



LR 121: High Costs for Montana Fact Sheet

October 2012

This fall, Montanans will be asked to vote on a ballot measure that would deny certain state funded services to undocumented immigrants. Supporters of Legislative Referendum 121 (LR 121) claim the main goal of this measure is to save Montana money.¹ However, similar programs in other states have shown that these laws actually cost states more money than they save.

What Would LR 121 Do?

LR 121 is a legislative referendum that would require proof of citizenship from *any* person seeking certain state services and would prohibit the provision of those services to undocumented immigrants. These services include enrollment in Montana universities and colleges, assistance for individuals with physical disabilities, and employment at a state agency. In addition, undocumented immigrants would be unable to receive business and professional licenses, vocational rehabilitation, and crime victims' services.²

LR-121 is Likely to Have a High Price Tag

Proponents of the bill assume that by not providing services to undocumented immigrants, the state will save money. But this is not the case. Other states that have implemented similar programs have found that they actually cost far more money than they save.

- The Colorado Legislature passed a similar bill in 2005. The program cost the state over \$2 million in its first year, although state lawmakers had estimated the bill would only cost \$6,600 to implement. None of the departments in the state reported a cost savings, and none could say if any undocumented immigrants had been stopped from receiving services.³
- A study by the General Accountability Office found that when Medicaid applicants were required to prove their citizenship status, only \$0.14 of savings were found for every \$100 spent. In fact, in one year alone, ten states appropriated \$28 million to cover the additional administrative costs, while only one state reported *any* savings.⁴

Key Points

- LR 121 is likely to cost Montana significantly more than it saves.
- A similar bill in Colorado cost the state millions more than anticipated.
- Montanans who are citizens or lawfully present could be denied important services under LR 121.
- If implemented, LR 121 could jeopardize the safety of Montana families and communities.

- In Georgia, a similar bill that prohibited undocumented immigrants from receiving state business or professional licenses recently went into effect. The law has already created a significant backlog in applications and has overwhelmed staff.⁵
- One program this bill would rely on to validate citizenship, E-Verify, has been estimated to cost employers \$2.6 billion nationwide. The system catches less than half of workers without legal documentation, but has an error rate of up to 4.1%. This means eligible citizens applying to work for the state of Montana could be denied jobs.⁶

Fees for using federal citizenship verification systems are only one of the costs the state would incur if LR 121 is passed. As has been demonstrated in other states, significant additional costs are likely to include the costs of training staff to learn to use the programs, staff time spent processing requests and answering questions, and the need for additional staff to meet expanding administrative demands. As in Colorado, LR 121 would likely cost Montana significantly more than originally anticipated.

Additionally, LR 121 could cause the state to incur significant legal costs. State agencies will require legal consultation in order to know how to enact the new regulations. LR 121 may also interfere with federal law and constitutional protections, potentially costing the state thousands of dollars to fight legal challenges. These challenges would be in addition to potential lawsuits from Montana residents with legal status who are mistakenly denied employment or services based on system errors. As a whole, legal fees could comprise a large part of the costs associated with LR 121.⁷

Impacts on Montana's Communities

LR 121 will impact all Montanans, not just undocumented immigrants. Anyone applying for state services will be required to prove their citizenship. As a result, Montanans who lack the necessary identification could be denied important services, such as care for people with disabilities or crime victim services. Making matters worse, the federal databases are not foolproof and will likely lead to eligible citizens and legal residents being denied services. A similar law in one state required Medicaid applicants to prove citizenship and resulted in up to 18,000 legal applicants losing coverage.⁸ As in other states, this law could create additional barriers, costly mistakes, and longer wait times for Montanans who are seeking employment with the state, enrollment in Montana's universities and colleges, or other state services such as crime victim services and unemployment insurance.

Furthermore, LR 121 could discourage undocumented immigrants and other Montanans from seeking help from police, reporting crimes, or testifying in court due to fear of deportation. The end result would be an overall decrease in the safety of our communities.

Montana is the strongest when everyone has access to the assistance and opportunities they need. The expenses associated with LR 121 are simply too high, threatening both our fiscal security and the strength and safety of communities across the state.

Endnotes

1. Linda McCulloch "Voter Information Pamphlet," Secretary of State, October 2012, http://sos.mt.gov/Elections/2012/2012_VIP.pdf.
2. It is already illegal for the state to provide many of these services. National Immigration Law Center, unpublished letter to Andrew Huff, Montana Department of Justice, September 6, 2011 (on file with author).
3. Mark P. Couch. "Colo. Immigration Law Falls Short of Goal," *The Denver Post*, January 25, 2007, http://www.denverpost.com/ci_5081255.
4. Jesse Lee. "Two Reports Analyze Medicaid Citizenship Requirements," *The Gavel*, July 24, 2007. <http://www.democraticleader.gov/blog/?p=618>.
5. Kim Severson. "Georgia Law Requiring Proof of Legal Residency Creates Licensing Backlog," *The New York Times*, October 9, 2012, http://www.nytimes.com/2012/10/09/us/georgia-law-requiring-proof-of-legal-residency-creates-licensing-backlog.html?_r=2&nl=todaysheadlines&emc=tha23_20121009.
6. Philip Wolgin. "Seen and (Mostly) Unseen: The True Costs of E-Verify," American Progress. <http://www.americanprogress.org/issues/immigration/report/2011/06/27/9858/seen-and-mostly-unseen/>.
7. National Immigration Law Center, unpublished letter to Andrew Huff, Montana Department of Justice, September 6, 2011 (on file with author).
8. Jesse Lee. "Two Reports Analyze Medicaid Citizenship Requirements," *The Gavel*, July 24, 2007. <http://www.democraticleader.gov/blog/?p=618>.