex=1184644800&pagewanted=print>

The displacement of Mexican labor caused by the dumping of U.S. grain is pervasive. According to a study by the Carnegie Endowment for International Peace, “about 3 million farmers in Mexico, mostly

## Immigration Fiscal Impact Statement

from small-scale farms, are involved in maize production. Indirectly some 18 million people depend on maize for their livelihood.”<sup>1</sup> More than 80 percent of Mexico’s extreme poor live in rural areas, and more than 2 million of them are corn farmers.

The Carnegie study estimates there was a net loss of 1.3 million agricultural jobs in the first 8 years of NAFTA.

Much of this displaced population has ended up in the United States. In 1980, 19 percent of migrants from rural Mexico were in the United States, yet by 2002 that number had risen to 30 percent. The estimated number of illegal Mexican immigrants in the United States increased from 2 million in 1990 to 4.8 million in 2000. <http://www.globalfarmer.org/Uploads/immigration%20paper2.pdf> In 2005 there were an estimated 6.2 million illegal aliens from Mexico in the United States. <http://pewhispanic.org/files/reports/61.pdf>

USDA grain subsidies and NAFTA are not the only causes of rural poverty and migration. The 1995 peso crisis dragged large portions of the lower middle class back into poverty. The government’s focus on aiding large industrial concerns owned by Mexico’s wealthy elite left little in the way of a social safety net to help mitigate the dislocations caused by globalization. Some analysts argue that rural out-migration is a natural phenomenon, indicative of a more highly developed economy.

While the dislocation of small Mexican farmers comes from multiple sources, increased dumping of U.S. commodities has clearly played a critical role.

### **U.S. Farm Labor Shortage and Immigration Policy**

While our cheap exports are displacing Mexican farmers, demand is growing for immigrants to work in U.S. food production and processing. For years we have depended on immigrant labor to work our

fields, but recently the numbers have reached new highs. During the fiscal year (FY) 2001–2002, 75 percent of the hired crop labor force in the United States was born in Mexico, and an estimated 53 percent of those laborers were undocumented. Farm workers earn an average of \$8,000 per year, giving them the dubious title of having the lowest wages of any U.S. wage and salary worker. <http://www.doleta.gov/agworker/report9/chapter1.cfm#birthplace>

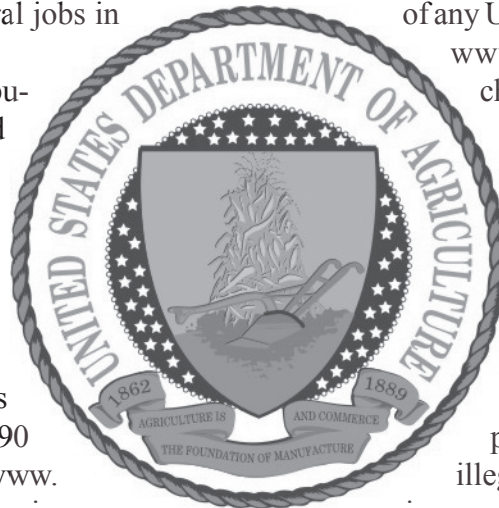
The 1986 Immigration Reform and Control Act (IRCA) created a new visa class—the H-2A—to satisfy demand for temporary farm laborers. By legalizing the farm workforce, it was hoped that legal workers who did not have to compete with a continuing inflow of illegal aliens could force farmers to improve wages and working conditions.

Farmers, in turn, would invest in labor-saving technology, thereby increasing the productivity of agricultural workers and enabling still further wage increases.

The IRCA reforms have proven to be a case of good intentions gone awry. Instead of a legal farm workforce, more than half—53 percent—of today’s farm workers are unauthorized. <http://www.choicesmagazine.org/2007-1/immigration/2007-1-11.htm> Although agricultural workers are a small part of the illegal alien population—estimated to be 12 million in 2006—the proportion of workers in agriculture who are illegal is among the highest in any occupation.

Clearly, the H-2A visa program never realized its goals; H-2As never accounted for a significant portion of the agricultural labor force. (Only 7,011 persons with H-2A visas were admitted in FY2005.) Farmers complain that the H-2A is “bureaucratic, unresponsive, expensive, and prone to litigation.” <http://www.choicesmagazine.org/2007-1/immigration/2007-1-11.htm>

The most important explanation may well be the wage differential between legal and unauthorized farm workers. Hourly earnings for illegal alien



## THE SOCIAL CONTRACT: AN EXCLUSIVE REPORT

farm workers were 8 to 9 percent below those of their legal counterparts for the periods 1989–1998 and 1999–2001, respectively. During the 2002–2004 period the gap grew to 13 percent. So much for the wage equalization effect claimed for H-2A visas.



The 2007 immigration bill included a guest worker provision for agriculture that was supported by organized labor and farm organizations. AgJOBS (Agricultural Job Opportunities, Benefits, and Security Act of 2007) would legalize illegal workers who have worked in agriculture for a specified length of time in the United States. Unlike H-2A, AgJOBS offers temporary workers a path to permanent residency in the United States.

AgJOBS would also make the current H-2A guest workers program more “employer friendly.” Instead of having the Department of Labor (DOL) certify their need for foreign workers, farmers would simply “attest” that they need foreign workers.



DOL would have to approve their attestations if employers file their job needs in a timely manner.

In other words, instead of falling on the employer, the burden of finding agricultural workers would fall on DOL, which would have to authorize the admission of H-2A workers if it could not locate suitable workers in the United States.

If AgJOBS was enacted, however, farmers would still have to pay foreign workers the higher of the minimum wage and the prevailing wage in the occupation and area of intended employment. Foreign agricultural workers are often not skilled enough to justify even a minimum wage.

Implication: illegal immigrants will dominate U.S. agriculture no matter how easy Washington makes their legalization.

- ◆ Food Stamps
- ◆ WIC (Nutrition Program for Women, Infants, and Children)
- ◆ School Lunch and Special Milk Program

The Food Stamp program, which provides food assistance to needy households, is one of the largest means-tested programs in the United States. It, along with WIC and the School Lunch and Special Milk Program, is administered by the Department of Agriculture. Outlays for these programs in fiscal year (FY) 2007 are estimated as follows:

- ◆ Food Stamps: \$35.6 billion
- ◆ Subsidized School Lunch: \$13.7 billion
- ◆ WIC: \$5.2 billion

The WIC and School Lunch programs are open to all immigrants and their children, regardless of their immigration status, while only legal immigrants are eligible for Food Stamps. <http://www.frac.org/index.html> Illegal immigrants receive food stamp benefits on behalf of their American-born

children, however.

In estimating the share of outlays going to immigrants, we make use of the following data: the immigrant share of the U.S. population; their reciprocity rates (i.e., the percent of immigrants and natives that receive each program); and the average benefit amount (in dollars) received by immigrant and native households.

In 2006 there were an estimated 37 million immigrants (legal and illegal) in a total U.S. population of about 300 million. Thus about 12.3 percent of the population was foreign born. (This is a conservative estimate, based on an illegal alien population of approximately 12 million; some put the illegal alien count as high as 20 million.)



Household reciprocity rates for the three programs have been calculated by Steven Camarota in various Center for Immigration Studies (CIS) back-grounders, as follows:

- ◆ Food Stamps: Immigrants 7.0 percent  
Natives 6.3 percent
- ◆ Subsidized School Lunch:  
Immigrants 15.5 percent  
Natives 5.8 percent
- ◆ WIC: Immigrants 6.6 percent  
Natives 2.7 percent

Native households that use food stamps receive an average benefit worth \$1,618, while their immigrant counterparts receive an average of \$1,808. <http://www.cis.org/articles/2001/mexico/means.html> We assume that average WIC and school lunch payments are the same for both types of households.

Using this information, we estimate the dollar amount and share of these three food programs going to immigrant households in 2007 as follows:<sup>2</sup>

- ◆ Food Stamps: \$5.3 billion,  
14.8 percent of total, to immigrants
- ◆ Subsidized School Lunch: \$3.7 billion,  
27.3 percent of total to immigrants
- ◆ WIC: \$1.3 billion, 25.5 percent of total,  
to immigrants

In summary the Department of Agriculture will spend \$10.3 billion to provide food for immigrant households during this fiscal year. This is equal to \$278 per immigrant, or \$1,112 per every four-person household headed by immigrants. ■

### End Notes

1. John J. Audley, Demetrios G. Papademetriou, Sandra Polaski, and Scott Vaughan, “NAFTA’s Promise and Reality: Lessons from Mexico for the Hemisphere,” Carnegie Endowment for International Peace, 2004. <http://www.carnegieendowment.org/files/nafta1.pdf>

2. The share of food program outlays received by immigrants is based on immigrant population shares, reciprocity rates, and per household benefits for natives and immigrants. For example, the weights used to calculate the share of Food Stamp outlays are immigrants:  $0.123 \times 0.070 \times \$1,808$ ; natives:  $0.877 \times 0.053 \times \$1,618$ .



# Epilogue

## *Confronting the Direct and Indirect Costs of America's Foreign-Born Population*

**W**hat is the fiscal impact of immigration? The answer consists of many parts. There are the direct costs of providing services to immigrants and their children: Medicaid, food stamps, welfare, and education. Legal immigrants can receive Social Security, and even illegals are made eligible under totalization agreements.

A disproportionate share of the federal prison population is foreign born. Border security and enforcing immigration laws in the workplace are expenses borne by federal agencies. Meanwhile, visa fraud and bureaucratic negligence allow unauthorized persons to enter uncontested.

Indirect fiscal costs are larger still. Immigrants reduce native wages and, therefore, federal tax revenues. Traffic congestion, environmental pollution, and communicable diseases are exacerbated by immigrant-driven population increases.

And there are the unintended consequences of federal policies. The Department of Agriculture's grain subsidies, for example, have made it impossible for Mexican farmers to compete—forcing many to cross the border in search of jobs. The Commerce Department's Security and Prosperity Partnership proposal would eliminate border controls throughout North America.

We estimate that the 15 departments profiled here incurred \$346 billion of immigrant-related costs in FY2007. That translates to a fiscal impact of \$9,139 per immigrant that year.

The departmental impacts range from \$146 billion at the Treasury Department to \$300 million at the Department of Defense.

The table on the next page ranks the departments on immigrant-related costs.

Each immigrant costs taxpayers more than \$9,000.

Each four-person immigrant household costs \$36,000.

As daunting as these figures are, they probably understate the problem.

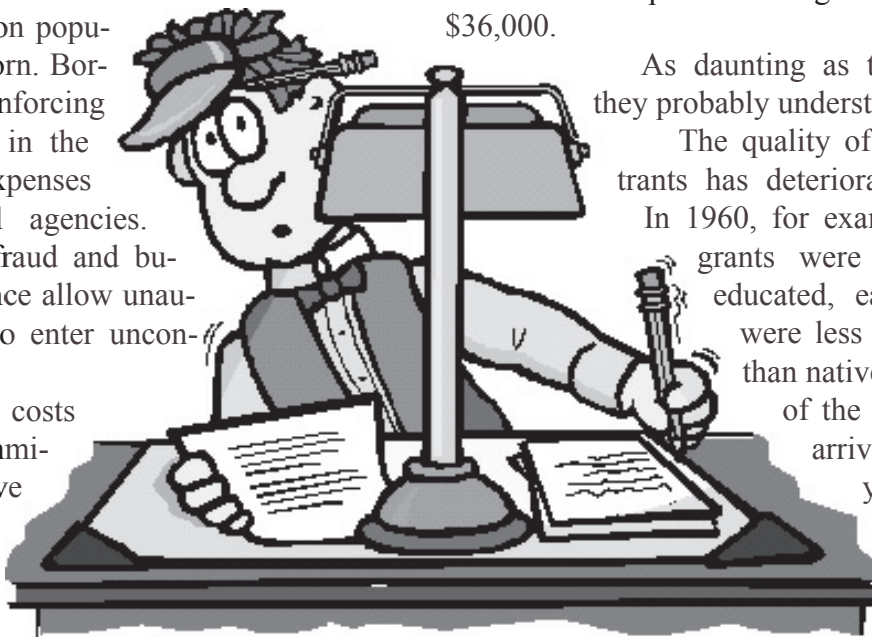
The quality of foreign-born entrants has deteriorated for decades. In 1960, for example, new immigrants were generally better educated, earned more, and were less likely to be poor than natives. But by the end of the 20<sup>th</sup> century, new arrivals had two fewer years of education and earned one-third less than natives.<sup>1</sup>

The trend implies an ever-increasing imbalance between the public benefits received by immigrants and the taxes they pay. By midcentury, fiscal impact per immigrant will be far higher than it is today.

And there will be more of them. ■

### End Notes

1. George Borjas, *The Top Ten Symptoms of Immigration*, CIS, November 1999.



### SUMMARY OF KEY FINDINGS

- ◀ We estimate that the 15 departments profiled here incurred \$346 billion of immigrant-related costs in FY2007. That translates to a fiscal impact of \$9,139 per immigrant that year.
  - ◀ The departmental impacts range from \$146 billion at the Treasury Department to \$300 million at the Department of Defense.
  - ◀ Each immigrant costs taxpayers more than \$9,000.
  - ◀ Each four-person immigrant household costs \$36,000.
  - ◀ As daunting as these figures are, they probably understate the problem.
- The following table ranks the departments on immigrant-related costs.

## Fiscal Impact of Immigration on Federal Departments, FY2007 (ranked by dollar amount)

DEPARTMENT	AMOUNT (\$BIL.)	PER IMMIGRANT (a)
Treasury	\$146.6 (b)	\$3,868
Social Security Administration	\$58.3	\$1,538
Health and Human Services	\$57.2	\$1,509
Homeland Security	\$25.2	\$665
Transportation	\$13.7 (c)	\$361
Education	\$12.9	\$340
Agriculture	\$10.3	\$272
Housing and Urban Development	\$7.4	\$195
Labor	\$7.1	\$187
Energy	\$2.6	\$69
Justice	\$2.1	\$55
State	\$1.2	\$32
Commerce	\$1.1	\$29
Interior	\$0.4	\$11
Defense	\$0.3	\$7
<b>TOTAL</b>	<b>\$364.4</b>	<b>\$9,139</b>

a. Immigrant population (legal and illegal) estimated at 37.9 million in 2007.

b. Includes \$100 billion of federal taxes estimated lost from the reduction of native incomes caused by immigrant workers.

c. Includes \$6 billion of federal revenues estimated lost due to immigrant-related traffic congestion.

Note: Dollar amounts reflect the departmental costs and the reduction in federal revenues attributable to immigrants. Costs for major entitlements are calculated using the dependency rate (share of immigrants receiving the benefit) and the average payment per immigrant. For other programs and departments, the costs are estimated based on the foreign-born share of the U.S. population (12 percent) or the labor force (15 percent), as appropriate.

Source: OMB, 2008 Budget. (2007 total outlay estimates.)