



Summary Report Prepared for Assembly Select Committee on Statewide Immigration Impact (May 1994) provides detailed findings and conclusions on the impact of immigration on California. The report on this election-year issue is the result of a 14-month study which included five statewide hearings, several informational hearings, and extensive research by AOR. Among other things, the AOR report includes the following findings:

- Current data sources are not adequate to answer many questions about immigrants, such as their numbers, their contributions, and their costs to the California economy; more information is necessary in order to make better-informed policy decisions concerning both legal and illegal immigrants.

- Existing estimates of immigrants' fiscal impact on the state's economy must be viewed with caution; weak research methods and questionable assumptions, coupled with the lack of a statewide focus, have resulted in reports that have not provided an accurate, long-term statewide evaluation of the fiscal impacts of immigrants.

- As many as 50% of the persons included in existing estimates of illegal immigrants may be in the category of "visa overstayers," although demographers have not yet reached agreement on the methodology used to arrive at that estimate. The federal government, when addressing the problems related to illegal immigration, has for the most part focused on strengthening border controls, which fails to resolve the visa overstayer problem.

- Enforcement of border policies must be strengthened to curb the flow of illegal immigrants.

- The federal government collects a large portion of the taxes paid by illegal immigrants; however, since most government-funded services are provided at the state and local levels, those governments absorb much of the costs. More financial assistance from the federal government is essential to help financially strapped state and local governments.

- Employer sanctions enacted under the Immigration Reform and Control Act of 1986 have failed to stem the illegal flow of immigrants into the United States.

- Criminal justice costs generated by the increased number of criminal aliens incarcerated in California prisons have become a major budget problem for state and local governments; the federal government has not been successful in deporting criminal aliens back to their countries of origin, due to constraints in international treaties, the complexity of federal depor-

tation procedures, and the lack of resources to prosecute deported criminal aliens who re-enter the country.

- Providing basic health care to everyone would avoid enormous future costs to the public health care system.

- All children are entitled to a public education, and attempts to deny access to public schools to undocumented immigrants will create a permanent illiterate underclass.

- State and federal social services programs are no longer sufficient to assist today's diverse immigrant families in adapting to their new society; public programs should be redesigned to assist newcomers to escape the welfare trap and become self-sufficient.

- A proliferation of misinformation concerning the economic, social, and cultural impacts of immigration has resulted in racial and ethnic polarization across California, sometimes creating a climate that fosters hate crimes against immigrants and other ethnic minorities.

AOR's recommendations to address these problems include the following:

- The Assembly should commission a comprehensive statewide study of the short-term and long-term economic and social impact of immigrants and temporary residents—legal and illegal. To the extent possible using sound methodology, the study should attempt to evaluate the differences in immigrant impact on local, state, and federal revenues and expenditures. The results of the statewide study should be widely disseminated in order to address misinformation that polarizes the state's society.

- The legislature should urge the federal government to more actively pursue, identify, and deport undocumented immigrants who fall into the visa overstayer category.

- State, local, and federal law enforcement agencies throughout California should develop policies and working agreements to form special task forces and cross-designate agents with the Immigration and Naturalization Service to enforce immigration laws.

- The legislature should call on the federal government and the Governor of California to seek binational relationships and agreements with nations from which there are large numbers of emigrants, in order to reduce the pressures for leaving those nations.

- The legislature should continue its efforts to persuade the federal government to provide sufficient funding for federally mandated health and social programs which serve large numbers of legal and illegal immigrants, and the state should

centralize its data collection operations for immigrant services to enhance efforts to obtain federal reimbursement.

- The legislature should enact legislation to strengthen the enforcement of existing fair labor standards laws in order to discourage employers from hiring undocumented workers.

- California should seek either federal space or federal funding to reduce the impact of an estimated 18,000 deportable felons incarcerated in state prisons.

- California should seek maximum federal assistance for preventive public health programs, and continue to seek federal assistance for the provision of basic emergency treatment and delivery services for persons not eligible for other care.

(See agency report on SENATE OFFICE OF RESEARCH for a summary of a related study.)

LEGISLATION

AB 3129 (Bustamante). Existing law does not provide a comprehensive scheme for addressing crime against women. As amended May 3, this bill would declare legislative intent to revise California law to meet funding eligibility requirements of the federal Violence Against Women Act of 1993, and would direct AOR and the Senate Office of Research, in conjunction with the Office of Criminal Justice Planning, to establish a five-member violence against women task force to participate in activities that facilitate and encourage the state's eligibility for funds under the Act. [A. W&M]

SENATE OFFICE OF RESEARCH

Director: *Elisabeth Kersten*
(916) 445-1727

Established and directed by the Senate Committee on Rules, the Senate Office of Research (SOR) serves as the bipartisan, strategic research and planning unit for the Senate. SOR produces major policy reports, issue briefs, background information on legislation and, occasionally, sponsors symposia and conferences.

Any Senator or Senate committee may request SOR's research, briefing, and consulting services. Resulting reports are not always released to the public.

MAJOR PROJECTS

Confronting Violence in California (February 1994) is an SOR briefing paper which examines the causes, amount, and consequences of violence and crime in



INTERNAL GOVERNMENT REVIEW AGENCIES

California. The report is but one of several studies of various aspects of crime recently released by California research and oversight agencies, and reflects the importance of the issue in the 1994 election year. (See reports on LITTLE HOOVER COMMISSION and OFFICE OF THE LEGISLATIVE ANALYST for summaries of related studies.)

According to SOR's report, violence and crime cost California \$72 billion per year in medical care and lost job productivity; additionally, the state's general fund expends \$2.6 billion for the state prison system and \$345 million for the California Youth Authority. SOR noted that in 1992, the state's overall crime rate decreased; however, the state's violent crime rate has risen 19% in the past five years, and the juvenile violent crime rate rose 63.7% during the same period. The SOR report includes the following alarming findings:

- California's prisons are operating at 179.5% of capacity.
- 11% of teachers and 23% of students have been the victims of violence in or near their public schools.
- 13% of students said they have carried weapons to school, mainly to impress others and make themselves feel important.
- Californians have a 33% chance of becoming victims of domestic violence.
- Between two and four million women are battered each year, and 200,000-400,000 victims are likely to die from such violence.
- Homicide at home is among the top five causes of death for children.
- Violent crime rates among young people have been rising far faster than among adults.

In its report, SOR includes the 1991-92 California Crime Index (with figures on four violent felonies and property crimes) and statistics on one major cost of crime in California—the expense of incarcerating offenders. According to SOR, the cost of housing an adult inmate in a California state prison is \$22,000 per year, or four times the cost of educating a child in our school system. The cost of housing a ward in a state youth facility is \$28,000, or five times the cost of educating that same juvenile offender in our school system.

The SOR report reviews proposed solutions on the federal, state, and local levels to various aspects of the crime and violence problem, including the so-called "comprehensive crime packages" advanced by state gubernatorial candidates, the various "three strikes and you're out" initiatives which have been proposed in California and other states, and public and

private crime prevention programs—including curfews for minors recently adopted by various cities, "drug courts" and other diversion programs for first-time drug offenders, gun "trade-in" and other programs designed to reduce the number of handguns on the street, and a number of privately-financed efforts aimed at preventing youth and domestic violence.

SOR concluded by recommending that the legislature support and establish partnerships between police and communities to actively address the less obvious causes and solutions to violence and crime; seek to determine which criminals should go to prison and which should be sentenced instead to an alternative form of incarceration; actively reform the juvenile justice system to punish the truly violent and reduce the number of nonviolent offenders in the system; support intervention aimed at preventing or treating violence within the family; support school violence prevention programs that address diverse intellectual, emotional, and social needs, and the development of cognitive and decisionmaking processes among children; develop the potential of the mass media and the entertainment industry to be part of the solution to violence, rather than contributors to the problem; and thoroughly review current firearm policy and take the necessary steps to create an effective policy to ensure the public's safety.

Defense Industry Transition in California (February 1994) reviews defense downsizing activities in the state; according to the report, future losses of defense-related jobs in California could reach 370,000—nearly the number of direct and indirect jobs already lost in the wake of federal cuts in California. SOR states that California has responded slowly to defense transition issues, only recently recognizing the negative effects of sharp defense spending cuts on the state's economy. According to SOR, perhaps the most important step taken by the Governor and the legislature involves the establishment of a bipartisan Defense Conversion Council, which will serve as California's chief strategic policy arm for conversion issues.

The SOR report recommends that the state implement programs to assist transition efforts, including technical assistance and financing to industries, worker retraining, and other appropriate measures to establish the necessary infrastructure for high-wage industries like aerospace and electronics to prosper. According to SOR, other steps that state government can perform include providing a clearinghouse on defense spending cuts and transition assistance from federal and state

governments; coordinating transition efforts with existing state economic development programs; linking industries on a regional basis or by area of technology or commercial interest; providing technical assistance for traditionally weak aspects of defense industry operations, such as marketing and product development; and providing market pull mechanisms for emerging technologies and products. (See report on ASSEMBLY OFFICE OF RESEARCH for a summary of a related study.)

Addressing Immigration Issues in California (March 1994) is a briefing paper which discusses another topic which has become an election-year issue—state and federal immigration laws, demographics regarding immigration, legislative proposals and actions concerning immigration issues, and the costs and benefits of immigration to California.

According to SOR, almost 22% of California's population is foreign-born, a higher ratio than at any time since 1920; approximately half of the state's 6.8 million immigrants arrived in California during the 1980s; approximately 40% of the nation's legal immigrants and up to half of its undocumented immigrants settle in California each year; estimates of the state's undocumented population generally range between one and two million annually; Hispanics comprise more than half of California's immigrants, and Asians comprise about one-quarter of the total; about one-third of California's immigrants have become United States citizens; and incomes of recent immigrants are much lower than incomes of non-immigrants and immigrants who have been in the United States for over fifteen years.

The report noted that recent studies have tried to estimate the public costs of documented and/or undocumented immigration across the state; however, researchers are hampered by a dearth of data that isolates the habits of California's immigrants from the general population. According to SOR, the various studies conducted to determine the costs and benefits of immigration on specific communities include the following:

- A 1992 study of Los Angeles County found that the County's recent legal and undocumented immigrants paid an estimated \$4.3 billion in taxes to state, federal, and local governments in 1991-92. However, the study found that the County was not adequately reimbursed by other public treasuries for direct services provided by the County to immigrants and their citizen children, and concluded that the County was shorted by over \$800 million.



- A 1993 study by the Urban Institute found that Los Angeles County's immigrants contributed \$10.6 billion in federal and state taxes.

- A 1992 study commissioned by the Auditor General's Office suggested that California's state and local governments were spending a net \$3 billion on illegal immigrants statewide. The study also indicated that 160,000 of the 200,000 undocumented immigrants living in San Diego County were employed, generating \$60 million in state and local revenues and \$163 million in federal taxes. [12:4 CRLR 36-37]

SOR noted that immigration in the United States is largely a federal matter, and that comprehensive solutions to immigration issues offered in 1993 by California's statewide political leaders almost universally seek federal action. However, SOR recommends that the state take the following actions to address immigration issues in California:

- The Senate should appoint a balanced and credible task force of experts to assess the tax contributions and other measurable costs and benefits of immigration in California.

- The state should vigorously require immigrant entrepreneurs to comply with labor laws prohibiting unfair labor practices.

- The state should deny its various licenses, registrations, and permits to employers whose workers are not legal residents.

- The state should appoint a spokesperson, either in the Governor's office or through an office of immigrant and refugee affairs, to provide an objective public perspective on California's immigration issues. According to SOR, this office could also maintain pressure on the federal government to return to California a larger share of the revenues generated by its immigrants and refugees. (See report on ASSEMBLY OFFICE OF RESEARCH for a summary of a related study.)

Realigning and Restructuring Human Services (March 1994) discusses "realignment"—the complex reorganization of state and local government enacted as part of the 1991 state budget which has transferred responsibility for numerous health and human services programs from the state to the counties. The Governor's 1994-95 budget proposes the further realignment of more than \$3 billion worth of funding for government services, primarily in Aid to Families with Dependent Children, Medi-Cal, other human services, and trial court costs. In requesting this SOR study in anticipation of legislative debate on the Governor's proposed budget, Senator Diane Watson

expressed concern that "discussions of realignment have focused mostly on balance sheets, funding formulas, and fiscal trade-offs. Often lost in the discussion are the recipients of state and local government services. Do the changes improve the services? Are families better off after the realignment?"

Calling the 1991 realignment effort "at least a partial success," SOR explored the consensus which produced the original legislation and two sets of principles which have been offered since then by the Legislative Analyst's Office (LAO) and by Senator Marian Bergeson in early versions of her 1993 bill SB 1234 to guide further realignment proposals. According to SOR, the Governor and legislature successfully reached a consensus in 1991 regarding realignment because, among other things, the negotiating process started with a target amount of revenue to realign; from the outset, the Governor was committed to securing an agreement; key legislators were committed to success from the outset, and their staffs brought technical follow-through and assured a level playing field for all advocates during the negotiations; many of the realigned programs were preventive in nature (possibly portending lower future costs in some areas); and new revenues for local governments were part of the package.

Since 1991, however, public policy experts have criticized the state's implementation of the realignment concept for a number of reasons. For example, critics argue that the state is shifting responsibility for important social services programs to local governments but is not transferring sufficient revenues to pay for them. The state can disclaim responsibility for the fallout, while already-strapped local governments are effectively precluded from raising any new revenues to support these programs for which they are now responsible. Other critics note that state funds provided to local governments to finance realigned health and welfare programs are generally unearmarked "general fund"-type money (rather than "dedicated" funds which must be used for a certain purpose), allowing counties to at least partially divert these funds to local needs which appear more pressing.

SOR consolidated the realignment principles advanced by LAO and Senator Bergeson—which it calls "compatible" and "at no point contradictory"—and arrived at the following set of state and local responsibilities:

- State and local government have differing responsibilities and operate independently. Each should raise revenues and set priorities for its own activities.

- When state government does dictate local activities, it should do so sparingly and provide adequate resources for those activities.

- State government should operate "redistributive" programs and money transfers.

- Besides providing funds to local government to meet any and all state mandates, state government should use fiscal incentives to encourage local economic development, coordinated services, and innovative ways of delivering services.

Acknowledging current state-local structure, SOR advanced the following principles which it believes should guide budget debate on further realignment of human services:

- The organization of human services should make sense to four groups: the general population, clients or recipients of the services, service providers, and elected officials.

- Each service or general problem area should have a lead government agency, and that agency's responsibilities should be clear to the public and to agency staff.

- State government should assure equity, minimum standards of access and quality of services, and compliance with federal law.

- State-local partnerships for dealing with the federal government should be weighed in restructuring.

- Local government should assure coordination, integration, and efficiency of services, and provide planning and the setting of local priorities.

- Any restructuring effort should consider and reflect the history of each affected service, its connection to other services, and its relationship to legislative and state administrative oversight.

- While some things are broken, not everything is. Successful programs need not be dismantled; reorganization for its own sake can harm services.

- Any system of incentives and disincentives built into funding formulas and regulations must first answer the question, "To what ends?"

- Fiscal incentives and disincentives should be comprehensive and as simple as possible.

SOR then applied these principles to various types of services which have been realigned or are proposed for realignment (in whole or in part), such as welfare (including Aid to Families with Dependent Children), social services (including child welfare, family preservation and foster care, and adoptions), mental health programs, and corrections. Although the state's corrections program has not yet been significantly affected by realignment, SOR recommends



the inclusion of youth and adult corrections in any new realignment "to achieve long-range fiscal stability and to provide better, more coordinated services to individuals and families."

Military Base Closures and Reuse in California (March 1994) is a comparison report to SOR's February 1994 report entitled *Defense Industry Transition in California* (see above); the second report examines military base closures and major realignments in California, describes the base reuse process, projects actions likely in the 1995 U.S. Department of Defense base closure round, and recommends a state strategy to deal with defense conversion issues, particularly base closures and realignments. With 22 military installations in California already targeted for closure, SOR contends that California has suffered disproportionately in base realignment and closure rounds to date; furthermore, the report predicts that California remains vulnerable to additional closures, as it still retains 50 of the 428 domestic bases in the United States.

The SOR report contains various recommendations for state action to address the base closures and realignments; for example, SOR recommends that the state develop a defense conversion policy and planning council, establish a more formal linkage with California's federal lawmakers, forecast future defense budget trends and their effects on California, and incorporate defense conversion with existing economic development programs.

Analysis of State Propositions on the June 1994 Ballot (April 1994) describes the nine state propositions on the June ballot; SOR notes that the measures range from relatively obscure changes in property tax assessment procedures to bond proposals with significant ramifications for California's future. According to SOR, one of the most important issues facing California voters will be the assumption of new debt to finance public projects. In all, the ballot asks voters to consider nearly \$6 billion in general obligation bonds, a traditional source of public financing for capital outlay projects; according to the report, nearly \$7 billion in previously authorized bonds have not yet been sold.

■ LEGISLATION

AB 3129 (Bustamante). Existing law does not provide a comprehensive scheme for addressing crime against women. As amended May 3, this bill would declare legislative intent to revise California law to meet funding eligibility requirements of the federal Violence Against Women Act of 1993, and direct SOR and the Assembly Office of Research, in conjunction with

the Office of Criminal Justice Planning, to establish a five-member violence against women task force to participate in activities that facilitate and encourage the state's eligibility for funds under the Act. [A. W&M]

