

Testimony Before The National Commission On Fiscal Responsibility And Reform
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Chairmen Simpson and Bowles, Executive Director Reed and distinguished members of the Commission, I appreciate the opportunity to testify before you today regarding our nation's fiscal challenges and how to identify policies to achieve fiscal improvements and sustainability in the near and long-term.

I serve as the National Immigration Forum's Director of Policy and Legislative Affairs. The National Immigration Forum is a non-partisan organization that advocates for the value of immigrants and immigration in the national interest. I recommend to this Commission that if we are to balance the budget, decrease the deficit and meaningfully improve our nation's economic outlook we must reform our immigration laws to raise wages, increase consumption, create jobs, and generate additional tax revenue and we must engage in targeted, efficient and accountable spending of discretionary funds dedicated to immigration and border enforcement.

Overall federal government spending and appropriations in the last two decades on interior and border enforcement has been increasing at exorbitant rates. Although the uptick in spending began with legacy-INS, the most dramatic increases have come with the creation of the Department of Homeland Security. Existing immigration policies seem to ignore practical solutions while continuing enforcement-only spending without consideration of the long-term needs of our economy, the positive economic impact and stability that comprehensive immigration reform would achieve, and more precise and accountable enforcement spending could provide. We must deal with the economy we have, not the economy we wish we had. Like it or not, our economy includes approximately 11 million undocumented individuals, or about 5% of our workforce..

Numerous recent studies from both the right and the left of the political spectrum point to the economic benefits of requiring undocumented immigrants to register with the federal government,

learn English, pay taxes, and pass criminal background checks in order to remain in the U.S. and work toward citizenship. The Center for American Progress and the Immigration Policy Center released a report earlier this year estimating that comprehensive immigration reform would yield at least \$1.5 trillion in cumulative U.S. gross domestic product (GDP) over 10 years.ⁱ The CATO Institute found last year that “immigration reform would enhance the incentives for native-born Americans up and down the income ladder to acquire the education and skills they need to prosper in a dynamic economy.”ⁱⁱ Another CATO study found that “legalization of low-skilled immigrant workers would yield significant income gains for American workers and households...It would also allow immigrants to have higher productivity and create more openings for Americans in higher skilled occupations. The positive impact for U.S. households of legalization under an optimal visa tax would be 1.27 percent of GDP or \$180 billion.”ⁱⁱⁱ

Contrast this with the cost of mass deportation of undocumented immigrants or other enforcement-only proposals to the American taxpayer. A recent study showed that the total cost of mass deportation and continuing border interdiction and interior enforcement efforts would be \$285 billion (in 2008 dollars) over five years. That would mean new taxes of \$922 for every man, woman, or child in our country and \$5,100 fewer dollars for the education of every public and private school student from prekindergarten to the 12th grade.^{iv} A Congressional Budget Office analysis from 2007 estimated that mandating the E-verify program for every employer in the U.S. without legalizing the undocumented population would result in a loss of \$17.3 billion in federal revenue over 10 years due to workers being paid outside the tax system.^v

Both former and current U.S. Federal Reserve Chairmen have spoken about the negative economic effects of our current policies. Alan Greenspan testified before Congress last year, about the “positive way” immigrants affect the economy and the “very serious problem” mass deportation would cause our economy. Ben Bernanke has also spoken about the “brain drain” that occurs when foreign students who could contribute to our economy are forced to leave when their visas expire.

New York City Mayor Michael Bloomberg recently launched the Partnership for a New American Economy, a bipartisan coalition of U.S. mayors and business leaders making the economic case for immigration reform. The group includes Rupert Murdoch of News Corporation, and the CEOs of Disney, Hewlett-Packard and Boeing and the Mayors of San Antonio, Phoenix, Philadelphia and Los Angeles.

While immigration reform would be a net positive for our economy, there are also other ways in which improvements to our immigration policies could have positive economic effects. The Department of Homeland Security received just over \$42.6 billion in FY 2010 appropriations (not including FY10 supplemental appropriations or the President's economic stimulus package) with at least \$15.5 billion going towards immigration and border enforcement.vi DHS receives more discretionary funds than almost every other federal agency, even though Congressional hearings, the DHS Inspector General, and the Government Accountability Office have consistently found that DHS, across many agency components, lacks an ability to properly oversee its spending, to efficiently consolidate its financial, administrative and programmatic management systems, and has been plagued with poor acquisition practices and contract management. They've also found that it does not use appropriate risk assessment or performance metric practices, often fails to test or pilot programs before adopting them, has not conducted feasibility studies in some cases, and suffers from other failures in fiscal accountability, stewardship and evidence-based decision making.

We have more appropriations and resources being directed to interior and border enforcement than ever before and more on the way. In FY10 the Customs and Border Protection agency received more than \$10.1 billion in appropriations and ICE received over \$5.4 billion. The President's FY11 budget request for DHS is approximately \$1 billion more than his FY10 request. Although the administration appears to be attempting to chart a course towards more fiscal responsibility in spending, the rhetoric that surrounds immigration enforcement often trumps common sense.

Nowhere is this more evident than in spending for Southwest border enforcement and the immigration detention system.

There are more than 20,000 Border Patrol agents, several thousand more CBP officers, and thousands more ICE, FBI, DEA, ATF, and CIA agents and U.S. Marshals at the Southwest border. Border Patrol, responsible for patrolling areas between ports of entry, already employs approximately 8.8 agents per mile along the entire U.S.-Mexico border, and the rapid growth in personnel in recent years has outpaced the capacity for adequate training, supervision and oversight of new agents, resulting in weak accountability standards and practices. Border Patrol agents have killed two foreign nationals in the last month, and corruption concerns have risen as the Border Patrol ranks have swelled. Yet proposals for funding continue to focus on increased hiring of thousands more Border Patrol agents, as well as National Guard, despite demonstrated need for better training and oversight of Border Patrol. In fact, both violent and property crime have fallen in every border state over the last several years, and so-called “spillover” violence has simply not materialized. Border security funding however, continues to ignore CBP and the real need for more resources at ports of entry, which facilitate the cross-border flow of more than 300 million people per year and close to \$1 billion per day in commerce. According to various governmental and non-governmental reports, Border Patrol has achieved 75 percent or more of its performance targets for gaining effective control of the U.S. border between the ports of entry. However, the probability of illegal crossers or commercial contraband being apprehended at the ports of entry is less than 30 percent. Investment in deterrence has lacked balance; the money being directed to port infrastructure and technology, staffing, agricultural and other commercial inspection capabilities is laughable when compared to the money being devoted between ports of entry.

Another example where common-sense is trumped by rhetoric is our civil immigration detention system. Today, ICE detains more than 33,000 individuals a night that reflect very diverse populations, yet the agency continues to use a one-size-fits-all model of detention. Decisions to

detain are not informed by an assessment of individual circumstances; and detention often becomes mechanical and a wasteful use of government resources. There are fiscally responsible and reliable alternatives. ICE currently operates alternative-to-detention programs that rely on various forms of supervision through in-person check in, GPS, radio and telephonic monitoring. ATD programs per day cost only one tenth (10%) of the cost of detaining an individual. According to DHS, the average daily enrollment for one individual in an ATD program costs \$8.88. By contrast, the cost of detention for one individual averages nearly \$122 per day. ATD programs, if utilized effectively, would save DHS and taxpayers millions of dollars. Alternatives to detention can be improved and should be uniformly implemented. Congress has repeatedly ordered ICE to develop national alternatives to detention and recently appropriated over \$69 million to these programs, yet, the agency has made only incremental steps towards a national program. More robust alternative-to-detention programs will lead to more manageable detention levels and a better use of limited security resources.

“Immigration has helped make the U.S. economy, despite its recent difficulties, into the world’s strongest and most dynamic [economy]; maintaining that economic advantage is the foundation of America’s influence and power in the world. If the United States loses its economic edge, its power will diminish.”^{vii} More than ever, our economy depends on getting immigration policy right; we need bipartisan leadership and support for immigration reform and for fiscally-sound enforcement policies that that are smart, targeted and effective, which prioritize quality over quantity, and which respond to facts and not fictions. I thank you for the opportunity to speak today and look forward to recommendations from this Commission which reflects these economic solutions.

ⁱ *Raising the Floor for American Workers: The Economic Benefits of Comprehensive Immigration Reform* by Dr. Raúl Hinojosa-Ojeda, January 2010.

ⁱⁱ *As Immigrants Move In, Americans Move Up* by Daniel Griswold, director, Center for Trade Policy Studies, Cato Institute, Free Trade Bulletin No. 38 • July 21, 2009

ⁱⁱⁱ *Restriction or Legalization? Measuring the Economic Benefits of Immigration Reform* by Peter B. Dixon and Maureen T. Rimmer, August 13, 2009, CATO Immigration Briefing No. 40.

^{iv} *The Costs of Mass Deportation: Impractical, Expensive, and Ineffective* by Marshall Fitz and Gebe Martinez, Center for American Progress, and Madura Wijewardena, Rob Paral and Associates, March 2010.

^v Letter to Chairman John Conyers, Chair, Committee on the Judiciary, U.S. House of Representatives, from Peter Orszag, Director, Congressional Budget Office, Apr. 4, 2008.

^{vi} Committee on Appropriations, U.S. House of Representatives, *Enhanced Border and Immigration Security Fact Sheet*, May 5, 2010.

^{vii} Council on Foreign Relations, U.S. Immigration Policy, Independent Task Force Report No. 63 by Jeb Bush and Thomas F. McLarty III, Chairs and Edward Alden, Project Director, 2009.