



Pete to immigrants: “Don’t huddle here.”

GOVERNOR SAYS BREATHING
HERE AIN'T FREE

By Danielle Starkey

Late last year, when Governor Pete Wilson blamed a significant share of the state’s budget woes on “shifting demographics,” he focused the state’s attention on two groups — immigrants and the poor — which have often been blamed during times of economic ill.

Apparently counting on voters’ hostility — or at least indifference — to these groups, Wilson said that immigrants and welfare mothers are multiplying more rapidly than taxpayers, a trend that would contribute to a state budget shortfall that might reach \$20 billion by the year 2000 if the situation is not corrected. The message was clear: If the costs of tending to the poor and the newly-arrived aren’t brought down, the rest of us are going to suffer.

Using the tough language of an election-year reformer, the governor said he would remove some of the incentive for newcomers to migrate by proposing a constitutional amendment that would reduce California’s attraction as a “welfare magnet,” as well as wean welfare recipients from their welfare dependency. Among his proposals were to cut welfare benefits, now \$663 for a family of three (fourth highest in the nation, and \$86 per month more than what New York pays) by up to 25 percent and to impose a “pay freeze” on newcomers so that for one year, their welfare payments could not exceed the amount they would have received had they not moved to California.

Wilson maintains that the financial consequences of the population changes are real, and that we should not shy away from dealing with them even though it may mean hardship for some of the most defenseless in our society. The welfare of the hard-working middle class is also at stake.

In his state-of-the-state address, Wilson asserted that “spending reform and welfare reform are one and the same.”

“Runaway spending is unfair to California taxpayers. And it’s not fair to job-seekers, or to the working men and women of California — the breadwinners,” Wilson said.

That it also happens to make good election-year politics for a governor frantically trying to backfill a budget deficit that might exceed \$5 billion this year even after raising taxes some \$8 billion last year — well, that’s merely a nice coincidence.

“There are some real changes in the state’s demography, and there isn’t enough money

to be as generous as we have been in the past, specifically in our welfare payments,” insists Wilson Press Secretary Bill Livingstone.

Wilson’s critics roared their disapproval, accusing him of looking for scapegoats for California’s recession-mired economy. By raising a divisive and racially charged issue, they said, the governor was camouflaging his true aim of gaining greater budgetary powers for himself, since those measures are incongruously included in his welfare reform package that he is trying to qualify for the November ballot.

In any case, they said, it is not the immigrants nor the poor that are the enemy of a balanced budget but rather the policies of successive Republican administrations and initiative measures that have eroded the state’s tax sources.

There is substantial evidence for this. For all Wilson’s rhetoric, the Aid to Families with Dependent Children program (AFDC), the state’s basic welfare effort, is expected to cost the state’s general fund only \$2.8 billion this year — 6.4 percent of a \$43.7 billion budget. The rising costs of welfare are small compared to the rising costs of education, health care or operating the state’s prisons. Indeed, if Wilson wins passage of his welfare cuts, during the next fiscal year Californians will spend more on prisons than they do on welfare. Still, Wilson’s pitch has struck a resounding chord at a time when people are worried about getting their share of what is often perceived as a shrinking pie.

What are the economic impacts of having hundreds of thousands of immigrants move to California each year?

In a November report, “California’s Growing Taxpayer Squeeze,” the state Department of Finance pointed to recent census figures which project that California, with a population of 29.7 million, will become home to an additional 6.3 million in the next 10 years, 44 percent of them foreign immigrants. In addition, the report said, about 75 percent of California’s migrants in the 1980s were foreign born.

“For the vast majority of these new residents, English is a second language. Lack of English language skills places extra demands on the school systems and also limits employment opportunities for adult immigrants,” the report said.

The report also said that in 1980, there were 6.9 taxpayers for every welfare recipient, a number projected to drop to 2.94 taxpayers per welfare recipient by the year 2000.

Are the finance report and the governor’s gloomy forecasts about the burgeoning welfare caseload more than an election-year gimmick? Are recent foreign immigrants, who have been moving to California at a rate of about 285,000 per year, chomping their way through public-assistance programs? Or are immigrants an economic and cultural asset to California, that keeps U.S. businesses competitive and contribute more in taxes than they use in public services (like welfare) that they are too frightened, ignorant, unwilling or ineligible to use?

This cost-benefit computation is fraught with difficulties. For one thing, it depends foremost on a reasonably accurate count of immigrants, many of whom believe their lives depend on eluding notice. It also tosses into a heap a wildly diverse group, including refugees from Poland, Mexican agricultural workers intending to stay for one season and Korean professionals holding advanced degrees, and calculates how they will act as a group — such as whether they will sign up for welfare, if eligible. It also must figure in how much in taxes the immigrants as a group pay, including payroll, social security and sales taxes, then contrast that with the types and amount

of public services they use.

If immigrants keep prices down by accepting low-paying jobs, what effect does this have on the rest of the labor market? How much leverage do these low-paid workers give to U.S. companies to be competitive abroad, and to expand their domestic operations? How much foreign investment do immigrants attract, which in turn supports local business activities that translates into jobs?

Will California see the number of welfare cases jump in June of this year when immigrants recently legalized under the Immigration Reform and Control Act of 1986 (IRCA) are finally allowed to sign up for these programs without fear of being deported?

Beginning to sound like a daunting task? Some studies dispute the premise that immigrants are an economic burden; others say that it’s impossible to calculate. But what economists, sociologists and others looking at the issue are finding runs counter to some persistent myths:

- Although communities with a high concentration of immigrants pay a disproportionate share of costs to educate and provide medical care for them, immigrants’ overall tax payments — about two-thirds of which go to the federal government — far exceed the cost of what they use in public services.

- While not all foreign immigrants arrive in California without job skills, a significant portion take low-paying jobs that have helped keep U.S. businesses competitive; others have started their own businesses, some of which are successfully competing with international firms.

- Immigrants traditionally have not displaced domestic workers, and instead have competed for jobs with other, newer immigrants. But as the nation’s labor market shifts from a manufacturing base to high-technology and service industries, that situation could change.

“Contrary to conventional wisdom, immigrants don’t tend to be users of public services any more than the native population. In fact, immigrants tend to pay more in taxes than they use in social and public services,” said Stephen Moore, an economist at the Washington, D.C.-based CATO Institute, a Libertarian think tank.

But about 65 percent of that money goes to the federal government, which has not been returning it to states with large immigrant populations at the rate promised under the 1986 Immigration Reform and Control Act, Moore said. Consequently, state and local governments absorb more than their share of costs.

“One perfect example is education,” Moore said. “Immigrants, many of whom come here in their peak child-bearing years, put their children in the school system. Clearly, in many California towns, that gets to be very difficult.” (In the past decade, the number of California schoolchildren with limited English has more than doubled to 986,000, or one in every five children.)

On the other hand, Moore noted, most of the people who move here came to work, and when they work, the majority pay social security and unemployment insurance, for example, usually without getting the benefits of these when they retire or get laid off. In effect, they are subsidizing the country’s aging population, which is relying on a dwindling number of domestic workers to keep the social security system from going bankrupt.

“And the illegals, they’re a great windfall because they use

almost no public services," said Moore. "The last thing they want to do is go to the government and ask for services. They're too afraid of getting caught. They never collect a dime of social security, and you don't find too many collecting unemployment benefits, but those taxes are deducted from their paychecks." (By law, illegals are barred from receiving federal welfare, food stamps and unemployment.)

Before going further, it's important to note that "immigrants" generally are divided into four categories, and while all are eligible to receive emergency medical care and pregnancy services, not all can get financial assistance:

- Refugees. The majority of these are fleeing political persecution in their native country, and Congress and the president decide how many of them will be admitted to the United States each year. These individuals are eligible to receive all benefits.

- Legalized aliens. These are people who entered the United States illegally but have applied for temporary residence under the federal immigration-reform law. These individuals are prohibited from applying for financial assistance for five years. The penalty for doing so is deportation. However, if these legalized aliens have children while living in this country, their children are eligible for benefits. Approximately three million people applied for lawful resident status under IRCA, and about half of them have settled in California. Most are from Mexico (74.7 percent); followed by Central America (9.4 percent) and the Caribbean (4.1 percent).

- Undocumented aliens. These are people who are living here illegally. No one knows how many there are, but the state estimates that 100,000 illegal immigrants move to California each year.

- Documented aliens. These are people who are admitted to the country under existing immigration laws and includes mostly individuals who are joining family members who are already citizens, who have special desired job skills, or significant amounts of money to invest here.

Of the nine million or so people in all four categories who have immigrated to the United States in the 1980s, about 2.3 million of them settled in Los Angeles County. While undocumented aliens represent only a part of the immigrant population, they have been the subject of a great deal of study by L.A. county officials.

An April 1991 report to L.A. supervisors by chief administrative officer Richard Dixon said, "At the local level, the costs of services provided to undocumented aliens (and their citizen children) continue to escalate and are not fully offset by local revenues received from them." (Estimated revenues from undocumented aliens in 1990-91 to county coffers was \$137.6 million. At the same time, the county's estimated cost for that population was \$413.8 million, a shortfall of \$276.2 million.)

However, the report found, "Total revenues received by all levels of government from undocumented aliens greatly exceed their total cost to the county, but most revenues are received by the federal and state governments." (The county has estimated that 770,000 undocumented aliens were living in Los Angeles in 1990-91, and that they paid \$2.96 billion in revenues.)

The report said that the cost of providing welfare aid to citizen children and, eventually, their families, "could easily reach \$1 billion a year by the end of the decade, even if illegal immigration levels off... due to the high birth rate of the undocumented alien population who are disproportionately

of child-bearing age" and because residents legalized under IRCA will be eligible for aid beginning in May, and they may be waiting in the wings to apply for it.

Tom Lee, a supervisor with the state Department of Social Services, says that these assumptions are "unfair" to the newly legalized population. "We're talking about people who have been underground for many years, working, and not taking advantage of services," he said.

Indeed, studies show that most of the newly legalized are working. For example, a 1989 survey prepared for the state Health and Welfare Agency by the Comprehensive Adult Student Assessment System found that three-quarters of the legalized aliens interviewed had been working full-time in the month before the interview, and an additional 10 percent said they had been working part-time.

Nevertheless, says the Wilson administration, the 1990 census and "current demographic trends," point to a 141 percent increase in the number of welfare cases in the 1990s. "To the extent the state is required to fund entitlement programs like welfare, it will crowd out spending on education, public safety and preventive programs," said Livingstone.

Others say the recession is to blame for a jump in welfare cases, and once it eases, the number will drop down.

"What [the Wilson administration] seems to be saying is that the AFDC caseload would grow as much as 9 percent a year over the next 10 years, when in fact, before the recession hit, AFDC was growing at about 2 percent to 4 percent a year," said Edward Lazere, a research analyst at the Washington, D.C.-based Center on Budget and Policy Priorities. "The main gripe we have is their claim that the recession has no effect on the welfare caseload. That's completely counterintuitive."

In January, Russell Gould, secretary of the state Health and Welfare Agency, said that welfare advocates who "claim that the recession alone is to blame for the dramatic caseload increase in the past four years are not facing reality." As proof, he said, "From 1981-83, in the midst of a severe recession, the number of single-parent families on aid grew by only 2 percent. Conversely, the current trend of rapid increases in caseload began in 1988, and were well underway by 1989-90."

His analysis invites closer inspection.

Single-parent families are least likely to be affected by a recession because they probably weren't working in the first place because it's unlikely they could afford child care.

However, rises and falls in the AFDC "employed parent" category (two parents, both unemployed) would more likely reflect whether the recession has had an impact. And that is the category that grew faster than any other from 1989-90 to 1990-91, according to figures from Gould's own Department of Social Services.

In 1989-90 there were 75,579 cases in AFDC's two-parent category, a number that has been roughly constant (in the 70,000s) since 1983-84, at the tail end of the last recession, when the number was up to 83,055. In 1990-91 the AFDC category covering two-parent families jumped to 93,379, an increase of 24 percent, while the single-parent group went from 560,676 to 613,131, an increase of less than 10 percent.

To test the supposition that immigrants (through their U.S.-born children) are responsible for much of the upswing in welfare cases, it might be useful to compare the rate of increase of child-only cases (which includes, but is not limited to the children of immigrants) with adult cases. Here too, however, caseloads grew roughly at the same rate until last year, the first

year of the recession, when both shot up. For example, from 1986-89, the number of child-only cases actually dropped, from 92,170 to 89,367, while the number of adult-headed cases grew from 581,253 to 598,780. But both jumped when the recession began. The number of child-only cases went from 107,070 to 141,848 and adult cases went from 636,255 to 706,510.

Lee, with the state Department of Social Services, said it may be easier to evaluate potential costs of immigrants by looking at their use of health services, "because there's more of a life-or-death need for a doctor's treatment. "They would think, 'I can do with less food for a while, but if I don't get to a doctor, I might lose an arm or die.'"

In November, a state Department of Finance report did say that, "While immigrants and refugees accounted for only 1.3 percent of the Medi-Cal caseload in 1980, those groups accounted for over 4.5 percent of the program's beneficiaries in 1990."

When interviewed, however, the state demographer who helped prepare the report acknowledged that the percentage used in 1980 referred only to refugees, not to all immigrants. Adding other immigrants into the 1990 figure artificially inflates the rate of increase.

"Any medical care associated with that population would have been picked up by the county, at county hospitals," said Kathryn Perry, associate secretary for public affairs at the state Health and Welfare Agency. "County hospitals have always provided a safety net for the poor [and] there's not a word [in the law] that says you have to be a legal resident to get treatment."

Apart from the question of what immigrants take is the question of what they give back, culturally and economically.

"What we proudly call 'American' today is not the Puritan of the 18th Century," said Paula Fass, a history professor at UC Berkeley. "The need to confront heterogeneity on a daily basis is one of the glories of American culture."

That diversity is a plus in a world that's quickly heading toward global markets and global communities, she said.

And while the children of immigrants will be heavy users of education systems, they also should be considered an investment in the nation's future, said Paul Ong, a labor economist and UCLA professor in urban planning.

"This country has been having a hard time convincing our own students to go into very specialized fields, particularly fields that emphasize research. Clearly, to remain on the cutting edge of technology, we need people with those skills, and a good number of the people filling that demand are Asian immigrants," Ong said.

In addition, he said, Asian-owned businesses are the most dynamic sector of the state's economy. He said there was a 255 percent increase in the number of new Asian companies from 1977-87, compared with a 35 percent growth in firms for the state as a whole.

"These businesses create jobs," he said.

Do immigrants working for lower wages take jobs from natives? Not according to Robert Valdez, a UCLA professor of health policy and management and an analyst with the Rand Corporation who co-wrote in 1986 with Kevin McCarthy, "The Current and Future Effects of Mexican Immigration to California."

"Immigrants and the native-born population function in different labor markets," he said. "The groups most impacted

by immigrants are other immigrants who have been here for some time, who are in low-paying, low-mobility jobs."

The availability of a large pool of low-wage, Mexican-born workers statewide and especially in Los Angeles no doubt contributed to slower wage growth. But this has helped the state's manufacturing sector to maintain a better competitive position with foreign producers, according to Valdez.

According to his study, "For example, wages increased more slowly in Los Angeles (where the majority of immigrants are concentrated) than statewide, and the slower wage growth tends to be more pronounced in industries that rely heavily on Mexican workers (apparel and furniture) than in those that use Mexican workers sparingly (transportation and printing)."

But his study also found that, "Overall, wage levels of all workers (about 70 percent of whom are Anglos) and of black workers in California and Los Angeles are substantially higher than those of their counterparts nationwide.

"Thus, even if the presence of a large pool of Mexican workers has slowed wage increases, it has certainly not erased the earnings advantage enjoyed by California's Anglo and black workers. However, the picture among the state's Latino workers is more mixed. Although Latino workers in California and Los Angeles are at rough earnings parity with Latino workers nationwide, their wages have been growing more slowly (and) any displacement effects appear to be concentrated in the Latino population itself."

With so many studies either disproving the assertion that immigrants are a net drain on the state's economy, Democrats, welfare and immigrants rights' groups are focusing on Wilson's possible political objectives. Leo McElroy, a veteran, Sacramento-based manager of initiative campaigns, said the Republican governor's sagging popularity in an election year and before a possible 1996 run at the presidency is relevant.

"If you had a fan club meeting for the governor right now, I suspect you could hold it in a phone booth. To blunt this unpopularity, it looks to me as if he's selected a popular target for people's hostility," said McElroy.

"Immigrants are definably other than 'us,' they're people trying to join us and become us. But in an economy where it's perceived that there may not be enough of the pie to go around," immigrants can easily become the scapegoat, McElroy said.

And by calling the initiative "welfare reform" instead of "government reorganization," McElroy said Wilson is like "the magician who makes a dramatic gesture in the air with his left hand while slipping a rabbit into his hat with his right. "This could actually prove to be a mobilizing force for a lot of people who otherwise may not have voted, and who will be driven by anger at the governor to go to the polls. If he brings to the polls a lot of people injured by this who choose to fight it, he's not going to like the results."

One welfare-rights advocate already has proposed making voter registration a prerequisite to receiving welfare, McElroy added.

The Wilson administration has shrugged off their complaints and said hard times are forcing painful cuts everywhere, and that without welfare reform, budget reform is impossible.

"When people can't challenge the initiative on its merits, they begin name-calling," said Livingstone. "You must address the programs that are on auto-pilot spending that are causing the budget to be out of balance." 🏠

Has the Golden State lost its luster?

By James W. Sweeney



That may be more than rush-hour traffic jamming the freeways up and down California. People are heading for the border faster than ever before.

More people have moved out of Los Angeles County than moved in for each of the past five years. The people who moved out of Los Angeles in the last year alone outnumber the populations of 39 other California counties. Thousands more have packed up and left the high-cost housing and slow-paced traffic of the San Francisco Bay area.

And in those suburban communities that routinely become the landing place for many of the urban refugees, demographics experts say there is a new phenomenon: "The Mouse Race," a scaled-down version of the urban rat race that has long-time residents heading for even smaller towns and for other states.

"Their little piece of rural American has gotten overrun by automobile traffic, and they're moving someplace else," said Peter Morrisor, a demographer at the Rand Corporation.

James W. Sweeney is a reporter for the Santa Rosa Press-Democrat.

"The San Fernando Valley and Berkeley were suburbs 30 years ago," said Joel Kotkin of the Center for the Study of the New West. "You drove 10, 15 minutes past Berkeley. Now maybe the guy who owned a house in Pinole and always liked living on the fringe will move out to Stanislaus County."

And the guy who lived in Stanislaus County is more likely than ever to cash out and move to Nevada City or to Sparks, Nevada — or anywhere smaller.

Tim Weaver left Berkeley for the North Coast town of Occidental to escape the rat race more than a decade ago. It caught up, and he's getting ready to move his family to Arkansas.

"We can bail out of this place, get a better place in Arkansas and have a good amount of money in our pocket," Weaver said.

Other people are looking for ways to get into neighborhoods like his in rural California.

CeCe Kelly has lived in Santa Monica all her life. She and her family were robbed in their home on New Year's Day in 1990. They're tired of the pollution, won't drink the water and don't trust the schools. Her husband is selling his plumbing