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LEGALIZATION

S. 2222, THE IMMIGRATION CONTROL AND REFORM ACT OF 1982

ISSUE SUMMARY

Floor debate is expected to begin very soon in the Senate on the Immigration bill, and the legalization proposal will be hotly contested regarding its projected costs to federal, state, and local governments. Under legalization, undocumented persons adjusting to permanent resident status would presumably be eligible to receive benefits under a number of public assistance programs. This has led the National Association of Counties (NACO) to attempt to determine the total cost of providing cash and medical assistance to legalized aliens; they project the total cost of such assistance to legalized aliens to be \$1.1 billion in the first year of legalization. The Office of Management and Budget (OMB) has developed its own projections ranging as high as \$10.2 billion in FY 1983-86. The Congressional Budget Office (CBO), on the other hand, estimates a cost of just \$50 million in FY 1983 and \$445 million in FY 1987. These wide-ranging estimates are leading opponents of legalization to offer amendments which would strike the legalization program altogether or severely restrict program access by otherwise eligible undocumented individuals.

NCLR POSITION

The National Council of La Raza (NCLR) strongly supports the legalization program as reported out by the Senate Judiciary Committee, and opposes floor amendments which would either repeal the legalization program altogether or restrict its coverage. NCLR believes that the cost estimates of OMB and NACO are exaggerated. They are based on incorrect assumptions and are inconsistent with the results of the best available research. Following is a brief analysis addressing the assumptions and cost projections advanced by the above mentioned sources:

1. The Administration's apparent perception of the undocumented worker is not only inaccurate, but also internally inconsistent. On the one hand, the undocumented worker is seen as someone who will take any job, under any conditions, and is, therefore, taking jobs away from Americans (a rationale used by the Immigration and Naturalization Service for their recent "round-up," called Operation Jobs). On the other hand, it is suggested that these same individuals will now become dependent upon federal, state, and local public assistance programs (the assumption underlying the Administration/OMB projections).

2. All the cost projections assume that a very high proportion of the undocumented will seek and receive legalization, thereby becoming eligible for various public assistance services. For example, the Administration assumes that 4.8 million individuals will come forward and adjust their status. However, experience with amnesty in other countries has shown that a large proportion of the undocumented do not come forward, as in the case of Canada, where even with an aggressive legalization campaign, only 25% of the expected number of individuals applied for legalization (See Amnesty: Conferring Legal Status on Illegal Immigrants, North, 1980).

This same phenomenon is likely to occur in the United States, where approximately half the undocumented population are Mexican nationals. Research has demonstrated that only a small proportion of undocumented Mexicans aspire to settle permanently in the United States -- 9% according to Dr. Jorge Bustamante, one of Mexico's leading immigration experts.

3. The Administration assumes that the welfare dependency rate for the newly legalized residents will equal the dependency rate of refugees. This assumption is refuted by the fact that the undocumented have entered the country for the purpose of working, whereas refugees seek asylum for political reasons and are dependent on the host country for support and welfare, albeit only temporarily.

Considerable data exist which demonstrate that undocumented aliens are unlikely to have the high dependency rates projected by the Administration and NACO.

- a. Many studies attempting to describe the illegal population have found that while most aliens pay into our tax system, only relatively small numbers of the same population derive any benefits from the public welfare system. Cross and Sandos in Across the Border: Rural Development in Mexico and Recent Migration to the U.S. (1981) find in surveys of the undocumented population that between 39 and 73% of the undocumented pay income and Social Security taxes, while only 1 to 3% receive federal assistance benefits.

- b. The vast majority of illegal aliens in the country are currently employed, and they will have to demonstrate that their prospects for continued employment are good in order to qualify for legalization. Otherwise, they would be excludable on "public charge" grounds. Also, research indicates that most illegal aliens are young, single, and vigorous individual men who tend not to have debilitating chronic health problems or other needs that would predispose them to require long periods of public assistance or medical benefits.

Moreover, according to Julian Simon, Professor of Economics at the University of Illinois, "Immigrants typically are additional young workers who help support our retired persons and bring no retired persons into the social security system to pension. Hence, each immigrant family makes an immediate and large contribution toward reducing the social security burden." Simon also notes that there is a "one-time benefit to natives [American citizens] because the immigrants arrive without a generation of elderly parents who receive social security" (House Hearings, Subcommittee on Census and Population, April 27, 1981).

- c. The Congressional Budget Office assumes that over time, legalized aliens will eventually resemble the U.S. population for similar age and sex groupings in their rates of participation in income support programs. In fact, most of the undocumented are Hispanic. If the newly legalized population eventually resembles U.S. Hispanics, the welfare dependency rate will be relatively low, since U.S. Hispanics are disproportionately underrepresented as public assistance recipients. For example, 1976 census updates show that Hispanic participation in AFDC is lower than would be expected given the percentage of Hispanics in poverty and the low median age of the population.
- d. Even assuming that the newly legalized population used public assistance programs at the same rate as the general U.S. population, these costs would be offset by the taxes, user fees, and other contributions this group makes to the American economy. A 1980 General Accounting Office (GAO) report found that in 1976 the amount of government benefits paid on behalf of undocumented persons was \$0.2 to \$1.0 billion less than their contribution. There is every reason to expect that, with legalization, their levels of contribution would increase at least proportionately to their utilization of services.

4. NCLR recognizes NACCO's concern that legalization may lead to short-term increases in public service costs in certain locations with very large concentrations of individuals eligible for legalization. Therefore, the Council supports the establishment of a system of federal reimbursement to those jurisdictions. Moreover, states and localities will gain resources due to the newly legalized population, not only through their payment of taxes and fees, but also in revised allocations of federal funds which are based on population. Legalized individuals are far more likely to be counted in the census than are undocumented individuals.

The National Council of La Raza strongly supports the adoption of the legalization program as reported by the Senate Judiciary Committee.

NCLR will be happy to provide citations and further research supporting the positions taken above. Contact Francisco Garza, Legislative Director, at (202) 293-4680.