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Existing information is inadequate to reasonably estimate the extent or cost of illegal aliens receiving public assistance under Federal, State, and local government programs. Whether the payments illegal aliens contribute to the welfare system by paying taxes are sufficient to offset the benefits received is also unknown. However, public assistance programs do not appear to provide significant incentives for aliens to enter and remain in the United States illegally. The impact of illegal aliens on the following public assistance programs was investigated: Aid to Families with Dependent Children, Supplemental Security Income, Medicaid/Medicare, food stamps, unemployment insurance, and public education and housing. Findings/Conclusions: Medical assistance, unemployment insurance, and public education may be the programs most used by illegal aliens. Public assistance used by illegal aliens may place a greater financial burden on State and local governments than on the Federal Government. Access to public assistance programs by illegal aliens can be obtained through use of illicit documents, absence of statutory or regulatory denial, administrative error, or court order. The indirect burden placed on public assistance programs by illegal aliens (such as displacing citizens in jobs, causing them to seek public assistance, and aid to U.S. citizen children of illegal aliens) may be greater than that caused by direct participation in the programs. Although the data suggest that the total dollars illegal aliens send to their home countries is significant, only a minor part appears to come from public assistance dollars. (Author/SC)

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**REPORT TO THE SENATE COMMITTEE
ON THE BUDGET**

Released 11/3/78

**BY THE COMPTROLLER GENERAL
OF THE UNITED STATES**



04526

**Impact Of Illegal Aliens
On Public Assistance Programs:
Too Little Is Known**

Illegal aliens are receiving public assistance under Federal, State, and local government programs. How much? Existing information is inadequate to reasonably estimate extent or cost. However, public assistance programs do not appear to provide significant incentives for aliens to enter and remain in the United States illegally.

The indirect and less visible burden of illegal aliens on public assistance may be greater than the direct and visible burden. The indirect burden includes aid to U.S. citizen children of illegal aliens and may include aid to displaced American workers.

Although data suggest that the total dollars illegal aliens send to their home countries is significant, only a minor part appear to come from public assistance dollars.

Many illegal aliens contribute to the U.S. welfare system through tax payments. Whether these payments offset the benefits is unknown.



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20546

B-125051

To the Chairman and the
Ranking Minority Member
Committee on the Budget
United States Senate

This report is in response to your letter of July 29, 1977. In your letter, you expressed the Committee's concern over the effect a large number of illegal aliens may be having on our public assistance programs and, consequently, on the Federal budget. You asked us to analyze:

- The impact illegal aliens have on public assistance programs.
- The extent to which these benefit payments to illegal aliens may be flowing from the United States to other countries.
- The degree to which our public assistance programs provide an incentive to aliens to immigrate illegally to this country.
- The degree to which these programs provide a disincentive to aliens to return to their home countries.

During discussions with your Committee, it was agreed that we would also comment on the impact the administration's proposed legislation regarding illegal aliens and welfare reform might have on the above areas of concern, if passed.

In making our analysis, we reviewed numerous studies, reports, and articles prepared by private and government researchers on illegal aliens. Because of time constraints, we made no value judgments on the methods used or relative validity of the data presented in this research. We talked with Federal, State, and local officials in California and New York (the States with the largest estimated illegal alien populations) and in Washington, D.C. We also interviewed 120 apprehended illegal aliens at five locations across the country.

Unfortunately, the information obtained has limited usefulness in determining the nationwide impact of illegal aliens on public assistance expenditures. Although a number of studies have produced significant

insight into the activities and impact of illegal aliens, we know of none that is truly comprehensive. Nevertheless, we believe they can be used to gain at least some perception of the nature and magnitude of the illegal alien problem.

Most studies are limited to local or regional areas, deal with only certain segments of the illegal alien population, and are based on assumptions unsupported by hard data. Where illegal aliens were interviewed, the possibility of untruthful answers exists. Where samples were taken, they were often too small to produce statistically sound results. This also applies to our own studies and interviews.

A national study is now being made, however, which should add valuable data on illegal aliens. The Immigration and Naturalization Service has contracted with J. A. Reyes Associates to make a residential survey of illegal aliens in the 12 most populous States. The survey is to estimate the number of illegal aliens in the country and their social and economic impact. The study results are expected in the summer of 1978.

In a July 31, 1973, report, "More Needs To Be Done To Reduce the Number and Adverse Impact of Illegal Aliens in the United States," we stated that "illegal aliens are receiving welfare payments under programs funded by the Federal and State Governments" and that "no estimates of the number of illegal aliens on welfare are available." This is still true.

Our findings and conclusions, presented in greater detail in the appendixes, are summarized as follows:


- Illegal aliens are collecting public assistance, but insufficient data exist to estimate the extent of use or financial impact on a nationwide basis.
- Medical assistance, unemployment insurance, and public education may be the programs most used by illegal aliens.
- Public assistance used by illegal aliens may place a greater financial burden on State and local governments than on the Federal Government.
- The indirect burden placed on public assistance programs by illegal aliens (such as displacing citizens in jobs, thus causing them to seek public assistance) may be greater than that caused by direct participation in the programs.
- Access to public assistance programs by illegal aliens can be obtained through (1) use of illicit documents, (2) absence of statutory or regulatory denial, (3) administrative error, or (4) court order.

- Illegal aliens contribute to our welfare system by paying taxes. Whether these payments are sufficient to offset benefits received is unknown.
- Public assistance benefit payments flowing from the United States to other countries do not appear to be significant.
- Public assistance programs do not appear to be a significant determinant of whether a person comes to or remains in the United States illegally.

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At your request, we did not take the additional time needed to obtain written agency comments. The matters covered in the report, however, were informally discussed with agency officials and their comments are incorporated where appropriate.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from the date of the report. At that time we will send copies to interested parties and make copies available to others upon request.


Comptroller General
of the United States

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ABBREVIATIONS

y AFDC Aid to Families With Dependent Children
EWI entry without inspection
GAO General Accounting Office
HEW Department of Health, Education, and Welfare
HUD Department of Housing and Urban Development
INS Immigration and Naturalization Service
IRS Internal Revenue Service
SSI Supplemental Security Income

NUMBERS, ORIGINS, AND
CHARACTERISTICS OF ILLEGAL ALIENS

The "silent population" of illegal aliens in the United States is divided into two major categories according to how they entered the country. "EWIs" (entry without inspection) entered unlawfully by slipping surreptitiously across the border. "Visa abusers" entered legally but violated the terms of their admission, generally by overstaying and/or accepting unauthorized employment.

No one knows how many illegal aliens--also called undocumented aliens--are in the United States. Estimates range up to 12 million. In early 1977 the Immigration and Naturalization Service (INS) estimated the number of illegal aliens at 6 million. INS has since stopped providing estimates. According to the INS Commissioner, "the estimates available represent only intuitive interpretations of information believed to be at least loosely related to the numbers of aliens." He, therefore, cautioned against their use.

Except for INS apprehension statistics, hard data on illegal aliens are essentially nonexistent. Apprehension statistics, however, are not a reliable index of the number of illegal aliens actually in the United States. One reason is that many illegal aliens are apprehended more than once--some as many as 10 times.

Some information has been developed, however, about the characteristics and origin of illegal aliens. According to INS, they come from "virtually every country of the world." INS data show that 89 percent of the 766,600 apprehended in fiscal year 1975 were Mexican citizens, most of whom were EWIs. INS apprehension efforts are heavily concentrated in the Southern border area, so it does not necessarily follow that Mexican nationals comprise 89 percent of the total illegal alien population. Several researchers believe the figure is closer to 60 percent.

Generalizations about illegal aliens are difficult because there are substantial differences among illegal alien groups. However, the majority of them are believed to be young, male, single, unskilled, and poorly educated. About 88 percent of those apprehended by INS are EWIs and 12 percent are visa abusers. These figures reflect INS' emphasis on apprehension of aliens in the Southwest border area. The percentage of visa abusers in the nationwide illegal alien population is probably much higher.

THE IMPACT OF ILLEGAL ALIENS
ON PUBLIC ASSISTANCE PROGRAMS

We placed a broad interpretation on the term "public assistance." We considered all government-assisted programs which our research indicated illegal aliens were likely to use. These included Aid to Families With Dependent Children (AFDC), Supplemental Security Income (SSI), Medicaid/Medicare, food stamps, unemployment insurance, and public education and housing. Some are cash programs, some in-kind. Most are designed to assist people with low incomes and are commonly referred to as "welfare." Some are fully funded by the Federal Government, while others are jointly funded by Federal, State, and some local governments.

While our main focus was on costs to the Federal Government, we also inquired into the financial burden which illegal aliens place on State and local governments. This inquiry seemed prudent in view of increasing efforts to the Federal Government to share this burden. If such efforts are successful, some of these local costs will become Federal costs.

We found a great deal of disagreement and lack of information among Federal, State, and local officials, as well as researchers, regarding whether and to what extent undocumented aliens are benefiting from public assistance programs.

Each public assistance program considered is discussed below.

AFDC

AFDC, which to most people is "welfare," is one of the major public assistance programs in the United States. It is a State-administered, cash assistance program funded jointly by Federal, State, and local governments. It primarily benefits low-income families in which one parent is absent by reason of desertion, death, incapacity, or unemployment. Most AFDC-assisted families are headed by women with small children. Citizenship or permanent resident alien status is an eligibility requirement.

Department of Health, Education, and Welfare (HEW) headquarters officials were able to provide little information regarding the extent of AFDC aid given to illegal aliens. They said that eligibility is determined by caseworkers in State and local administering agencies rather than at the Federal level. They said that some illegal aliens may participate through the use of false documents.

In our August 1, 1977, report, "Legislation Needed to Improve Programs for Reducing Erroneous Welfare Payments" (HRD-76-164), we discussed erroneous AFDC payments and said:

"Although error rates have been reduced, they are still at relatively high levels in many States. As of the June 1976 reporting period the error rate for ineligibility was 5.5 percent and ranged from 0.6 percent to 14.6 percent among the States."

This report did not discuss payments to illegal aliens. However, recent HEW-required quality control checks of 45,000 AFDC cases in nine States--including California and New York--identified only 14 recipients as illegal aliens--less than one-thirtieth of 1 percent of the sample. HEW cautioned that any projections based on such a small sample would be unreliable. Even allowing for unreliability due to small sample size, and failure to detect some false documents, these results suggest that use of the AFDC program by illegal aliens is not extensive.

Two other studies also contradict the assertion that illegal aliens are a heavy drain on public welfare. A major study prepared for the Department of Labor in 1976 (by North), using interviews of 793 apprehended illegal aliens at 19 locations throughout the country, found only 4 of the respondents, or one-half of 1 percent, who said that they had received welfare assistance.^{1/} In North's use of the term "welfare," he included both AFDC and SSI, and did not obtain separate responses on illegal aliens' use of each.

Another study (by Cornelius, Massachusetts Institute of Technology) dealing with Mexican illegal aliens reported that only 2.2 percent of the 505 illegal aliens interviewed had received welfare payments. Cornelius' study also included both AFDC and SSI in the term "welfare," and it did not obtain separate responses on each.

In California, during the 1-year period through November 1976, 404,000 persons applied for AFDC benefits. Of these, 13,977 (3.5 percent) were foreign-born applicants who could not prove their lawful status in the United States. They were asked to appear at INS offices for interviews to determine their immigration status. Of those referred to INS, 10,404 were determined to be illegal aliens or failed to appear

^{1/}North acknowledged the possibility that the respondents were being less than truthful, but stated that "the indications are, however, that there was little dishonesty in these topics."

and were thus presumed to be illegal. They constituted 2.6 percent of all applicants during the year.

In compliance with a 1975 California court decision, AFDC alien applicants in California must be given benefits during the period required to obtain alien status verification from INS. In the cases above, aid was discontinued when the applicants were determined to be illegal aliens. However, according to local officials, aid granted to these illegal aliens in Los Angeles County during 1976 amounted to \$1.4 million, while in San Diego County during an 8-month period in 1976 it amounted to about \$181,000. The Federal Government paid one-half of the cost of this aid.

Welfare officials in Los Angeles and San Diego Counties said the INS verification procedure is effective in screening out most illegal aliens applying for AFDC. A 1975 study by the United Way agencies in Los Angeles suggested the illegal aliens' fear of exposure to the immigration authorities acts as a powerful deterrent to applying for welfare benefits. Other studies have made the same observation.

Welfare officials in New York State said they had not specifically studied the impact of illegal aliens on public assistance programs, but they believed the impact was insignificant. They cited statistics from a quality control review of 1,228 AFDC cases in which only 4 recipients (one-third of 1 percent) were found to be illegal aliens.

In New York City, INS is asked to verify the status of public assistance applicants who cannot provide documents proving citizenship or legal alien status. INS files in New York City contained a large backlog of unanswered requests for verification. The responsible INS official said the backlog was caused by a heavy workload and the low priority placed on such requests. As a practical matter, according to a city welfare representative, in the absence of a response from INS, the city accepts baptism certificates and voter registration cards as satisfying proof of citizenship. How many of these documents are fraudulent is uncertain.

We interviewed 120 apprehended illegal aliens in the Los Angeles-San Diego area, New York City, and Washington, D.C., and none of them said they had received AFDC benefits.

SSI

The SSI program provides cash assistance to blind, aged, or disabled people with limited income. Funded by the Federal Government and supplemented by some States, it is federally administered. Citizenship or permanent resident alien status is required for eligibility.

There has been little research on the impact of undocumented aliens on the SSI program. The reason for this may be the belief held by some that few illegal aliens receive SSI benefits because the age, work history, and other eligibility requirements are not consistent with the overall characteristics of the illegal alien. While this theory may be generally valid, the degree of validity will vary according to location. It is more likely to hold true in the California area, for example, than in the New York area. In California, illegal aliens are more likely to be young, single (or at least unaccompanied by dependents), able to work, and transient. In New York, they are more apt to be older and accompanied by dependents of all ages.

HEW officials in New York stated that from January 1974 through August 1977, the Social Security Administration investigated 18,300 cases in which there was a high degree of suspicion that an SSI recipient or applicant was not eligible for benefits. Of the suspect cases only 61 (one-third of 1 percent) involved illegal aliens.

In our June 11, 1976, report, "Problems in Administering Supplemental Security Income for the Aged, Blind, and Disabled" (MWD-76-73), we discussed the problem of payments to ineligible persons. We reported that in a random sample of 23,013 SSI cases for 7 months in 1974, HEW found that 6.1 percent of the cases involved payments to ineligible persons. No record was made of the number of ineligible persons who were illegal aliens, however.

In a recent letter to a Member of Congress, the Commissioner of the Social Security Administration wrote, "Undoubtedly, erroneous SSI benefits are paid to some illegal aliens who have successfully misrepresented their resident status * * *," but added that "we do not have data on erroneous payments made to illegal aliens."

None of the 120 illegal aliens we questioned said they had received SSI benefits.

FOOD STAMPS

Food Stamps is a federally funded program administered by States and localities. It enables low income families and individuals to buy coupons at a discount, then redeem the coupons for food purchases. Citizenship or status as a permanent resident alien is required for eligibility.

We were unable to determine the extent of the use of food stamps by illegal aliens. However, because the Food Stamp program is linked to the AFDC program (i.e., qualification for AFDC often means automatic

qualification for food stamps as well), it is probable that in California, at least, illegal aliens are receiving both types of benefits while waiting for INS to investigate their status. A random sample of Food Stamp beneficiaries in Los Angeles County showed that 85 percent of the 198,000 "food stamp household" heads were citizens and 13 percent were legal aliens, while the remaining 2 percent were persons whose alien status was being investigated by INS. Presumably, those 2 percent were receiving food stamps while their status was being investigated.

Officials of the Department of Agriculture's Food and Nutrition Service stated that less than 5 percent of the households receiving food stamps are ineligible ^{1/} and that they believed very few of those ineligible were illegal aliens. They were unable to provide data supporting their belief. However, they felt that the few illegal aliens who might be receiving food stamps were doing so with false documentation. They said that, to their knowledge, none of the Service's quality control reviews had identified any illegal aliens as recipients.

New York State officials also minimized illegal alien use of food stamps, and cited a recent quality control review of 1,187 food stamp households. Of the sample, 99 households were found to be ineligible, but only 1 of those (less than one-tenth of 1 percent of the sample) was an illegal alien household.

A San Diego County study on the impact of illegal aliens found that the county's procedures adequately screened them from the Food Stamp program, and thus concluded there was no cost impact on the program. The North report, done for the Department of Labor in 1976, indicated that 10 (1.3 percent) of 793 illegal aliens interviewed had received food stamps. Of the 120 illegals we interviewed during this review, only 1 (less than 1 percent) stated he had received food stamps.

Various other food assistance programs do not specify citizenship requirements. Some are the School Breakfast Program, the National School Lunch Program, and the Special Milk Program for children. Food and Nutrition Service officials were unable to provide information about illegal alien participation in any of these programs.

^{1/}Our July 18, 1977, report, "The Food Stamp Program--Overissued Benefits Not Recovered and Fraud Not Punished" (CED-77-112), and the August 31, 1977, Supplement to that report (CED-77-112A), identified problems in determining eligibility for food stamps.

MEDICAL ASSISTANCE

It appears that illegal aliens have considerable economic impact on medical programs. The impact may be greater on State and locally funded services than on Federal services.

Under the "Medicaid" program, the Federal Government shares with the States the costs of providing medical assistance to persons, regardless of age, whose income and resources are inadequate to pay for health care. Citizenship or permanent resident alien status is required for eligibility. In general, receipt of benefits under AFDC or SSI means automatic eligibility for Medicaid. Therefore, any illegal aliens who have succeeded in getting on AFDC or SSI rolls may be receiving Medicaid assistance as well. Although States administer their Medicaid programs within Federal guidelines, their programs vary greatly in eligibility requirements and services offered. Thus, the impact of illegal aliens on Medicaid may vary considerably from State to State.

"Medicare" is a health insurance program for persons 65 or older or disabled, who are otherwise eligible for benefits under the Social Security insurance programs. An applicant must be a citizen or must have been a legal resident alien for at least 5 years in order to receive Medicare benefits. According to a regional administrator of the Medicare program, it is quite difficult for an illegal alien to receive Medicare benefits because of the eligibility requirements. He acknowledged, however, that some may be receiving benefits, particularly if they presented fraudulent documents when applying.

An official in HEW's Medicaid Bureau told us she believes illegal aliens are participating in Medicaid but she could provide no hard data or estimates regarding the number. She said some are approved for benefits through their use of fraudulent documents.

Although the North study indicated that 27.4 percent of the apprehended illegal aliens (or their families) had used U.S. hospitals or clinics, many of them said that either they, their employers, or their hospital insurance had paid for the care. Only 4.6 percent said they had received free health care. Whether the free care provided was paid for with Federal funds under Medicaid or with local public funds was not stated.

In the Cornelius study, interviews of 505 illegal aliens, after their return to Mexico, showed that 78 (15.4 percent) had received free medical assistance in the United States. Whether the care was provided from Federal funds under Medicaid or from local funds was not indicated.

Our interviews of illegal aliens indicated a greater use of medical facilities than did the above studies. Forty-two percent said they or their families had used hospitals or clinics, with 12.5 percent stating that all or part of their care was free. Only 1.6 percent, however, recalled that Medicaid paid for their free care. Presumably, then, most of their free health care was financed with local rather than Federal funds.

In California, Medicaid applicants whose alien status is being questioned are referred to INS for investigation. As with AFDC in California, the applicant is eligible for Medicaid benefits while INS investigates his/her status. Although the applicant is terminated if found to be illegal, he/she could receive extensive benefits before termination occurred.

Local governments may bear a greater share of the cost of medical care for illegal aliens than the Federal Government. A California State law, and presumably those of some other States, requires hospitals to provide emergency treatment to any person in need without reference to residency or citizenship. A Los Angeles County study noted that emergency care accounted for more dollars than any other category of care for illegal aliens. These services are not subject to Federal reimbursement.

The San Diego County report noted that, of 200 noncounty resident alien patients who received care at a county-affiliated hospital during a 4-month period in 1976, 61 were identified as illegal aliens. These patients paid 37 percent (about \$41,400) of the costs, but 63 percent (about \$70,600) was a public expense.

Experiences in New York State also suggest that illegal aliens are receiving medical care at public expense, but primarily at a cost to local rather than Federal taxpayers. A quality control review of 958 Medicaid cases in New York State revealed 168 ineligible recipients, but none of them was an illegal alien. However, the director of a large municipal hospital in New York City said that the cost of medical services which his hospital provides free of charge to illegal aliens amounts to an estimated \$1 million a year. Since health care for illegal aliens is not reimbursable by the Federal Government, New York City must bear the cost.

We were told that HEW has contracted for a study to explore the policies and costs associated with treating illegal aliens in areas with large alien populations. The study is expected to be completed in early 1978.

UNEMPLOYMENT INSURANCE

Evidence indicates that illegal aliens are receiving unemployment insurance benefits; however, the extent of such payments is unknown.

The Unemployment Insurance program is financed by Federal and State taxes paid by employers. The duration and amount of weekly payments vary among the States. Currently, illegal aliens who work in jobs covered by the program and who have established the required work history have the same right to benefits as any other workers.

An official of the Department of Labor's Employment and Training Administration was unable to estimate the extent of benefit payments to illegal aliens, saying that no statistics are compiled on such payments. He did not believe the extent of payments was a serious problem, considering the large number of illegal aliens employed. In his opinion, many are reluctant to apply because of the requirement to give information about themselves.

Cornelius reported that 2.4 percent of the 505 Mexican former illegal aliens he questioned said they had received unemployment benefits.

The North study reported that 3.9 percent of the 793 illegal aliens apprehended said they had collected unemployment insurance, a rate which North described as minimal use of the program. North implies, however, that his rate may be an understatement. Visa abusers were found more likely to collect unemployment insurance (and for a longer period of time) than EWIs. Yet only 29 percent of North's interviewees were visa abusers and 71 percent were EWIs. Since INS is more likely to apprehend EWIs than visa abusers, North concluded that only a small portion of those most likely to use the unemployment insurance system is being apprehended; i.e., the ratio of visa abusers to EWIs in his sample may not be representative of the total illegal alien population.

Of the 120 apprehended aliens we questioned, 40 percent were visa abusers and 60 percent were EWIs. Seven and one-half percent said they had collected unemployment insurance. Our visa abuser-to-EWI ratio was somewhat greater than North's. However, if his observation is accurate, our 7.5 percent figure may also understate the problem.

PUBLIC EDUCATION

Children of illegal aliens are enrolled in elementary and secondary public schools. The total number and related costs nationwide are unknown, but some numbers and costs have been estimated locally.

HEW officials said that no Federal laws or regulations exist requiring proof of citizenship or resident alien status for enrollment in public schools. They acknowledged that illegal alien children are in public schools but could provide no estimates of the number of children and the related costs. They said HEW does not compile such information.

The Federal Government provides some financial support for public education. In the school year 1974-75, \$5.8 billion in Federal funds (about 9 percent of elementary and secondary education costs) supported special educational programs such as Bilingual Education and Educationally Deprived Children-Migrants. No information was available regarding the number of illegal alien children in these programs.

But public education is primarily a State and local expense. Therefore, State and local governments, not the Federal Government, bear most of the burden of educating undocumented alien students.

California State law requires all persons ages 6 through 16, regardless of citizenship, to attend school. As a result, according to California's education officials, illegal aliens have had a substantial impact on the State's public education costs. In fiscal year 1977, about 13,000 illegal alien students were identified in reporting school districts in Los Angeles County. Related costs were estimated at \$7.2 million. This is only a part of the picture in Los Angeles County, however, since data were not received from the county's two largest school districts.

According to a recent study by the State of California, San Diego County schools have an "absolute minimum" of 348 illegal alien students in kindergarten through grade 12--one-tenth of 1 percent of total enrollment. The county estimated the added cost for the 1976-77 school year at \$236,000.

A New York City official said that illegal alien children are enrolled in city schools at city expense but provided no figures. In 1974 congressional hearings, however, a senior HEW official estimated that the Federal Government may be paying as much as \$6.9 million annually to educate children of illegal aliens in New York City.

Interviews of apprehended illegal aliens have provided some information concerning U.S. schooling for their children. North found that 3.7 percent of his interviewees had one or more children enrolled in U.S. schools. Cornelius found in his interviews of former illegal aliens who had returned to Mexico that 1 percent had had children in U.S. schools. Some of those children may have been U.S.-born, however, and thus not illegal aliens, themselves. In our interviews, 6.6 percent said they had children in U.S. schools. Only 1.6 percent, however, said their school-age children were non-U.S. citizens.

PUBLIC HOUSING

The Federal Government's Low-Income Public Housing program provides housing to low-income residents, with rent based on the resident's ability to pay. Most federally subsidized housing is financed by the Federal Government but administered by local public housing agencies.

An official of the Department of Housing and Urban Development (HUD) acknowledged that illegal aliens may be living in public housing but could provide no estimates of the number or associated costs.

Obtaining public housing would appear to be no more difficult for an illegal alien than for anyone else. In a recent letter to a Member of Congress, a senior HUD official wrote:

"The United States Housing Act of 1937 and the National Housing Act, which comprise the basic legislation governing our assisted housing programs, do not limit access to those programs to citizens or documented aliens. HUD, consequently, has not attempted to promulgate regulations that would limit eligibility on that basis. So far as HUD requirements are concerned, public housing agencies (PHAS) and private owners responsible for tenant selection under our assisted housing programs have no basis for inquiring as to the citizenship or alien status of applicants."

Officials in Los Angeles and New York City could provide no data showing the extent to which illegal aliens apply for, or actually receive, subsidized housing. In Los Angeles, however, both INS and the City Housing Authority say there are indications that they are taking advantage of the program.

None of the studies we reviewed addressed the question of illegal use of public housing. Our interviews indicated that 3 percent had lived in public housing.

INDIRECT IMPACT

When illegal aliens obtain benefits for themselves and their families, their impact on the public assistance system is direct and visible. There is evidence, however, that they sometimes exert indirect and less visible effects.

Aid to displaced American workers

It was not within the scope of our review to examine the controversy over the illegal alien's impact on the labor market. Some of the studies we reviewed concluded that they take jobs away from U.S. citizens. Some suggested that any displacement that may occur is in jobs that U.S. workers do not want. Others close to the issue contended that there is inadequate evidence on either side of the controversy to justify a conclusion.

The point pertinent to our review is the contention held by some researchers that, in displacing American workers, illegal aliens may cause unemployed or underemployed Americans to seek public assistance. Advocates for aliens dispute this, however, arguing that the availability of public assistance allows American citizens to voluntarily reject low-paying, undesirable jobs which illegal aliens are very willing to accept. A counter-argument to this is that if they were not here to depress wage scales and working conditions, wages and working conditions would be better, U.S. workers would then be willing to accept jobs, and thus fewer workers would voluntarily rely on public assistance.

According to a June 1977 report prepared for the House Committee on the Judiciary by the Congressional Research Service

"the available evidence indicates that illegal aliens take jobs in the lower-wage * * * labor market. While the numbers involved are unknown, they would appear to be significant. Illegal aliens do not appear to be displacing U.S. workers from high-paying jobs in large numbers, although such displacements certainly are occurring in some instances, and may be increasing in frequency."

The number of U.S. workers being forced onto public assistance rolls by illegal aliens can only be a matter of conjecture. A 1975 study prepared for INS by ICF, Incorporated, however, estimated that for every 250,000 lower wage legal residents displaced and thrown into unemployment, the tax burden is increased by \$0.5 billion (assuming annual unemployment and welfare-related costs averaging

\$2,000 per unemployed employable person). Assuming that the 1 million jobs which INS estimated are held by illegal aliens could be freed for U.S. citizens now on public assistance, annual savings would amount to \$2 billion. Although this conclusion is interesting to contemplate, the line of reasoning which led to it is based on assumptions that some researchers would challenge.

Aid to U.S. citizen children of illegal aliens

Although illegal aliens are not eligible for most public assistance programs, their children born in the United States are citizens and therefore eligible. The number of such children receiving assistance is unknown. However, we believe it is reasonable to assume that the number is large, since many illegal aliens, unskilled and poorly educated, are very likely to need assistance.

HEW officials in New York City said that U.S. citizen children of illegal aliens were receiving AFDC benefits, but they had no statistics. A city welfare representative said she believed the number of U.S.-born children of illegal aliens in New York City was quite large, but said that no data was maintained on AFDC payments to such children. Los Angeles County recently identified 8,500 such children who were receiving AFDC benefits. Aid to these children in 1976 cost \$9.9 million, about half of which was federally funded. These costs would not have been incurred if the alien parents had not entered the United States illegally.

Our interviews of illegal aliens produced results contrary to the above. Twenty-one (17.5 percent) of those we interviewed--9 mothers and 12 fathers, all from different families--told us they had U.S. citizen children, but none of these said they had received AFDC benefits. Although these results do not confirm the use of AFDC assistance by illegal alien parents of U.S. citizen children, they do show the potential for such use.

Immigration advantages to illegal aliens

As stated in our previous report, "Immigration--Need to Reassess U.S. Policy" (October 19, 1976), 1/ aliens have, while illegally

1/Full citations of the various reports and studies referred to in this report which concern illegal aliens are contained in app. VI.

residing in the United States or while violating the provisions of their nonimmigrant status, gained the qualifications necessary to become legal residents. (A nonimmigrant alien in the United States on a visa permit who violates the terms of his nonimmigrant status, e.g., by taking a job, becomes an illegal alien.) Action taken to qualify for immigrant status included

- marrying a U.S. citizen or permanent-resident alien,
- giving birth while in the United States, and
- obtaining work experience and job offers.

These actions affect the public assistance system because many illegal aliens, after obtaining legal status, obtain public assistance. This quirk in the immigration system is discussed in our July 1975 report, "Need to Reduce Public Expenditures for Newly-Arrived Immigrants and Correct Inequity in Current Immigration Law." The report noted that large expenditures of tax moneys--Federal and State--have been used to support immigrants and their families within 5 years after entry. For example, our analysis of 195 randomly selected immigrant welfare cases in Los Angeles County showed that 86 (44 percent) applied for assistance within 5 years after entering the United States. More than half of these applied within 2 years. Newly arrived immigrants and their families were receiving \$19.6 million annually in welfare payments in Los Angeles County.

Tax contribution by illegal aliens

Opinions vary as to whether illegal aliens are a net cost or a net benefit to the United States. At one extreme, a study done for INS in 1975 by ICF, Incorporated, estimated that consumption of social services by illegal aliens costs the taxpayer a net of more than \$13 billion a year. At the other extreme, some studies, the North report and the San Diego County study for example, have concluded that they contribute more to our welfare system than they take out. North said they may be "substantially more likely to pay taxes than to use tax-supported systems * * *."

Illegal aliens do pay taxes--Federal and State income taxes, Social Security taxes, sales tax, gasoline tax, and property taxes--but how much is uncertain. In four major studies, interviews of current and former illegal aliens indicated that while they were employed in the United States, 66 to 81 percent had paid Federal income and Social Security taxes in the form of withholdings from wages. In our interviews, 71 percent of the 96 who had been employed in the United States said

Federal income tax had been withheld and 74 percent said their employers had withheld Social Security tax. In referring to North's respondents who had indicated withholding of Social Security taxes, the North report said, "It is doubtful that any but a small number of the respondents will be able to capture any of their investment in this system."

North tentatively estimated, using several assumptions (including the assumption that 1 million illegal aliens are employed, on average, throughout the year) that illegal aliens and their employers contribute more than one-half billion dollars a year to the Social Security Trust Fund and that an additional contribution of more than \$150 million should be made, but was not being made.

Apparently, many of those from whose wages Federal income taxes are withheld fail to file end-of-year returns for refunds due them, thus overpaying their taxes.

Studies have also shown, however, that illegal aliens evade or underpay taxes. An Internal Revenue Service (IRS) official told us that he had no doubt that this occurs but that there is no way to estimate the extent. He said that based on IRS studies, IRS believes it "represents a low level of fraud commensurate with the generally lower wage levels involved" and has a very minimal tax impact.

The net impact of illegal aliens' tax contributions toward support of the welfare system cannot be estimated with available information.

THE PROBLEM OF ILLICIT DOCUMENTS

During our discussions with agency officials and our review of recent studies, the frequent mention of illegal aliens' use of fraudulent documents to obtain public assistance pointed out the seriousness of the problem.

An illicit document (using a broader term) is any document used illegally by an alien to assert that he has a legal right to enter or remain in the United States. The document may be counterfeit, an altered genuine document, or a genuine document used by an imposter. Illicit documents frequently used to obtain public assistance include INS alien registration receipt cards, birth certificates, and Social Security cards. Before 1974, proof of legal status was not required in order to obtain a Social Security card. Many are believed to be fraudulently using valid Social Security cards obtained before 1974.

Our report, "Smugglers, Illicit Documents, and Schemes Are Undermining U.S. Control Over Immigration," August 30, 1976, concluded that illicit documents are easy to obtain and their illegal use is difficult to discover. A Department of Justice report by the Federal Advisory Committee on False Identification, "The Criminal Use of False Identification," November 1976, also addressed the problem of illegal aliens' using fraudulent documents.

INS officials in California said the use of illicit documents by illegal aliens is widespread and that such documents "can be obtained on any street corner in Los Angeles."

The problem is further aggravated by the fact that public assistance agencies' personnel are neither trained nor expected to detect illicit documents. Program officials indicated that illegal aliens could easily obtain benefits through the use of such documents.

SUMMARY

Our principal observations are:

1. Illegal aliens are able to gain public assistance benefits through

--use of illicit documents,

--absence of statutory or regulatory denial,

--administrative error,

--eligibility granted while INS investigates applicants' legal status, and

--disinclination of administering agencies to question applicants' legal status.

2. Insufficient data exist to estimate the extent of use of public assistance programs by illegal aliens.

3. Of the seven major programs examined, medical assistance, unemployment insurance, and public education may be the most widely used by illegals.

4. Medical assistance and public education received by illegal aliens appear to be a greater financial burden on State and local governments than on the Federal Government.

5. Illegal aliens may place an indirect burden on public assistance programs by causing displaced American workers to seek public assistance, either voluntarily or involuntarily.
6. Illegal aliens place an indirect burden on assistance programs by
 - having U.S.-born children who, as citizens, qualify for public assistance, and
 - gaining qualifications necessary to become legal residents, then legally obtaining public assistance.
7. Illegal aliens contribute to our welfare system by paying taxes.
8. Illegal aliens' use of illicit documents, easily obtained and difficult for public assistance agencies to detect, is a serious problem.

FLOW OF BENEFIT PAYMENTS
TO OTHER COUNTRIES

Studies have shown that illegal aliens adversely affect the United States balance of payments by sending out a significant portion of their earnings to relatives in their home countries. One analysis, prepared for the Immigration and Naturalization Service by ICF, Incorporated, cites estimates of \$3 to \$10 billion a year. Another, the North study, estimated a possible annual flow of \$1.5 billion to Mexico alone. Still another, by Cornelius, estimated an annual flow of more than \$3 billion to Mexico, including both periodic remittances and money taken back to Mexico by returning workers.

The North report said that its 793 illegal alien respondents sent an average of \$105 a month to relatives in their home countries. Our limited interviews revealed that 96 of our respondents had worked at least 4 weeks while in the United States. Those 96, while employed, sent out an average of \$76 a month.

But presumably all or most of those dollars were from wages earned. To our knowledge, no research has ever addressed the question of whether illegal aliens send public assistance money to their home countries.

It is possible that cash benefits received by some illegal aliens while employed are being sent out in addition to wages earned. Also, the receipt of in-kind benefits, such as food stamps and public housing, may enable those working to send more of their wages home than they would without public assistance.

It is also possible that jobless aliens drawing cash benefits, such as unemployment insurance and Aid to Families with Dependent Children, are sending a portion of those benefits out of the country.

Although they are unable to provide confirming data, officials in the INS Western Region believe that many public assistance dollars are flowing from the United States. They pointed out that illegal aliens can live very cheaply, leaving funds available to send home.

But no available evidence indicates that these things are happening to any significant extent. First, as was discussed earlier (see app. II), various surveys suggested that, generally, a low percentage of illegal aliens receive public assistance while employed. Second, of the 78 illegal aliens in our survey group who had experienced at least 4 consecutive weeks of unemployment in the United States, only 10 said they had received public assistance while unemployed. Only 5 said they had sent money home while unemployed. Amounts sent were very small and some were from nonwelfare resources.

It appears that

- The amount of public assistance money that may be leaving the country is relatively small in comparison with the amount of money sent out from wages.
- The amount of money being sent from wages earned is probably not greatly influenced by the availability of public assistance benefits.
- The balance of payments loss is partially offset-- though probably not significantly so--by money which illegal aliens bring in and receive from home. Our 120 respondents told us that during the 12 months before their apprehension, they had brought in and received about \$53,000. An undetermined portion of that, however, had been brought in or received by visa abusers while in a legal status.

PUBLIC ASSISTANCE AS AN INCENTIVE
TO ENTER AND STAY

Aliens enter the United States illegally or overstay their time for which they were legally admitted for various stated reasons--to get jobs, visit relatives, see the country, etc. To obtain public assistance was not one of the stated reasons. Clearly, the main one was to get a job.

The disparity between economic conditions and opportunities in their home countries and those in the United States is generally accepted as the underlying cause of the illegal alien problem. This disparity is especially visible in Mexico, the major source of illegals. An estimated 9 to 15 percent of Mexico's population is unemployed and an additional 30 to 40 percent underemployed. Minimum wage rates vary in different parts of the country from about \$6 a day to less than \$2 a day.

A jobless worker in Mexico receives little or no government assistance. In contrast, an American worker without a job may be eligible to receive benefits from several programs. Evidence shows that some illegal aliens are also drawing these benefits, some by merely applying, others by fraudulent means.

The following table compares the public assistance available to an unemployed Mexican worker and his family while living in Mexico with the assistance they potentially can obtain if they come to the United States illegally and the husband becomes unemployed. The assumed family consists of the worker, his wife, and two children. The family has no other income.

<u>Type of assistance</u>	<u>Benefits while unemployed in Mexico</u>	<u>Potential benefits while unemployed in the United States</u>
AFDC or equivalent	None available	\$48 to \$442 a month (amount varying among States) if father lives apart from family to meet "absent parent" requirement (note a)
Food stamps or equivalent	None available	\$170 a month (note a)
Medical assistance	Very minimal	Medicaid: extensive care (note a) Non-Medicaid: emergency care, including child delivery
Unemployment insurance	None available	\$48 a week for 26 weeks to \$75 a week for 28 weeks (amount varying among States) (note b)
Public education	Grades 1 through 9	Grades 1 through 12 (note c)
Public housing	None available	\$52 to \$76 a month subsidy

a/An illegal alien is not eligible. He may be able to obtain benefits fraudulently through the use of illicit documents or through agency error.

b/Benefits can be drawn only after worker has established a work history. Benefits shown assume that this illegal alien worked for 1 year at \$5,000 a year, then lost his job.

c/Some States or localities may require evidence of citizenship or immigrant status.

From the above table, it would seem reasonable to assume that Mexican workers are drawn to the United States by the hope that if they are unable to find jobs or become unemployed they can fall back on public assistance.

Little available evidence exists, however, to support such an assumption. Of 49 Mexican EWIs we questioned, only 2 said the above benefits had influenced their decision to come to or remain in the United States.

A total of 72 of our 120 respondents were EWIs from 14 countries. Three EWIs (4 percent of all EWIs) said that the availability of public schooling for their children had been an important factor in their decision to illegally enter the country. Most EWIs who were asked whether they had known of any of the programs while in their homelands said they had not. Eighty-six percent said they had come to the United States solely to get jobs. =

We asked all 120 of our respondents whether the availability of public assistance programs had provided an incentive to remain in this country illegally. Fourteen (11.6 percent) indicated that 1 or more benefits had helped influence them to stay. Again, public schooling led all the programs in influence, with 6 (5 percent) citing it as an important factor.

While our survey responses, admittedly limited, suggest that assistance programs are relatively unimportant in aliens' decisions to enter the United States illegally and remain here, some evidence runs contrary to this, at least with regard to one category of illegals-- parents drawing AFDC. Although only 1 alien said he had been influenced to come to the United States illegally by the hope of obtaining AFDC benefits, we must also consider Los Angeles County's 8,500 U.S. citizen children of illegal alien parents receiving AFDC payments (see p. 13). It is possible that the availability of such assistance was a factor in the parents' decisions to enter or stay in the United States. We talked with a California Department of Health official who believes that the availability of free medical services in California is an incentive for aliens to enter this country. She said she had heard of cases in which pregnant women waited until they were in labor and then crossed the Mexican border into the United States with the intent to bear children who, as U.S. citizens, would be entitled to AFDC.

None of the studies we reviewed suggested that tax-supported programs provided significant incentives for aliens to enter the United States illegally or disincentives to return to their home countries.

FUTURE PROSPECTS

Some conception of the future impact of undocumented aliens on tax-supported programs can be gained in a look at current trends. However, recent developments, such as legislative proposals and State and local pressures for Federal assistance, carry a potential for altering those trends.

CURRENT TRENDS

Indications are that the illegal alien population is growing rapidly. Immigration and Naturalization Service figures show that during the 10-year period 1966-1975, the number of illegal aliens apprehended increased by 453 percent. INS estimates that, each year, as many as 500,000 enter undetected through U.S. ports of entry using illicit documents. In fiscal year 1976, INS apprehended throughout the United States almost 800,000 persons who had crossed the Mexican and Canadian borders between ports of entry. An unknown number escaped apprehension. In addition, an unknown number of aliens who had entered the United States legally became visa abusers.

Researchers contend that this trend will not only continue, but will worsen. Using Mexico as an example, they cite its high unemployment and birth rates. They point out that roughly 46 percent of Mexico's populace is under 15 years of age (compared with 24 percent in the United States) and during the next few years will be entering the job market. According to one organization which has studied the problem, "these same type figures could be repeated throughout Latin America and the Caribbean."

With this prediction that the rate of influx of illegal aliens will increase, it seems logical to expect that--under existing laws, regulations, policies, and procedures governing immigration and public assistance--the number of illegal aliens obtaining public assistance will increase. Further, whatever indirect impact they have on the public assistance system, as we discussed earlier (see pp. 12 to 15) will also increase.

POTENTIAL IMPACT OF THE ADMINISTRATION'S PROPOSED ILLEGAL ALIEN LEGISLATION

In October 1977, the President submitted legislative proposals to the Congress in a draft bill entitled "Alien Adjustment and Employment Act of 1977." The President's earlier message to the Congress outlining his proposals contained a series of actions "to help markedly reduce the increasing flow of undocumented aliens in this country and to regulate the presence of millions of undocumented aliens already here." Elements

of the proposals which may affect the impact of illegal aliens on public assistance programs are:

1. Increased border enforcement: Additional resources, including probably 2,000 additional border patrolmen at the Southern border, would be made available to prevent illegal entry.
2. Employer sanctions: Hiring of undocumented aliens would be unlawful.
3. Adjustment of status: The bill proposes to
 - grant, upon application, permanent resident alien status to illegal aliens who have resided continuously in the United States from before January 1, 1970. (Permanent resident aliens would be eligible for federally funded health and welfare benefits.)
 - grant temporary resident alien status for 5 years to illegal aliens who were residing in the United States on or before January 1, 1977. (Temporary resident aliens would not be eligible for federally funded health and welfare benefits.)
4. Cooperation with source countries: The President's proposal would promote cooperation with the governments which are major sources of illegal aliens, in an effort to improve their economies and their controls over alien smuggling rings.

The following discussion provides some insight into the potential impact of the proposal, if adopted, on the use of public assistance by illegal aliens. Comments are based on our own observations and the views of persons close to the illegal alien problem. Opinions of those who have studied the administration's proposals reflect a mixture of optimism, skepticism, and speculation.

Increased border enforcement

INS believes increasing the border patrols would materially reduce the influx of illegal aliens into the United States. If successful, the number of those obtaining public assistance would be reduced. Also, we would expect a reduction in public assistance which is possibly being provided to American workers displaced in their jobs by illegal aliens.

Not everyone believes that stepped-up border enforcement would deter illegal entry. One authority contends that it is more likely to "increase the profits of commercial smugglers who assist undocumented aliens in crossing the border * * *." Further, some point out, it would not stop the flow of visa abusers, who enter legally and change to an illegal status later. One researcher estimates that visa abusers comprise 35 to 40 percent of the illegal alien population,

Employer sanctions

INS officials are optimistic that penalties against employers hiring illegal aliens would reduce the illegal alien population. To the extent that it did, we would foresee the same favorable effect on public assistance costs as in the case of successful border enforcement.

One view is that hiring of illegal aliens would continue--that employer sanctions "would simply drive the hiring underground." A researcher who holds this view also says that

"Small business would be little affected by the law, since the Administration proposes to concentrate its enforcement efforts on large enterprises with a 'pattern or practice' of hiring them. And businesses having 25 or fewer employees have more than half of the illegal immigrants from Mexico."

Some having reservations about the bill say that sanctions against employers of illegal aliens would be ineffective until a reliable means were provided them for verifying job applicants' legal status. According to a White House statement, Social Security cards, birth certificates, and immigration documents are examples of identification documents employers would be permitted to accept. Because of the ease with which such documents can be fraudulently obtained, some have suggested that a fraud-proof national identification card be devised. The administration did not include such a card in its proposed legislation, citing "the enormous financial and civil liberties costs of creating such a card."

Adjustment of status

If many illegal aliens (those in the United States since before January 1, 1970) qualified for permanent resident alien status, we could expect an increase in legally authorized, tax-supported assistance. One reason is that many illegal aliens now receiving assistance would probably continue to receive it after crossing over to legal status. Another is that some newly legalized permanent resident aliens who had not applied for assistance while in an illegal status could be expected to apply for it legally. We base this opinion on the observations that many illegal aliens--even those with very low-paying jobs--do not apply

for benefits because of their fear of being discovered and returned to their home countries. But once they could apply legally and without fear, they probably would do so.

Conversely, expenditures for public assistance to illegal aliens should be reduced, simply because the illegal alien population would be smaller. INS has estimated that 765,000 illegal aliens would be eligible to apply for permanent residency status.

We would expect the net impact on Federal costs of public assistance to all aliens--without regard to whether the recipients were in legal or illegal status--to be an increase, at least in the short run. In the long run, as the new legal aliens became established in communities and their economic situations improved, we would anticipate a lessening of their reliance on public assistance.

A New York City official acknowledged the likelihood of an overall increase in public assistance recipients, but believed the increase in New York City would be minimal since most illegal aliens who had been in the United States since before January 1, 1970, had already bettered their economic situations to the point where they no longer needed public assistance. No factual data exist to support an estimate of the increase that might occur.

Illegal aliens allowed to become permanent or temporary resident aliens would gain the protection of wage and hour regulations. If their numbers were large in any area, the resulting higher wage levels could attract voluntarily unemployed U.S. citizens from welfare back to jobs. However, with more workers--U.S. citizens, permanent resident aliens, and temporary resident aliens--legally competing for jobs, the likelihood of some of them remaining jobless and on welfare is increased. Some studies have advanced the theory that in some areas a rise in wage levels would be counterproductive for the worker. They suggest that some employers would be forced to mechanize or even to go out of business. In either case, the result would be a swelling of welfare rolls by U.S. workers, permanent resident aliens, and possibly illegal aliens as well.

Illegal aliens granted the new status of temporary resident aliens (those who were living in the United States before January 1, 1977, but after January 1, 1970) would not be entitled to bring members of their families into the country. INS and New York City officials we talked with, however, speculated that temporary resident aliens, as one official said, "will most assuredly bring their families over in violation of the law." Such families would be illegal aliens, but their arrival would probably result in some seeking public assistance.

A New York City official also believed that the adjustment-of-status provisions of the legislation would encourage aliens to enter the United States illegally, but for another reason. She said,

"It will anger those who have for years been patiently attempting to gain entry to the United States through proper legal channels. They might then decide to take the illegal route."

One authority on illegal aliens believes that because of the uncertainty as to what would happen to the temporary resident aliens after their 5-year work permit expired, few of them would "come out of hiding and register with the INS * * *." "Why should they opt to increase their future risk of deportation," he asks, "when deportation five years from now might mean a permanent, one-way trip back to Mexico * * *?" Since temporary resident aliens would not be entitled to such Federal social services as Medicaid, food stamps, AFDC, and SSI, illegal aliens who are receiving them might decline to register for temporary resident alien status simply because to do so would mean losing their benefits.

Cooperation with source countries

The President's message to the Congress did not spell out in any detail the means by which he proposed to assist source countries in developing their economies, and he referred to this as a longer term objective, "difficult to achieve within the near future."

Generally, studies would agree with the INS Commissioner's statement that "employer sanctions and more border guards are not the ultimate answer. The answer lies in an improved balance between the economies of nations." One major study group dealing with the problem of Mexican illegal aliens concluded that "the underlying causes of illegal immigration from Mexico are longstanding economic problems, * * *."

By inference, then, of all the provisions of the administration's plan, economic cooperation with source countries would appear to offer the greatest potential for reducing the use of public assistance by illegal aliens. It also appears the least likely to succeed, however, given the magnitude of the economic problems of these countries and the amount of assistance that would be needed to correct these problems.

Effect on balance of payments

Since it is probable that the illegal alien population would be smaller--many of the former illegal aliens having gained legal status as permanent or temporary resident aliens--we could expect a reduction in the flow of illegal aliens' public assistance money out of the country.

Total outflow of dollars earned as wages by legal aliens might increase, however, because (1) the legal alien population would be larger and (2) the economic situation of former illegal aliens--now legally recognized--would probably improve because of minimum wage requirements.

The amount of money sent out of the country from wages earned by legal aliens would be determined in large measure by whether the aliens' families remained in their homelands or joined them in the United States.

POTENTIAL IMPACT OF THE ADMINISTRATION'S PROPOSED WELFARE REFORM LEGISLATION

In September 1977, the President submitted to the Congress as proposed legislation the Better Jobs and Income Act. The act was to abolish the existing welfare system and replace it with one that would provide (1) job opportunities for those who need work, (2) a work benefit for those who work but whose incomes are inadequate to support their families, and (3) income support for those able to work part time or who are unable to work due to age, physical disability, or the need to care for children 6 years of age or younger.

Among the major features of the proposed welfare reform program are

- the replacement of the AFDC, SSI, and Food Stamp programs by a single cash assistance program, and
- the creation of up to 1.4 million subsidized public service jobs and assistance in obtaining private sector jobs.

HEW and Department of Labor officials were unable to comment on the potential impact of the proposal on Federal expenditures for public assistance to illegal aliens.

Because of time and staffing constraints, we did not analyze this complex program in depth. We did, however, identify certain aspects of the program which might affect the extent of use of public assistance by illegals:

- Medicaid, public housing, and Federal aid to education programs would not be affected. Therefore, illegal aliens who may currently be benefiting from these programs would, presumably, continue to do so.
- Illegal aliens would be ineligible to participate in the new program. However, no way exists to predict the screening procedures' effectiveness.

--One purpose of consolidating AFDC, SSI, and Food Stamps is to "discourage fraud and abuse by making possible a computer and information network that will provide rapid verification of duplicate applications and social security numbers." The proposal's language contains nothing more specific about measures for preventing fraud. Unless administering agencies instituted procedures to combat the illicit document problem, we could expect illegal aliens to fraudulently obtain benefits under the proposed welfare system as they have done under the current system.

--The administration's proposal involves a net annual increase of \$2.8 billion in Federal welfare expenditures. If we assume that some illegal aliens are now receiving public assistance illegally and would continue to do so under the reform proposal, we must conclude that one effect of the legislation, if enacted, would be an undetermined increase in Federal expenditures for aid to illegal aliens.

EFFORTS TO OBTAIN FEDERAL REIMBURSEMENT FOR AID TO ILLEGAL ALIENS

State and local governments have taken action to obtain fiscal relief from the Federal Government for the costs of public assistance for illegal aliens. The Domestic Council Committee on Illegal Aliens stated in a recent comprehensive report that:

"Some states have requested reimbursement for expenditures in providing [medical] services to illegal aliens arguing that:

- "1. To deny emergency room treatment to anyone is unconscionable.
- "2. The denial of services to illegal aliens creates a potential health hazard for the entire population.
- "3. Immigration law and consequently illegal aliens are a federal responsibility."

Los Angeles County officials had, in the past, unsuccessfully sought reimbursement from the Federal Government for the costs of providing medical care to illegal aliens and, based on a recent study of such costs, a lawsuit was being prepared to recover the costs.

Some Federal lawmakers have sided with local governments on this issue and have introduced legislation which would authorize the Federal Government to reimburse medical facilities and local governments for emergency medical treatment for illegal aliens. Their rationale is the same as that of local governments--that controlling the flow of illegal aliens into the country is a Federal responsibility; therefore, the costs of supporting them should be a Federal responsibility.

A Los Angeles County education official said that local governments believe illegal aliens are a Federal problem and that they have repeatedly sought Federal assistance for the increased education costs resulting from illegal aliens.

New York City officials have asked the Federal Government to include the city's estimated 750,000 illegal aliens in the population base for revenue sharing purposes. Including them would add \$20 million annually to the city's revenue.

If these efforts are successful, and other localities press similar cases for fiscal relief, the impact on the Federal budget could be dramatic.

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