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BENEFITS FOR ILLEGAL
ALIENS

Some Program Costs
Increasing, But Total Costs
Unknown

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SUMMARY

Recent events involving illegal aliens have raised concerns about their use of public benefits and overall costs to society. This interim report on GAO's work on the costs of benefits for illegal aliens covers (1) the eligibility of illegal aliens for various programs, (2) the reasons why cost data are not available for some programs, (3) national cost estimates, and (4) state cost estimates.

The scope of GAO's work was limited to programs for which illegal aliens or their U.S. citizen children are eligible to receive benefits. Illegal aliens are eligible to receive such benefits as Medicaid (emergency services only), kindergarten through twelfth grade education, and school nutrition services. In addition, illegal aliens may receive Aid to Families with Dependent Children (AFDC) and Food Stamps on behalf of their citizen children.

GAO found many barriers to obtaining cost data. Illegal aliens are not required to reveal their status to receive certain benefits; in other cases, officials are prohibited from asking about alien status. Because limited cost data are available from the federal and state agencies that administer public programs, the total costs of benefits for illegal aliens and their citizen children are unknown.

National cost data were available only for the AFDC program. The estimated total federal, state, and local cost of providing AFDC to citizen children of illegal aliens was \$479 million for fiscal year 1992.

GAO obtained cost estimates from the five states that account for about 80 percent of the illegal immigrant population--California, Texas, New York, Illinois, and Florida. They estimated \$2.9 billion in annual federal, state, and local costs for illegal aliens and their citizen children.¹ The states have the bulk of these costs; California paid the most. Moreover, trend data indicate that the costs of providing benefits to illegal aliens are a small but rising percentage of some program costs.

These cost estimates alone, however, present an incomplete picture of this population's fiscal impact on government because they exclude government revenues attributable to illegal aliens. We plan to add analyses related to these revenues in our final report.

¹ Cost estimates for Illinois and Texas (except for Medicaid) are for fiscal year 1993; all other cost estimates are for fiscal year 1992.



Mr. Chairman and Members of the Task Force:

Thank you for inviting me to testify on our work on the costs of benefits for illegal aliens. Recent events, such as the attempts of boatloads of Chinese aliens to enter the country illegally, have raised concerns about the presence of illegal aliens, the extent of their use of public benefits, and their overall costs to society. Moreover, fiscal crises at the state and federal level have heightened the concerns of public officials.

However, determining the costs of a population that wants to remain hidden is a difficult task. Though limited availability of data has been a continuing problem for researchers, some states have begun to track the costs of benefits for illegal aliens in response to concerns about the magnitude of these costs.

In my testimony today, I will discuss estimates of costs for illegal aliens and their U.S. citizen children. We obtained our information from the agencies that administer public programs, both at the federal level and in five states--California, Texas, New York, Illinois, and Florida. About 80 percent of illegal aliens live in these five states, according to estimates by the Immigration and Naturalization Service (INS) and the Census Bureau.

The scope of our work was limited to programs for which illegal aliens or their citizen children are eligible to receive benefits. Today's testimony covers (1) the eligibility of illegal aliens for various programs, (2) the reasons why cost data are not available for some programs, (3) national cost estimates, and (4) state cost estimates.

The limited cost estimates we obtained indicate that benefits for illegal aliens and their citizen children make up a small, but rising, percentage of costs for some programs. However, these cost estimates present an incomplete picture of the situation for two reasons. First, not every state that we collected data from had developed a comprehensive set of cost estimates. Second, the estimates do not include the offsetting effects of government revenues attributable to illegal aliens. We plan to add analyses related to this issue in our final report.

PROGRAM ELIGIBILITY FOR ILLEGAL ALIENS VARIES

Though illegal aliens are not eligible for many publicly funded benefits, they do have partial or full eligibility for some.¹

¹Illegal aliens are not eligible for Food Stamps, Aid to Families with Dependent Children (AFDC), Supplemental Security Income (SSI), Unemployment Compensation, employment training under the Job Training Partnership Act, and financial assistance for higher education.

Under the Medicaid program, they are eligible for emergency services only, including labor and delivery.² Some programs, such as the supplemental food program for women, infants, and children (WIC) and school nutrition programs are available to all those who qualify, regardless of their immigration status. And the Supreme Court has ruled that illegal alien children may not be denied a public education.

Some illegal aliens may be receiving Social Security and Medicare benefits if they engaged in covered employment for the minimum time and otherwise qualify for them. This is because no citizenship or permanent residence requirements expressly bar them from actually receiving such benefits. However, illegal aliens generally cannot qualify for Social Security or Medicare because they are not permitted to obtain Social Security numbers, which are required before they can receive these benefits.³

Illegal aliens may also be receiving public housing assistance, even though by law they are not eligible for these benefits. The alien restrictions in the law are not being applied because the Department of Housing and Urban Development (HUD) has not finalized a regulation on alien eligibility.

In addition, illegal aliens may apply for AFDC and Food Stamps on behalf of their U.S. citizen children. Though it is the child and not the parent in such cases who qualifies for the programs, benefits help support the child's family.

DATA ON COSTS FOR ILLEGAL ALIENS
NOT AVAILABLE FOR SOME PROGRAMS

The agencies that administer some programs do not have data on the costs of services provided to illegal aliens. The reasons for this vary by program.

For example, for those programs where illegal aliens have full eligibility or are not restricted from receiving benefits, agencies do not inquire about immigration status, so data do not exist on the costs.

In certain other programs officials are, in some cases, barred from asking about immigration status. First, public housing managers

²Illegal aliens in California and New York are also eligible for prenatal services.

³Some illegal aliens may have obtained Social Security numbers fraudulently or received Social Security numbers when their alien status was not illegal.

are not authorized by HUD to ask about the immigration status of applicants or family members because, as mentioned earlier, regulations on alien eligibility have not been established.

Second, in the Medicaid program, a California state court decision bars officials from asking people who apply for emergency services about their immigration status. The court held that asking for this information violates state law. In the other four states, however, officials are not barred from asking Medicaid applicants about their immigration status.

Finally, certain states and school districts have restricted officials from asking about the immigration status of public school children. For example, the Florida Department of Education bars school districts from collecting personally identifiable data on any student's immigration status. The Los Angeles County Office of Education has stated that schools in that district are prohibited by law from collecting information on the immigration status of students.

NATIONAL COST ESTIMATES AVAILABLE ONLY FOR AFDC

Most of the federal agencies that administer public programs do not have national data on the costs of benefits received by illegal aliens. For example, the Department of Health and Human Services (HHS) does not have data on Medicaid costs for illegal aliens even though some states track these costs. This is because states are not required to report costs for illegal aliens separately on the cost reports they submit to HHS.

The AFDC program, however, collects survey information on program use. As a result, estimates of AFDC use by citizen children of illegal aliens are available. For fiscal year 1992, the estimated total federal, state, and local cost of providing AFDC benefits to citizen children of illegal aliens was \$479 million, about two percent of total AFDC benefit costs.

STATES VARY IN AVAILABILITY OF COST ESTIMATES AND METHODOLOGIES USED

The five states we surveyed varied in the availability of cost estimates and the methodologies used to develop them. California had annual cost estimates for five programs: kindergarten through twelfth grade education, Medicaid, AFDC, state prisons, and Food Stamps. In contrast, Florida had cost estimates for only one program, Medicaid. Four-year trend data for at least one program were available only in Texas and California. The other three states had only recently begun to prepare annual cost estimates.

Methodologies for determining program use by illegal aliens and their citizen children differ from program to program and state to state. For example, California's Medicaid estimate is based on

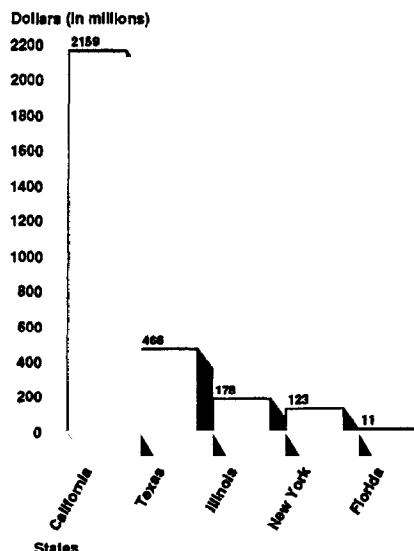
information routinely collected and accessible by computer. However, its AFDC estimates are based on projections of periodic case survey data and its kindergarten through twelfth grade education figure is an estimate based on assumptions about the number of school-aged illegal aliens.

Cost estimates based on the size of the illegal alien population are especially sensitive to the assumptions used. For example, Texas provided two sets of cost estimates: one based on a population estimate of 550,000⁴ and the other based on an INS-derived estimate of 350,000⁵ illegal aliens. These population estimates generated a difference of \$143 million between the two sets of annual cost estimates for Texas.

STATES ESTIMATED ANNUAL COSTS AT \$2.9 BILLION

The five states identified \$2.9 billion in federal, state, and local costs for illegal aliens and their citizen children (see fig. 1).

Figure 1: \$2.9 Billion in Annual Costs for Illegal Aliens and Their Citizen Children in Five States



Note: Cost estimates for Illinois and Texas (except Medicaid) are for 1993; all other cost estimates are for 1992.

See appendixes I to V for information about which programs are included in each state's estimate.

⁴This estimate was developed by the Texas Governor's Office of Immigration and Refugee Affairs (GOIRA). The estimate of 550,000 illegal aliens represents the average of five other estimates varying from 350,000 to 765,000. The Texas cost estimates cited in this testimony are based on an estimated Texas illegal alien population of 550,000.

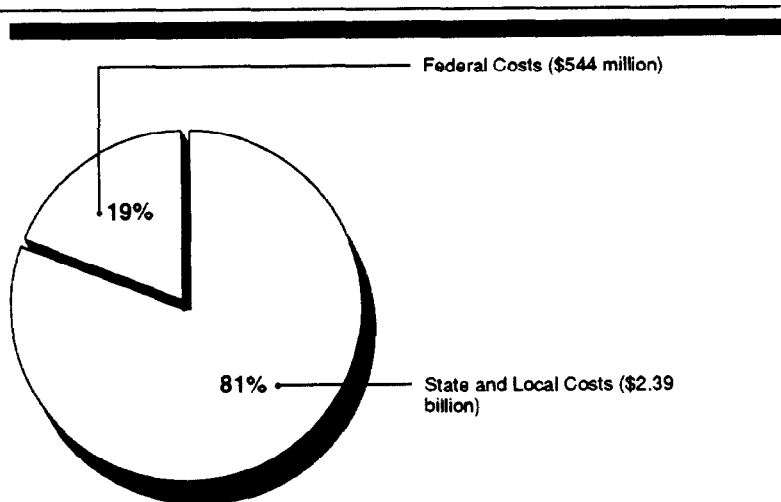
⁵The published INS estimate of 320,000 for 1992 was adjusted by GOIRA to 350,000 for 1993.

California, where about half of all illegal aliens live, identified more than \$2.1 billion of these costs. Cost estimates for the other four states totaled almost \$800 million. (Apps. I to V provide a breakdown of costs by state.)

**STATE AND LOCAL GOVERNMENTS
INCUR MOST COSTS**

States reported paying for about 81 percent of the \$2.9 billion in benefits provided to illegal aliens for program costs they were able to identify (see fig. 2). California's share of that total was approximately \$1.7 billion.

Figure 2: States Identified Greater Share of the Expense of Providing Benefits to Illegal Aliens and Their Citizen Children

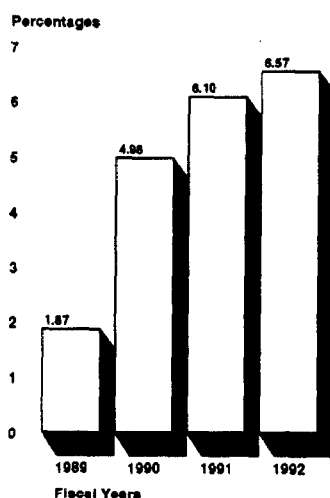


**COSTS OF SOME BENEFITS ARE A RISING
PERCENTAGE OF TOTAL PROGRAM COSTS**

The cost of providing benefits to illegal aliens and their citizen children represents a small, but rising, percentage of some program costs. For example, California's Medicaid benefits to illegal aliens rose from less than 2 percent of total program costs in 1989

to more than 6 percent in 1992 (see fig. 3). Similar trends occurred in the AFDC and Food Stamp programs in California and the Medicaid program in Texas.

Figure 3: Costs for Illegal Aliens Are Small But Rising Percentage of Total Medicaid Costs in California



Source: California Department of Health Services

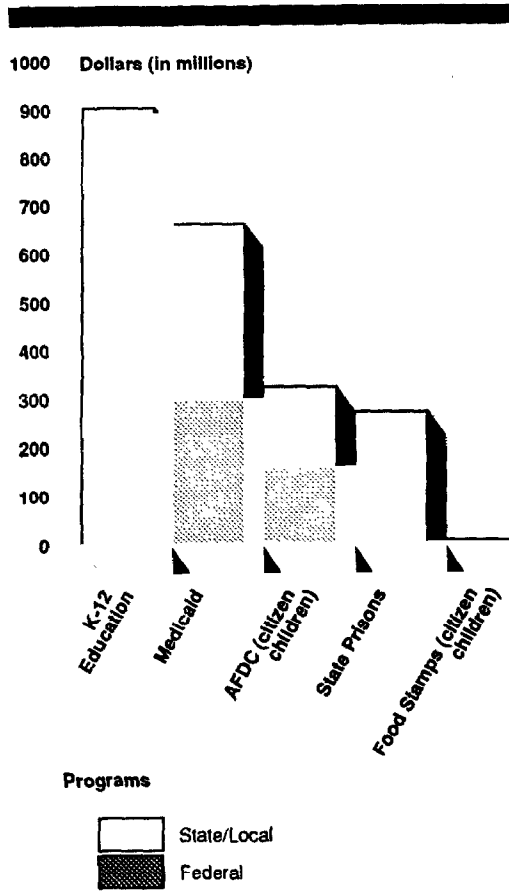
CONCLUSIONS

Because limited cost data are available from the federal and state agencies that administer public programs, the total costs of benefits for illegal aliens and their citizen children are unknown. However, certain conclusions emerge from the incomplete picture we present of this population's fiscal impact on government. First, several factors limit the availability of cost data, including specific barriers to asking applicants about their immigration status. Second, state and local governments appear to pay the largest share of costs, of which California pays the most. Third, benefits for illegal aliens and their citizen children constitute a small, but rising, percentage of some program costs.

Mr. Chairman, this concludes my statement. I would be glad to answer any questions you or members of the task force may have.

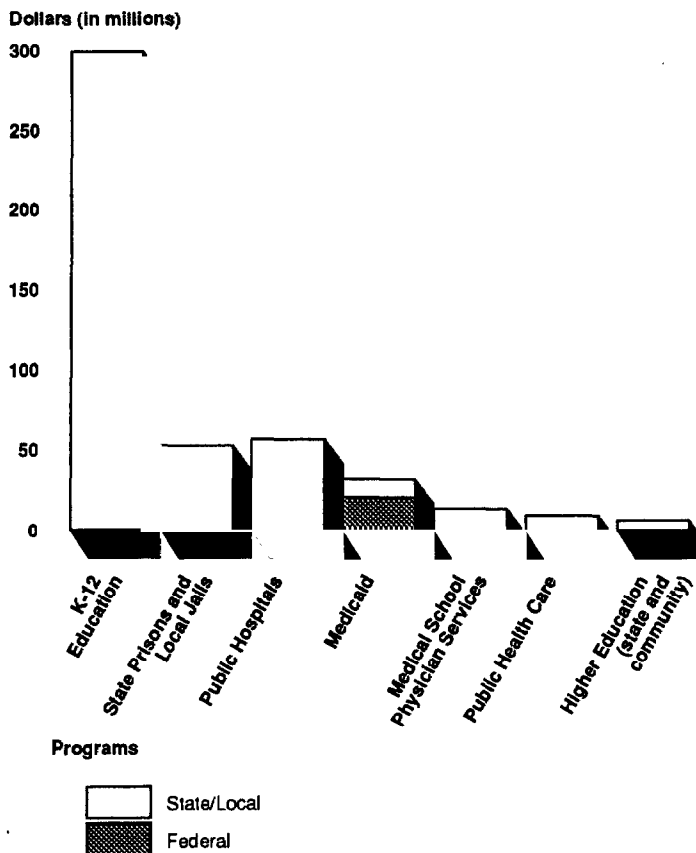
CALIFORNIA COST ESTIMATES

Figure 4: Over \$2.1 Billion in Costs for Illegal Aliens and Their Citizen Children in California (FY 1992)



Source: California Department of Health Services, Department of Social Services, and Department of Finance.

Figure 5: \$466 Million in Costs for Illegal Aliens in Texas (FY 1993)



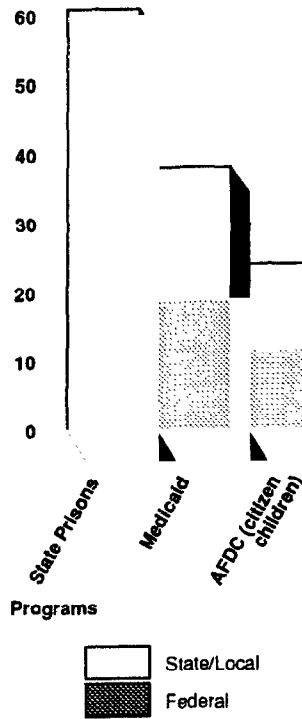
Notes: Medicaid costs are for fiscal year 1992.

Although programs other than Medicaid may also have some federal costs, estimates for these were not available.

Source: Texas Governor's Office of Immigration and Refugee Affairs.

Figure 6: \$123 Million in Costs for Illegal Aliens and Their Citizen Children in New York (FY 1992)

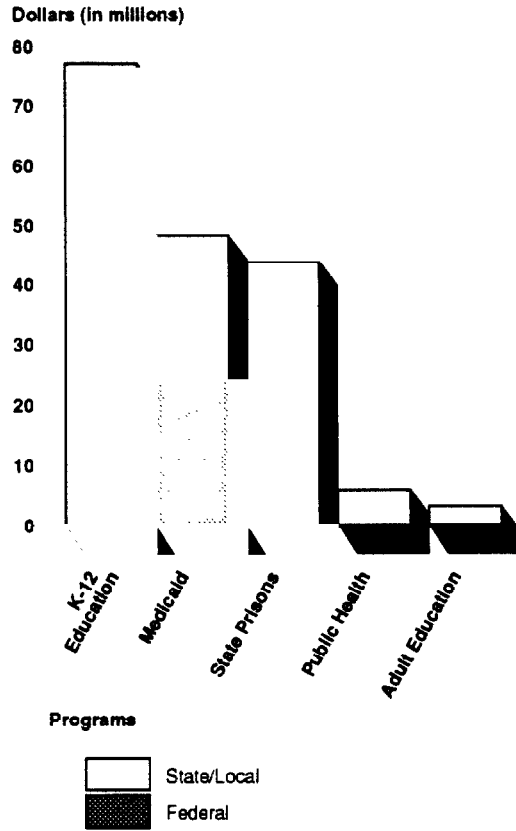
70 Dollars (in millions)



Source: New York State Department of Social Services and Department of Corrections.

ILLINOIS COST ESTIMATES

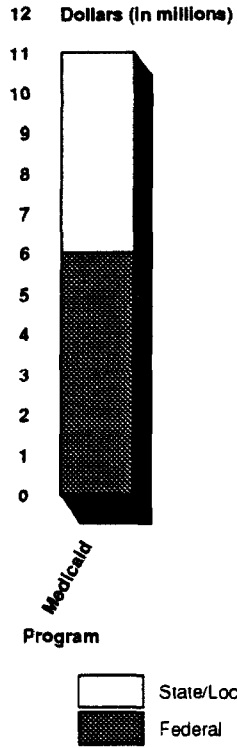
Figure 7: \$178 Million in Costs for Illegal Aliens in Illinois (FY 1993)



Note: Medicaid costs are for fiscal year 1992.

Source: Illinois Department of Public Aid and State Board of Education.

**Figure 8: \$11 Million in Costs for Illegal
Allens in Florida (FY 1992)**



Source: Florida State Agency for Health Care Administration.

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