



# Influential Issues

## Immigration

TEXAS PUBLIC POLICY FOUNDATION

By Bill Peacock & Andrew Liu

### Talking Points

#### Why Do People Immigrate?

- ★ People immigrate to improve their lot in life.
- ★ Texans must remember that the flow of immigration will remain strong as long as 1) a far better quality of life can be achieved in the United States than in Mexico and other neighboring countries, and 2) our welfare programs are not reformed.
- ★ Economic and political reform in Mexico and the U.S. is a must if we are ever to regain control of our borders and reestablish the rule of law when it comes to immigration.

#### Immigration, Citizenship, and Document Fraud

- ★ Every year an estimated 360,000 babies are born in the United States to illegal immigrants.<sup>1</sup>
- ★ The immigration and naturalization process relies heavily on state documents.
- ★ Texas should address the poor document security in Texas, particularly of birth and marriage certificates, which allows opportunities for document fraud.

#### Immigration and Welfare

- ★ The per capita household income of immigrant-head households in Texas is \$11,777, compared to native household income of \$25,511.<sup>2</sup>
- ★ In Texas, 39.2 percent of legal immigrant-head households use a major welfare program, compared to 21.1 percent of native-head households.<sup>3</sup>

- ★ If Texans worked at reducing the size of their welfare programs, they could save a lot more money than what undocumented immigrants are costing the state today.

#### Immigration and the Economy

- ★ The Comptroller's Office estimated that undocumented immigrants cost the state \$2.596 billion annually for government functions, and bring the state \$1.581 billion in revenue through avenues such as sales and property taxes.
- ★ In 2005, the absence of the 1.4 million undocumented immigrants in Texas would have reduced gross state product by \$17.7 billion.<sup>4</sup>
- ★ The overall burden of government expenditures is a greater problem for the U.S. economy and taxpayers than are immigrants; reigning in overall government spending would be a good way to begin addressing both issues.

#### Immigration and Border Security

- ★ With a recent US terror report identifying terrorist ties in Latin America, there is more reason than ever to ensure a secure border.
- ★ In 2005, almost 1.2 million illegal immigrants were apprehended trying to cross the US-Mexico border.<sup>5</sup>
- ★ Texas efforts to police its border can have a significant impact on border security, reducing crime and capturing human traffickers and drug smugglers in border regions.

## Why Do People Immigrate?

**The answer is simple:  
to improve their lot in life.**

Economics is based on the fundamental principle that people always act in their own self-interest.

Immigration is a prime example of the pursuit of self-interest. Most immigrants from all over the world come to the United States to seek better jobs and living conditions for themselves and their families. Others come for better health care, or better education for their children, and some are refugees escaping war or persecution.

Immigrants are not alone in their efforts to improve their lives; native Americans also seek their own self-interest. That is why immigration has played such an important role in this country. Historically, immigration has benefited the United States, both economically and culturally. Nowadays, while it has always been something of a contentious issue, with the marked increase in illegal immigration through the southern border, and national security concerns ignited by 9/11, the issue has taken a bigger place in the public dialogue.

## Immigration, Citizenship, and Document Fraud

The statistics on infants born to illegal immigrants in the U.S. help us to understand some of the challenges that must be dealt with. James Pinkerton of the *Houston Chronicle* reports that an “estimated 70 percent to 80 percent of the 10,587 births at Ben Taub General Hospital and Lyndon B. Johnson General Hospital [in 2005] were to undocumented immigrants.”<sup>6</sup> The 14<sup>th</sup> Amendment says that a citizen is one that is born in the United States or naturalized, as well as being subject to the jurisdiction of the United States. While there is some debate about what this actually means, courts today interpret it so that a person born in the United States is automatically a U.S. citizen, including children born to illegal immigrants in the U.S.

Historically, immigration has benefited the United States, both economically and culturally.

When the American children of illegal immigrants reach 21 years of age, they are able to help their parents apply for citizenship, and because of the familial connection their parents are often successful. Before the child reaches that age, officials are hesitant to deport the parents if apprehended because of the child’s citizenship status. The current situation creates a strong incentive to illegally immigrate to our country so that one’s child can be born here or to commit document fraud so that the child may obtain U.S. citizenship illegally.

### Birth Certificates

In its report on birth certificate fraud, the U.S. Dept. of Health and Human Services found that “[s]tate and local vital records staff say birth certificates issued based on delayed and amended birth registrations are more likely to be fraudulent. They also say they consider births registered by midwives, and other home births, to have a high potential for fraud.”<sup>7</sup>

In Texas, perhaps the most problematic of these is births registered by midwives. The report describes the problems:

Sixteen State registrars indicate they have encountered problems specifically linked to midwife birth registration. Our discussions with Federal, State, and local staff during our onsite visits indicate that problems associated with midwife registrations are concentrated along the United States-Mexico border. In fact, midwife registration has become such a problem in one border city we visited that they now require a

police officer to be called to the scene shortly after any midwife delivery to verify that the birth actually occurred in the United States. All 41 States that allow midwives to register births have procedures and guidelines in place for such registration, but only 17 of those States require information in addition to or different from that required for hospital births.<sup>8</sup>

Obviously, a birth certificate is a key document for proving citizenship. For a false birth certificate obtained through this method, it is extremely difficult for the federal government to prove that the child was not born in the U.S. Officials have to prove that the child was born elsewhere. Because of this, these cases are hardly ever investigated. Since the state regulates birth certificates, it can play an important role by providing greater assurance that these birth certificates are being legitimately issued.

### **Marriage Certificates**

Also relevant to a discussion of document fraud are marriage certificates, since marriage to a U.S. citizen allows that person to obtain permanent residency. Under the current system, there is no requirement that Texas counties check to see if they have previously issued a marriage license to an applicant, or if an applicant has already been issued a marriage license from another country. This leads to individuals marrying dozens of people and collecting a hefty fee, and in return those

people have a much better chance at permanent residence or citizenship. For example, a North Texas family was recently indicted for running a fraudulent marriage ring. One defendant, “married” 24 times, received up to \$12,000 for each immigrant.<sup>9</sup>

One reason for the popularity of this fraud is the sometime lax standards of proof required in applying for legal residency. The *Fort Worth Star-Telegram* noted that “under U.S. law, citizens petitioning for legal residency for their wife or husband must show proof that the marriage is real, such as documentation of joint bank accounts or jointly owned property. Sometimes even photographs of the couple at the wedding are accepted as proof. . . .”

Texas cannot change immigration procedures, but legislation (HB 1120) to address the document fraud associated with marriage licenses was filed in 2005. It would have made it illegal to falsely represent one’s self or intentions when applying for a marriage license, required that a marriage applicant indicate whether or not he or she has been previously married, and provided “for the maintenance of an up-to-date, accurate, and easily accessible statewide index with information pertaining to marriages, divorces, and annulments of marriage.”<sup>10</sup> However, the legislation did not pass.

### **Immigration and Welfare**

Much of the debate on welfare focuses on the amount of welfare services that immigrants are using. In examining this issue, it is important to understand that Congress began curbing access to welfare programs for immigrants back with welfare reform. In some cases—such as for Medicaid, food stamps, and TANF, a person cannot get welfare benefits unless he is a permanent legal resident of at least five years. So the law already prohibits a person who is here illegally from receiving these benefits. If they do receive benefits in this case, it is a matter of fraud and should be dealt with through improved document security and the courts.

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That being said, it is clear that immigrants constitute a disproportionate amount of welfare recipients, thus placing a burden on taxpayers. However, considering that immigrants make up only 13.9 percent of the Texas population,<sup>11</sup> they are only 29.7 percent of all welfare recipients. This is certainly still a high percentage, but it also reveals that the immigrant population as a whole receives much less welfare than the native population as a whole. So the main challenge facing Texas taxpayers is not that immigrants use welfare, it is the burden placed on them by the welfare programs themselves.

The Texas Public Policy Foundation argues that “heavy government subsidies on the production side,” as well as the “creation and expansion of government programs providing generous benefits” has led to increased reliance on government.<sup>12</sup> This reliance is not limited to immigrants. Mary Katherine Stout notes that metropolitan areas with “free” medical care draw patients from relatively wealthy suburbs, indicating that it is perhaps too easy to access taxpayer sponsored health care. Given this, it is not difficult to imagine why Medicaid and CHIP (Children’s Health Insurance Program) expenditures account for about a quarter of the total state budget and receive a fifth of the state’s revenue.<sup>13</sup> While

immigrant welfare spending is significant, it is just the tip of the iceberg.

Additionally, welfare facilitates market distortions that are often indirect and less noticed, but important nevertheless. One basic form of this is a disincentive to work, since if the government is providing welfare, then individuals are under less pressure to seek a job. Furthermore, subsidies for food stamps and Medicaid—along with all medical care—encourage people to consume an inefficient amount of food and health care. Consequently, there is an inefficient allocation of doctors that drives up medical costs. This last point is especially significant because it explains one of the key reasons why health care costs are so high. By artificially inflating demand, programs like Medicare drive up health care costs for everyone, as well as increasing their tax bills.

**Table 1** shows that Texas health care costs associated with undocumented immigrants was \$57.9 million in 2005. A lot of money to be sure. But it is only 10 percent of the total \$549 million cost of the programs. If Texans worked at reducing the size of their welfare programs in general, they could save a lot more money than what undocumented immigrants are costing the state today.

**Table 1:** State Health Care Costs Associated with Undocumented Immigrants Fiscal 2005

Service Area	State Expenditures	Undocumented Immigrant Costs	Percent of Expenditures on Undocumented Immigrants
Emergency Medicaid	\$129,153,257	\$38,745,977	30.0%
CSHCN	\$9,111,352	\$7,189,280	78.9%
Substance Abuse	\$17,305,929	\$287,651	1.7%
Mental Health	\$225,650,365	\$3,750,650	1.7%
Immunizations	\$26,906,780	\$33,143	0.1%
Women/School	\$21,901,933	\$674,463	3.1%
Public Health	\$64,300,000	\$3,937,888	6.1%
EMS	\$55,156,810	\$3,377,937	6.1%
<b>TOTAL</b>	<b>\$549,486,426</b>	<b>\$57,996,990</b>	<b>10.6%</b>

Source: Texas Comptroller’s Office, *Undocumented Immigrants in Texas: A Financial Analysis of the Impact to the State Budget and Economy*, December 2006.

## Immigration and the Economy

A big reason that immigrants come to the U.S. is for improved economic opportunity. In the view of some, however, one man's economic opportunity is another man's economic loss. As U.S. Senator Byron L. Dorgan (D-ND) put it, "I don't think you need a professor to understand that when you import substantial cheap labor, it displaces American workers."<sup>14</sup>

The full impact of immigrants on the economy is quite complex and not fully understood, but there are some basic issues to grapple with.

### Filling the Job Gap

Most would agree that a sizable percentage of immigrants fill gaps in jobs left by native workers.

A 1998 article categorized the jobs immigrants tend to fill as follows:

- Immigrant men tend to take jobs as tailors, waiters and assistants, private household and restaurant cooks, dressmakers, housekeepers, and agricultural graders and sorters.
- Foreign-born women gravitate to such tasks as production samplers and weighers, housekeepers, tailors, apparel and fabric workers, foreign-language teachers, cleaners and servants, and even political science teachers.

Lazear notes that 40 percent of Ph.D. scientists in the United States are foreign born. Additionally, immigrants make up a large proportion of unskilled jobs in some industries, such as construction and food services.

To the extent that immigrants take jobs that would be left unfilled, there is no doubt that this has a positive impact on the economy. As foreign-born workers complement U.S. workers, the result is increased productivity and output, and lower prices. For example, an increase in the

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number of workers in manual labor occupations, such as construction or factory work, would drive up demand for higher-skilled managers, positions that native workers are more qualified for. This would allow the economy to produce more goods at lower prices, raising native productivity and income.

Guest worker programs are one way that employers can fill jobs that native workers do not fill. There are three main programs: H-2A for agricultural occupations, H-2B for low-skilled non-agricultural occupations, and H-1B for high-skilled occupations. Although the criticisms of these programs vary, the two primary arguments against guest worker programs are that guest workers are mistreated, and that they depress wages of American workers.

Proponents argue that guest worker programs are just a reasonable reaction to reality. For example, illegal immigrants make up anywhere from 50 to 70 percent of our agricultural workforce. In the absence of guest worker programs, immigrants will simply come to the United States and work illegally. And illegal workers would accept even lower wages due to their undocumented status, and are more liable to abuse and mistreatment as well. On the other hand, if border security is stepped up and it becomes too difficult to cross into the United States, then companies will simply outsource these jobs overseas if a legal alternative is not available.

## Impact on Wages

How immigration affects the wages of native workers, however, is widely debated. *The Washington Post* summed up the debate:

“Immigration provides overall economic gains to a country,” wrote economist Albert Saiz, summarizing the literature in a 2003 article for the Federal Reserve Bank of Philadelphia. “Indeed, the U.S. experience as an immigrants’ country is one of phenomenal economic growth. However, there are winners and losers in the short run.”

The primary losers in this country are workers who do not have high school diplomas, particularly blacks and native-born Hispanics, according to George J. Borjas, a Harvard University economist who has studied immigration for years.

From 1980 through 2000, immigration reduced average wages for the nation’s 10 million native-born men without high school educations by 7.4 percent, Borjas wrote in 2004. They earned an average of \$25,000 a year in 2000.

Other economists contend that the effect is much smaller—a wage reduction of close to 1 percent—and has dissipated as Americans have become better educated. The proportion of the adult labor force, including immigrants, without high school diplomas has dropped to just 10 percent.

## The Cost to Government

Using 2005 data, the Texas Comptroller’s Office estimated that undocumented immigrants cost the state \$1.156 billion annually for their education, healthcare, and incarceration, but bring the state \$1.581 billion in revenue through avenues such as sales and property taxes.<sup>20</sup> However, the report does acknowledge that the state does not fully reimburse local governments for healthcare and law enforcement expenditures on undocumented immigrants, so that local governments suffer a loss of \$1.44 billion.<sup>21</sup> Similarly to the earlier discussion on welfare, it is important to note that the overall burden of

**Table 2:** State Costs and Revenues of Undocumented Immigrants to Texas, Fiscal Year 2005 (in millions)

Costs	
Education	-\$967.8
Health Care	-\$58.0
Incarceration	-\$130.6
TOTAL	-\$1,156.4
Revenues	
State Revenue	\$999.0
School Property Tax	\$582.1
TOTAL	\$1,581.1
<b>Net Impact to State</b>	<b>\$424.7</b>

Source: Texas Comptroller’s Office, *Undocumented Immigrants*, December 2006.

government expenditures is a greater problem for the U.S. economy and taxpayers than are immigrants; reigning in overall government spending would be a good way to begin addressing both issues.

## Immigration and Border Security

### Terrorism

The threat of a terrorist operative sneaking across our borders, whether from the Middle East or Latin America, is scary indeed. Texas plays a significant role when it comes to border security because its border region comprises around two-thirds of the total U.S.-Mexico border.<sup>22</sup> While the vast majority of illegal immigrants apprehended crossing the border were Mexicans, 13 percent were of other Latin American nationalities, indicating that it is possible to reach the U.S.-Mexico border from virtually any Central American country.<sup>23</sup> Cynthia Gorney of *National Geographic* states that “every year, hundreds of thousands of Central Americans cross illegally into Mexico.”<sup>24</sup> With a recent U.S. terror report identifying Venezuela as having improved relationships with Iran and Cuba, and supporting Colombian terrorist organizations, there is more reason than ever to ensure a secure border.<sup>25</sup>

With millions of immigrants traversing the border, it would be easy for a terrorist to become lost in the crowd.

Already, the border patrol is doing an admirable job, but tens of thousands still make it past their watchful eyes.

### **Crime and Drugs**

Crime and drug trafficking also impinge on the safety of citizens, and far more regularly. Over three months in 2006, federal agents seized over 28,000 pounds of marijuana and over 1,400 pounds of cocaine.<sup>27</sup>

Additionally, border towns are plagued by violent crime and kidnapping.

### **Securing Our Borders**

Finally, secure borders are a prerequisite to meaningful immigration reform. After all, there is no weight to the threat of deportation if the immigrant can easily return across the border. Additionally, guest worker programs might reduce illegal immigration, but would not completely stem it, since those who do not obtain a pass would still be able to cross the border.

With the resources and expertise available in Texas, there is no need for us to be wholly dependent on the federal government. In fact, efforts in Texas by Governor Rick Perry and others have made progress, reducing crime and capturing human traffickers and drug smugglers in border regions. Local border sheriffs play a vital role in

supplementing U.S. Customs and Border Protection, and cooperation among the federal, state, and local level has been key in improving border security.

Increased manpower has been empirically proven to work.<sup>26</sup> This success brings to the forefront the debate over building walls or fences along the U.S.-Mexico border versus increasing the number of patrols and equipping them with new technologies to aid them in their task.

## **Conclusion**

Immigration is an issue as complex as it is contentious. In this paper, we recognize the efficacy of free markets in promoting economic growth, but also acknowledge the necessity of policy interventions to protect the rule of law and the security of the nation. While legal immigration provides a net economic benefit to Texas, it is clear that illegal immigration should be stemmed for the sake of national security, and fraud to gain an unfair advantage in the naturalization process should be stopped.

Texans must also be reminded that the flow of immigration will remain strong as long as 1) a far better quality of life can be achieved in the United States than in countries such as Mexico, and 2) our welfare programs are not reformed. Economic and political reform in Mexico and the U.S. is a must if we are ever to regain control over our borders and reestablish the rule of law when it comes to immigration. ★

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