

September 9, 2004

Hon. Bill Lockyer
Attorney General
1300 I Street, 17th Floor
Sacramento, California 95814

Attention: Ms. Tricia Knight
Initiative Coordinator

Dear Attorney General Lockyer:

Pursuant to Elections Code Section 9005, we have reviewed the proposed initiative entitled "Save Our License Initiative" (File No. SA2004RF0026).

Background

The U.S. has no universal national identity card, so documenting citizenship or legal immigration status can be complex, even for native-born citizens. Generally, several documents are needed (for example, a U.S. birth certificate to establish the basis for citizenship and a driver's license with a photo to establish identity). However, many people (especially children) do not have a driver's license or other official photo identification. Documenting citizenship for these people may involve additional steps, such as verifying the identity of a child's parents.

Most legal immigrants have an identification card from the U.S. Department of Homeland Security (DHS) to verify their status, such as a "green card" issued to immigrants who are granted permanent residence in our country. The DHS has developed a computer system that government agencies and employers can use to check the validity of most types of immigration documents. No similar nationwide automated system exists to check the validity of birth certificates, which are issued by thousands of local agencies throughout the country.

Under the U. S. Constitution, children born in this country to undocumented immigrant parents are U.S. citizens—just like any other child born here. Many undocumented immigrant families in California have citizen children, who have the same rights and are entitled to the same benefits as any other citizen.

Federal Law and Public Benefits. The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (the 1996 federal welfare reform law) defines "nonqualified aliens" and makes them ineligible for federal public benefits. Qualified aliens include

immigrants who are permanent residents, asylees, refugees, and certain other groups of immigrants who have been granted the legal right to remain in the U.S. Nonqualified aliens include undocumented immigrants and some types of nonresident aliens, such as tourists.

The welfare reform law also prohibits state and local governments from providing public benefits to nonqualified aliens without state enactment of subsequent authorizing legislation. Examples of programs where the state has passed legislation to provide benefits to nonqualified aliens include prenatal care and long-term care benefits in the Medi-Cal program.

Proposal

Changes in Eligibility Requirements. This measure eliminates the state and local governments' option that currently exists under federal law to provide public benefits to nonqualified aliens. For example, the state could no longer provide prenatal care or long-term care to nonqualified aliens.

Specifically, the measure would preclude the state from providing the following to undocumented immigrants: (1) driver's licenses; (2) reduced college tuition; and (3) any other public benefit, as defined by federal law.

Fiscal Effect

If this measure is approved by the voters, we estimate that it would have the following fiscal effects.

Costs

State Costs for Verification of Public Benefits. In order to ensure that undocumented immigrants do not receive reduced college tuition or other public benefits, the state would have to verify applicants' citizenship or immigration status. Thus, whenever a person applies for a public benefit, the state would need to verify the applicant's eligibility for benefits. Consequently, the state would likely experience increased administrative costs to comply with the measure's requirements. For example, under the measure, the state would need to verify eligibility for various higher education, health, and social services-related benefits.

With regard to these costs, the state and local governments would incur unknown, but potentially major, one-time expenses to implement verification procedures. Ongoing costs could vary substantially because the number of information requests from one governmental entity to another is unknown. These ongoing costs are potentially in the tens of millions of dollars.

Department of Motor Vehicles (DMV) Costs. The measure precludes the DMV from issuing driver's licenses to undocumented immigrants. Because this represents current law, this provision of the measure would not result in additional costs to the state.

Savings

Savings Resulting From Reduced Services. This measure would result in savings because it eliminates the option of the state and local governmental entities to provide public benefits to undocumented immigrants. The magnitude of these savings is unknown, but could be in the low hundreds of millions of dollars annually.

Denying Some Services May Increase Future Costs. Denying some services to undocumented immigrants could result in future increased state health-care costs. For example, eliminating prenatal services to undocumented immigrant women could result in higher Medi-Cal costs to their infants, who would be citizens. In addition, failure to treat and control serious contagious diseases—such as tuberculosis—among undocumented immigrants could increase future costs to treat the disease in the general population.

Revenues

The measure would result in no direct revenue effects. However, unknown potential state and local revenue reductions could occur, depending on how the measure is implemented and the extent to which it reduces the labor force, production, statewide personal income, and other revenue-related economic variables.

Summary of Fiscal Effects

The measure could have the following major fiscal effects:

- Potentially major one-time costs, with annual costs in the tens of millions of dollars, to verify citizenship or immigration status of persons receiving public benefits.
- Program savings to the state and local governments due to reduced expenditures for certain public services. These savings could be in the low hundreds of millions of dollars annually.

Sincerely,

Elizabeth G. Hill
Legislative Analyst

Donna Arduin
Director of Finance