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IMMIGRATION REFORM

Verifying the Status of Aliens Applying for Federal Benefits



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Human Resources Division

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October 1, 1987

The Honorable Joseph R. Biden
Chairman, Committee on the Judiciary
United States Senate

The Honorable Strom Thurmond
Ranking Minority Member
Committee on the Judiciary
United States Senate

The Honorable Peter W. Rodino, Jr.
Chairman, Committee on the Judiciary
House of Representatives

The Honorable Hamilton Fish, Jr.
Ranking Minority Member
Committee on the Judiciary
House of Representatives

This report discusses pilot projects in six states verifying with the Immigration and Naturalization Service the immigration status of alien applicants for federal entitlement programs. The Immigration Reform and Control Act of 1986 requires the Service to establish a nationwide system for alien verification by October 1987. Federal, state, and local program administrators must use this system no later than October 1988, unless the requirement is waived by the responsible federal program secretary. The act also requires that GAO report by October 1, 1987, on the pilot projects' effectiveness, implementation problems, and applicability to the verification methods envisioned in the act.

This report is being sent to you pursuant to the act's reporting requirement. Copies of the report are being sent to the President of the Senate, the Speaker of the House of Representatives, congressional committees with jurisdiction over the programs covered by the act, and other interested committees and subcommittees; the Commissioner, Immigration and Naturalization Service; the Director, Office of Management and Budget; the Secretaries of Agriculture, Education, Health and Human Services, Housing and Urban Development, and Labor; and other interested parties.

Richard L. Fogel
Assistant Comptroller General

Executive Summary

Purpose

The Immigration Reform and Control Act of 1986 requires that the immigration status of all alien applicants for Unemployment Compensation, Aid to Families with Dependent Children (AFDC), Medicaid, Food Stamp, and certain housing and education assistance programs be verified with the Immigration and Naturalization Service. Under some circumstances the responsible federal agency can waive the requirement. In seeking the act's passage, the Service told the Congress that verifying all aliens could save billions of dollars annually and was demonstrated in "pilot projects" under its Systematic Alien Verification for Entitlement (SAVE) program. Opponents of mandatory verification questioned the success of the projects and the reliability of the Service's alien data. (See pp. 10 to 12.)

The act requires that GAO review the projects' effectiveness, implementation problems, and applicability to the verification methods envisioned by the act. GAO reviewed verification experiences in California, Colorado, Florida, Illinois, New York, and Texas—states the act's legislative history said had pilot projects, and where over 75 percent of all undocumented aliens live. (See pp. 15 to 17.)

Background

Since the early 1970's, some federal programs have specified—and used various procedures to verify—which types of immigration status would qualify for aid. In 1984, the Service started SAVE and labeled efforts to systematically verify aliens with the Service as SAVE pilot projects. (See pp. 12 to 14.)

Under SAVE, program personnel can use computer terminals to check applicants' immigration status against part of the Service's automated, central data base. If this "primary" verification attempt fails—because of insufficient or questionable information—Service personnel undertake "secondary" verification and search other Service data bases and report on the alien's status. (See pp. 14 to 15.)

The act requires that, by October 1987, the Service establish a nationwide system to provide covered programs data needed to determine eligibility. By April 1988, program agencies must report to the Congress if there should be waivers. Agencies may waive when (1) there is an equally effective, alternative verification system or (2) costs exceed savings—considering such factors as the Service's ability to provide accurate and timely data. Unless waived, the new procedures must be in use by October 1988. (See pp. 10 to 12.)

Results in Brief

Experiences with SAVE in the states GAO visited were too limited to assess whether verifying all aliens' status with the Service is cost-effective for all covered programs. However, where SAVE procedures were used, mostly for Unemployment Compensation, savings appear to exceed costs.

Data on verification costs and numbers of alien applicants for the covered programs—needed by program agencies to make cost-effectiveness waiver decisions—generally are not available. In estimating savings from SAVE, the Service and states sometimes use different benefit levels and reciprocity periods. Also, the Service's estimates are questionable because they often include savings that would not result from program eligibility verification.

By October 1987, the Service plans to have a nationwide system to provide data that may be cheaper and easier to access than the system used by SAVE pilots, and has hired more staff for faster secondary verification. But, because this data base initially will lack certain data needed for primary verifications, program administrators are concerned that it will be inadequate and that secondary verifications will take too long.

Three federal agencies have developed guidance on implementing the act, two of which have begun developing data to support waiver decisions.

Principal Findings

SAVE Experience for Unemployment Compensation Indicates Savings

Most SAVE experience in the six states was with Unemployment Compensation. Colorado, Florida, Illinois, and parts of Texas estimated for the 6 months ended March 1987 that SAVE costs and savings, respectively, totaled about \$127,000 and \$3.1 million. Before a lawsuit caused it to stop, California's 1983 experiment verifying all alien applicants with the Service produced savings estimated at over \$19 million in 7 weeks. Conversely, a 13-week SAVE test in 1985 led New York to conclude that verifying all alien applicants with the Service was not cost effective. New York's estimated \$52,000 in savings counted erroneous payments, but not payments that would have been made to applicants found ineligible through SAVE procedures. Costs were unavailable for California's or New York's tests. (See pp. 19 to 26.)

Limited SAVE Experience for Other Programs

Of the six states, only Colorado was using SAVE to verify all alien applicants for AFDC, Medicaid, and Food Stamps. Colorado officials did not favor continuing the practice because they believed (but made no estimates) that savings were small and few aliens seek benefits. The Service estimated 6-month savings of about \$109,000. Illinois officials told GAO they chose not to use SAVE procedures after a November 1985 test of alien AFDC recipients in selected locations indicated small savings. The other states either did not verify aliens' status for the three programs or verified selectively, such as when applicants presented suspicious documents or had none.

One of the eight schools GAO contacted and one of five state guarantee agencies used SAVE procedures to verify all Guaranteed Student Loan applicants. Also, one school each in Illinois, Texas, and California selectively verified alien students. The New York State guarantee agency verified all assistance applicants with the Service at selected schools. None of the other schools or guarantee agencies GAO contacted verified aliens' status with the Service. For the six states, the Service estimated 6-month SAVE savings of about \$579,000 for education assistance programs. (See pp. 27 to 30.)

The Department of Housing and Urban Development and its grantees were prohibited by law and court order from denying assistance to nearly all aliens. There was no SAVE experience for the housing program in the states visited. (See pp. 30 and 31.)

Few Data Available to Assist Waiver Decisions and Many Concerns

Except for Unemployment Compensation, data on the numbers of alien program applicants and verification costs and savings generally are not collected by the federal or state governments. Unemployment Compensation savings estimates made by the Service and the four states with SAVE pilots are based on different benefit levels and reciprocity periods, and thus are not projectable. Some of the Service's estimates are overstated because they include savings resulting from (1) Service investigations unrelated to program eligibility verification and (2) denying housing and some Medicaid benefits to illegal aliens who are now eligible for such benefits. (See pp. 20 to 23 and 28 to 29.)

Federal and state program officials are concerned that the SAVE data base lacks sufficient information on some aliens, including aliens who the Service claims lack status under immigration law, but who may remain in the United States under federal policy or judicial decisions.

They also are concerned that verifications will take too long. (See pp. 23 to 26.)

Progress Implementing the Act

By October 1987, the Service expects to allow users access to its automated data base, through touchtone telephone and other means, that should be cheaper and easier than the system used by SAVE pilots. Working with a "user group" formed with the program agencies, the Service is weighing but has not yet decided on adding information to the data base for making verifications. To facilitate secondary verifications, the Service has hired 80 additional staff. (See pp. 32 to 35.)

Most program agencies have given little guidance to administering agencies on waiver criteria or administrative cost reimbursement procedures. Agriculture, Labor, and Health and Human Services have issued some guidance. Education is waiting until they decide about waivers. Housing and Urban Development is waiting until the issue of allowing assistance to illegal aliens is settled. (See pp. 36 to 39.)

Only Labor and Health and Human Services have begun developing data to support waiver decisions. Agriculture plans to do so. No agencies have decided how waivers will be made. (See pp. 38 and 39.)

Recommendations

GAO's recommendations focus on having the Service increase efforts with program agencies to determine what information should be added to the automated data base; having the program agencies begin developing decision criteria for granting waivers; and having program administrators begin developing—through such means as pilot tests—performance data for use in deciding waivers. (See pp. 42 and 43.)

Agency Comments

GAO received comments from Labor and Education. Both generally agreed with the reports' recommendations. Education expressed concern about the reliability of the Service's data. GAO is issuing a companion report focusing on needed data base improvements Immigration Reform: Systematic Alien Verification System Could Be Improved (GAO/IMTEC-87-45BR, Sept. 30, 1987). (See pp. 43 to 45.)

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Abbreviations

AFDC	Aid to Families with Dependent Children
GAO	General Accounting Office
HHS	Department of Health and Human Services
HUD	Department of Housing and Urban Development
INA	Immigration and Nationality Act
INS	Immigration and Naturalization Service
IRCA	Immigration Reform and Control Act of 1986
PRUCOL	Permanently residing in the United States under color of law
SAVE	Systematic Alien Verification for Entitlements
UC	Unemployment Compensation
USDA	United States Department of Agriculture

Introduction

The Immigration Reform and Control Act of 1986 (IRCA) (Public Law 99-603, Nov. 6, 1986) requires certain federal programs and their administering entities, in determining eligibility, to verify the immigration status of all alien applicants through the Immigration and Naturalization Service (INS), unless granted a waiver by the responsible program secretary. IRCA sets forth procedures designed to halt improper payments to ineligible aliens by making verification with INS part of the eligibility determination process for the following programs:

- Aid to Families with Dependent Children (AFDC), authorized by title IV-A of the Social Security Act.
- Medicaid, authorized by title XIX of the Social Security Act.
- Food Stamps, authorized by the Food Stamp Act of 1977.
- Unemployment Compensation (UC), authorized by section 3304 of the Internal Revenue Code of 1954.
- Grants, loans, and work/study assistance, authorized under title IV of the Higher Education Act of 1965.
- Financial assistance for housing subject to section 214 of the Housing and Community Development Act of 1980.
- Programs approved under state adult assistance plans, authorized under titles I, X, XIV, and XVI of the Social Security Act.

IRCA also provides a number of milestones over the next 3 years that encourage the Congress, INS, and other federal agencies to continuously monitor and evaluate administering entities' experiences in verifying the immigration status of aliens who apply for benefits under covered programs. Table 1.1 shows those milestones.

Table 1.1: Implementation and Reporting Milestones Under IRCA

Milestone	IRCA requirement
October 1, 1987	INS must make available to the states and other administering entities a nationwide system for verifying alien applicants' immigration status.
October 1, 1987	GAO must report to the Congress and the INS Commissioner on pilot projects related to INS's Systematic Alien Verification for Entitlements (SAVE). ^a
April 1, 1988	Each federal agency responsible for administering the covered programs must report to the cognizant House and Senate committees on whether the new verification system is appropriate and cost-effective and whether waivers should be granted.
October 1, 1988	Programs covered under IRCA must begin using the new immigration status verification system, unless granted waivers.
April 1, 1989	GAO must report to the Congress and federal program agencies on the implementation of the verification system, including recommendations for changes.

^aIRCA refers to SAVE as the System for Alien Verification of Eligibility

Required Verification Procedures for Programs Covered by IRCA

Unless waivers are granted, no later than October 1, 1988, the covered programs must use the following procedures:

1. Applicants must declare in writing under penalty of perjury whether they are citizens or nationals of the United States. If not, they must declare that they are in satisfactory immigration status.
2. Alien applicants must present alien registration documentation or other proof from INS that contains the alien admission or file number (A-number)—assigned by INS at the time of registration—or other documents the administering entity determines to be reasonable evidence of satisfactory status.
3. If the documents presented contain the A-number, the administering entity shall verify with INS the alien's immigration status through automated or other means.
4. If the alien does not submit required documents, or if the documents are not verified by INS, the administering entity must provide a reasonable opportunity for the alien to submit additional evidence and may not delay, deny, reduce, or terminate eligibility until such opportunity has been provided.

On the other hand, if documents are submitted that the administering entity has determined constitute reasonable evidence indicating immigration status, then the administering entity shall transmit copies to INS for verification, and, pending such verification, shall not delay, deny, reduce, or terminate benefits. The responsible federal agency cannot take any compliance, disallowance, penalty, or other regulatory action against an administering entity because it provides benefits while awaiting INS verification.

5. If the administering entity determines that an alien is not in satisfactory immigration status, the entity shall deny or terminate the alien's eligibility for benefits and make a fair hearing process available.

Concerns Raised During Congressional Hearings on IRCA

During congressional hearings that preceded IRCA's passage, INS stated that verifying alien status through INS was successful based on ongoing pilot projects under SAVE—an INS initiative to encourage administering entities to systematically verify all alien applicants' immigration status. INS told the Congress that nationwide, up to \$2.8 billion annually could be saved using SAVE procedures and that SAVE was a cost-effective means

of ensuring program integrity. While the National Governors' Association, state representatives, and others shared INS's concern that ineligible aliens may be receiving benefits, they believed that mandating verification with INS was premature. Some felt that the SAVE experiences raised serious concerns about alien verification with INS, including the accuracy, timeliness, and completeness of the information provided by the INS system, and the system's cost-effectiveness, especially in states with small alien populations.

The Congress later wrote provisions for the agencies responsible for the covered federal programs to grant waivers, on a statewide or other geographical basis, if (1) there is in effect an alternative system of immigration status verification that is as effective and timely as the IRCA system and provides the hearing and appeal rights provided by IRCA or (2) the costs (labor and nonlabor) to administer the IRCA system are greater than savings—considering the number of aliens claiming benefits relative to all persons claiming benefits, INS's capability to provide timely and accurate information, and other factors the agencies deem relevant.

Past Federal and State Efforts to Verify Immigration Status

Administering entities for each of the covered programs are responsible for ensuring that benefits are provided only to eligible alien applicants, as identified in each program's authorizing legislation or interpreted through applicable regulations by program officials. Before 1972, no alien eligibility requirements existed for the federal programs. Since then, each program has developed its own alien eligibility requirements, as shown in table 1.2.

Table 1.2: Selected Types of Aliens Eligible for Programs Covered by IRCA

	Legal permanent residents ^a	Pre-1948 entrants ^b	Refugees ^c	Parolees ^d	Withholding of deportation ^e	Asylees ^f	PRUCOL ^g
UC	Y	Y	Y	Y	N	Y	Y
AFDC	Y	Y	Y	Y	Y	Y	Y
Food Stamps	Y	Y	Y	Y	Y	Y	N
Medicaid	Y	Y	Y	Y	Y	Y	Y
Adult Assistance	Y	Y	Y	Y	Y	Y	Y
Education	Y	N	Y	Y	Y	Y	N
Housing	Y	Y	Y	Y	Y	Y	N

Y=Eligible for assistance.

N=Not eligible for assistance.

^aLegal Permanent Residents—Aliens entitled to live and work in the United States indefinitely, having all the rights and privileges as U.S. citizens, except voting.

^bPre-1948 Entrants—(Section 249 Immigration and Nationality Act (INA).) Aliens who entered the United States before June 30, 1948, and since have continuously resided here. IRCA amended INA to change pre-1948 to pre-1972.

^cRefugees—(Section 207, INA.) Aliens admitted to the United States who are determined to have a well-founded fear of persecution upon return to their home country because of race, religion, nationality, political opinion, or membership in a social group.

^dParolees—(Section 212(d)(5), INA.) Aliens who are granted admission to the United States at the direction of the Attorney General for public interest reasons.

^eWithholding of Deportation—(Section 243(h), INA.) Aliens whose deportation is not enforced because the aliens have demonstrated a fear of persecution upon return to their home country.

^fAsylees—(Section 208, INA.) Aliens who are physically present in the United States or at a land border or port of entry who meet the definition of a refugee.

^gAliens permanently residing under color of law (PRUCOL)—Aliens who do not have a specific status in the INA but, according to INS officials, are entitled to remain in the United States and receive program benefits as the result of decisions by federal and state courts. The types of aliens considered PRUCOL, a term in UC, AFDC, and Medicaid law, vary. This matter is discussed further in chapter 2.

Before IRCA, procedures to identify eligible aliens could, but were not required to, include verifying immigration status with INS—the only official source of immigration status. Some states, including California, Colorado, and Illinois, were verifying the status of aliens for some programs at certain locations, using various procedures. These early verification efforts were initiated by state and local officials working with INS district officials because they found that ineligible aliens were receiving welfare and UC benefits. In 1984, INS started to formalize some of these agreements with state agencies and encouraged other states to use its data base to verify immigration status. Calling this initiative SAVE, INS

told potential users that substantial savings could be achieved by preventing payments to ineligible aliens through the initiative.

How SAVE Works

The SAVE program gave participating federal and state agencies direct access to an automated subset of the INS data base; it also encouraged verification with INS through telephone and mail inquiries. The automated data base, which among other information has the alien's name, A-number, date and country of birth, date of entry, and class of admission, is accessed using one of two methods:

- Agencies obtain terminals directly tied to INS's SAVE data base, and the agency employees conduct verification.
- Agencies' employees use INS terminals in INS district offices to access the data base and conduct verifications.

The SAVE data base is queried using an alien's A-number. INA requires that every alien, 18 years and older, carry at all times a certificate of alien registration or alien registration receipt card—commonly called a “green card”—which is issued to aliens admitted to the United States as permanent residents.

Once accessed, the data base is queried and should respond to requester quickly with information on an alien's immigration status. This is called primary verification. If the alien cannot provide documentation showing alien status or the information produced by the system is insufficient or different from that shown on the documents provided by the applicant, a secondary verification is instituted.

To initiate secondary verification, the requesting office photocopies the alien's immigration documentation and sends it to the local INS office. INS personnel then review the photocopied documents, search other INS records (such as other INS data bases or the alien's paper file) to make a status determination, and return the results to the requester. Based on the results of the secondary verification, program officials determine eligibility for benefits. According to INS officials, no denial of benefits is based solely on the primary verification. SAVE procedures provided the basis for the verification system being developed by INS to meet IRCA requirements.

SAVE procedures will not identify applicants making a false claim of U.S. citizenship, which is a felony. Some programs require birth certificates to meet other eligibility requirements; however, INS is not involved in

this part of the state's application process. Dealing with misrepresentation of citizenship is a matter of the agencies' discretion and is handled through their screening and audit systems.

Objectives, Scope, and Methodology

This is the first of two reports on alien verification mandated by IRCA. For this report, IRCA requires us to examine experiences and problems with INS's SAVE pilot projects, particularly as they apply to the alien verification system INS is required to establish by IRCA. IRCA also states that the results of our report may be used by the appropriate agencies in their evaluation of whether the immigration status verification system required by IRCA should be waived for a covered program.

We also are issuing a companion report—Immigration Reform: Systematic Alien Verification System Could Be Improved (GAO/IMTEC-87-45BR, Sept. 30, 1987)—to this report on INS's automated data base to facilitate IRCA's implementation.

Given our reporting deadlines, we limited our review to six states identified as having pilot projects by the House Education and Labor Committee—one of the authorizing committees that added to IRCA the provision that we review and report on the SAVE pilot projects. In its report accompanying the proposed IRCA legislation, the Committee stated that SAVE pilot projects existed in California, Colorado, Florida, Illinois, Houston (Texas), and New York City (New York). Also, these six states, while not representative of the nation, account for more than 75 percent of all undocumented aliens in the United States, according to 1980 U.S. Census studies.

In the six states visited, we interviewed state and selected organization officials, and gathered information on how aliens are verified for each program covered by our review.¹ We contacted state agencies responsible for administering AFDC, Medicaid, Food Stamps, and UC; selected housing authorities that administer housing assistance programs; and selected colleges, universities, and other education institutions—including the California Community Colleges Chancellor's Office and the University of California's Office of the President, which respectively establish policy for verifying aliens for 105 community colleges and 9 universities; and state education loan guarantee agencies that administer the Guaranteed Student Loan and other programs. We selected

¹The adult assistance programs covered by IRCA are operating only in Puerto Rico, the Virgin Islands, and Guam, and we did not include them as a part of this review.

administering entities responsible for covered programs in areas identified by INS and state agencies as having large numbers of aliens in the states visited. (The organizations we contacted are shown in apps. I to VI.)

We obtained available information on verifying alien applicants with INS for all covered programs in the six states. We compared administering entities' verification systems with the IRCA requirements and obtained program officials' views on the feasibility and desirability of the proposed verification system. However, we did not try to predict the effects of the IRCA requirement that employers only hire (and verify) aliens legally entitled to work on (1) the number of aliens that may apply for UC or (2) the need for verifying their immigration status.

We also visited three INS district offices in three of the six states to determine the causes of secondary verification. We observed a number of cases which, although not randomly selected or statistically projectable, provide information on how primary and secondary verifications work and give some indications of why secondary verifications are needed and the potential results of such verifications.

In addition, we reviewed applicable program laws and regulations and interviewed program headquarters officials in the Departments of Agriculture (USDA), Education, Health and Human Services (HHS), Housing and Urban Development (HUD), and Labor to identify current alien verification requirements, as well as their progress in implementing IRCA. By interviewing the SAVE program director, computer systems staff, and other INS headquarters officials, we obtained background information on INS's SAVE initiative and its progress in implementing IRCA. We also obtained information from INS regional and district officials in offices with jurisdiction over the six states in our review.

The statistical data we obtained on workloads and savings related to alien verification were for the period October 1986 to March 1987. INS officials told us they began systematically collecting nationwide data on SAVE projects in October 1986. Some state data on estimated costs and savings were supported by lists of individuals denied benefits and records of costs incurred for alien verification. However, due to time constraints and lack of complete records, we did not validate the accuracy of INS or state data.

In addition to the federal agencies responsible for administering programs covered by IRCA, we sought the views of the National Governors'

Association, which has indicated a strong interest in the alien verification requirements of IRCA and which represents the interests of states in national policy deliberations. Its views are incorporated in the report as appropriate.

We did the review between January and September 1987 in accordance with generally accepted government auditing standards.

States' Experiences in Verifying Aliens With INS

SAVE experiences in the six states we visited were too limited to assess whether verifying all aliens' status with INS is cost-effective for all programs covered by IRCA. However, where SAVE procedures were used, mostly for UC, savings appear to exceed costs.

The six states visited had some experience in verifying alien status with INS in the UC program; some states had limited experience in AFDC, Medicaid, Food Stamps, and covered education assistance programs; and no states had experience in covered housing assistance programs. Four states' UC programs and Colorado's AFDC, Medicaid, and Food Stamp programs followed procedures somewhat similar to those required by IRCA. Two states' UC programs and one state's AFDC program had experimented with verifying aliens' status with INS, but discontinued doing so. One education institution and one state education loan guarantee agency used SAVE procedures to verify all alien students applying for one loan program. The other programs either did not verify applicants' status with INS or did so selectively, such as when applicants presented suspicious documents or had none.

Except in UC, data on the numbers of alien program applicants and verification costs—needed by the agencies to make waiver decisions—generally are not collected by the states or federal government. States' and INS's savings estimates from SAVE are not projectable because they use different benefit levels and recency periods. INS's estimates include savings for (1) aliens ineligible for program benefits who were identified through INS investigations, apprehensions, and deportations, which are not part of the programs' eligibility determination processes; (2) illegal aliens who received housing assistance, although virtually all aliens now are eligible for such assistance; and (3) some aliens who received Medicaid benefits that, under recent legislation, are eligible for Medicaid emergency services.

State and federal UC and other program officials expressed concerns about potential problems in implementing IRCA's requirements, including the following:

- Four state UC programs already have had major court actions brought against them by aliens denied benefits because program officials determined they did not meet alien eligibility criteria.
- Five states found INS's SAVE data base lacks sufficient data for identifying aliens who are PRUCOL—who are eligible for certain covered programs—and for determining other aliens' status for UC.
- Some states anticipate long waits for information from INS.

Our limited analysis of UC secondary verifications in three states indicated that the SAVE data base needs improvement.

Some States Using SAVE for UC Indicate That Savings Exceed Costs

Certain states and localities—Colorado; Florida; Illinois; and Houston, Dallas/Fort Worth, San Antonio, and El Paso, Texas—used SAVE and followed procedures generally consistent with the alien verification procedures mandated by IRCA. Results indicate that savings exceed the costs of implementing and operating UC verification systems for the 6-month period ended March 1987.

Colorado, Illinois, and Texas—either statewide or for certain localities—have established policies and centralized processing procedures under which (1) all applicants are asked their citizenship or alien status, (2) all alien applicants are asked for proof of their status, and (3) all aliens are verified with the INS data base. Florida verifies all aliens who do not have “green cards.” In addition, Florida conducted a 4-month pilot test in Miami to verify all aliens, but discontinued the project in June 1987, after determining that only 1 of the 1,820 aliens with green cards verified was ineligible.

Colorado and Florida purchased their own terminals to access the SAVE data base directly. Illinois and Texas verify the status of all alien applicants through direct access to the data base by state employees using computer terminals in INS district offices. Due to the large geographic area of Texas, UC officials told us they verify all alien applicants with INS only in the selected metropolitan areas rather than statewide. All states, as required by law, have a fair hearing process.

Since 1986, INS field offices have been required to complete “cost avoidance” reports that show savings attributable to SAVE goals set by each INS regional office. INS reported \$110 million in cost avoidance in fiscal year 1985 and \$101 million in fiscal year 1986. As table 2.1 shows, for Colorado, Texas, Illinois, and Florida, INS reported \$4.2 million in UC savings for the 6 months ended March 1987. States reported \$3.1 million in savings for the same period. Although cost data are limited and in some cases questionable (as discussed later), the four states indicated that savings exceeded the costs of implementing and operating their alien verification systems for the 6 months ended March 1987.

Table 2.1: Comparison of Estimated UC Savings and Costs of Alien Verification in Four States

	Savings ^a		Costs ^b	
	INS estimate	State estimate	Start-up	Recurring
Texas	\$1,543,420	\$1,224,576	\$240	\$31,360
Colorado ^c	234,032	165,873	12,356	6,600
Illinois	1,557,080	1,557,080	•	17,400
Florida	867,410	170,971	12,528	47,000
Total	\$4,201,942	\$3,118,500	\$25,124	\$102,500

^aOctober 1986-March 1987.

^bEstimated by state. Recurring costs are estimates for any 6-month period.

^cSome Colorado costs may relate to verifying applicants for social services.

INS and States Use Differing and Sometimes Questionable Methods for Estimating UC Savings

INS's estimates of savings related to SAVE are generated by INS district offices. Although internal INS guidance provides that SAVE cost avoidance reports should use average program benefit levels and average reciprocity periods, INS officials said its district offices do not always adhere to these guidelines. District officials may tend to overstate the estimates, headquarters officials said, to show the highest savings possible.

Moreover, states sometimes used different factors for estimating savings. Illinois and Florida used their average benefit level and reciprocity period, while Colorado and Texas used the maximum level and period.

Examples of the different factors used by INS and the states are shown in table 2.2.

Table 2.2: Benefit Levels and Reciprocity Periods Used by INS and Two States for Estimating UC Savings (Oct. 1986-Mar 1987)

	INS		State	
	Amount of benefit	Duration of benefit (weeks)	Amount of benefit	Duration of benefit (week)
Illinois	\$134	20.0	\$134	20.0
Florida	215	26.0	123	10.0

Both INS and Illinois estimated that identifying 581 aliens in Illinois who were determined ineligible for program benefits resulted in savings of \$1.5 million—both used an average benefit amount of \$134 and reciprocity period of 20 weeks, as shown in the table. However, for Florida, INS reported savings of \$867,410 for 155 aliens identified as ineligible for benefits, while the state reported \$170,971 in savings for 104 ineligible aliens—a difference of \$696,439. As shown in table 2.2, INS used a higher benefit amount (\$215) and the state's maximum reciprocity

period (26 weeks), while the state used the average benefit of \$123 and its average reciprocity period of 13.3 weeks. Further, INS's estimates also exceeded Colorado's and Texas' UC estimates.

Department of Labor officials told us that estimating savings for UC based on higher-than-average benefit levels and periods resulted in inflated savings. Further, they said INS's savings estimate for New York's UC was overstated because it was based on an estimated 34-week reciprocity period, while the maximum reciprocity period is 26 weeks. (See app. I.)

One reason for general discrepancies in the numbers of ineligible aliens reported by INS and Texas and Colorado is that INS includes ineligible aliens identified through its fraud investigations, which are not part of the SAVE system. Such investigations can result in INS's apprehending and deporting illegal aliens who sometimes are receiving benefits. Texas INS officials told us that when INS apprehends aliens with UC cards in their possession, they contact the local UC office to confirm that the individual is receiving benefits and to determine the local benefit amount. Estimated savings for such aliens are included in INS's cost avoidance reports.

Short-Term UC Verification Experiences

In December 1983, California's UC program began verifying all alien applicants with INS. The state estimated that this practice, which it used for 7 weeks, kept \$19 million in UC benefits from being erroneously paid to ineligible claimants, but did not collect any cost data. In February 1984, a class action lawsuit¹ was filed against California claiming that

- the state's Administrative Procedures Act requirement that the state hold public hearings before implementing new practices had not been met,
- the practice was contrary to such federal and state statutes as those requiring prompt payment of benefits and recognizing the rights of noncitizens to claim UC benefits, and
- applicants' constitutional privacy rights were being violated.

As a result of the lawsuit, the state voluntarily discontinued its verification practices and withdrew the proposed regulation based on a decision from the governor's office. To date, California has held public hearings

¹Barajas v Kiddo, No. 820258 (Super Ct., Cal.).

on proposed verification regulations, but has not yet issued final regulations and is not verifying UC alien applicants' status with INS.

During a 13-week SAVE pilot test conducted in 1985, New York identified many problems in verifying all alien UC applicants with INS. The New York Commissioner of Labor opposed verifying all aliens with INS for the following reasons:

- Benefits were not significant.
- INS computer files were unreliable.
- Much trauma was created for claimants.
- INS responses were not timely.
- Verification with INS did not address the greater problem of false claims of U.S. citizenship.

New York's study results showed that of 12,238 claims filed by noncitizens during the test period, 54 aliens were found ineligible, resulting in overpayments of \$51,722. The state did not estimate either the savings accrued from not making further payments to these claimants or the costs associated with verification. We estimated, however, that such savings were about \$119,000. Further, 27 ineligible aliens were detected whose benefits had not yet been paid, amounting to an estimated \$60,000 in savings. Moreover, the eligibility of 303 claimants was never resolved.

Currently, New York verifies with local INS offices only claimants who present documents that appear altered or counterfeit. New York UC officials told us they believe this practice is more effective than verifying all alien applicants.

Limited Cost Data on Alien Verification Systems

The labor and other costs of verifying immigration status with INS were not consistently accumulated at the states we visited. We note that although INS attempted to estimate certain SAVE costs to encourage states to operate the system in 1985, such estimates may not be representative of the INS system under development. As table 2.3 shows, operating costs for UC verification—based on available data in the states we visited—varied widely depending on whether states had acquired their own computer terminals (such as in California, Colorado, and Florida) or stationed their staff at local INS district offices to directly access INS terminals (such as in Illinois and Texas).

Table 2.3: UC Labor and Other Costs of Alien Verification

State	Start-up equipment	Start-up other	Recurring costs ^a	
			Staff	Other
California	^b	\$3,647 ^{c d}	^d	\$9,750
Texas	^b	240 ^c	\$31,368	^b
New York	^e	^b	^e	^e
Colorado ^f	\$11,685	671	5,508	1,098
Illinois	^b	^b	17,496	^b
Florida	2,490	10,038	40,002	7,062

^aEstimated 6-month costs

^bNot applicable

^cMay include such costs as equipment installation, security access, administration, communications, personnel, programming, printing, and supplies.

^dCalifornia leased four terminals that were never used.

^eNew York does not segregate costs associated with alien verification

^fSome Colorado costs may relate to verifying applicants for social services.

Both Colorado and Florida have terminals in use for verifying UC claimants. California's four terminals, leased after the 7-week test, have not been used due to the lawsuit that stopped alien verification. New York, which selectively verifies aliens' status for aliens presenting suspicious documents, could not identify costs associated with its verification practices.

Illinois and Texas staff costs (salaries and benefits) are for state UC employees stationed at local INS district offices using INS terminals. Equipment and start-up costs have not been incurred by these states; Texas' \$240 start-up costs, for four persons' security clearances, were paid by INS.

Federal and State UC Officials Cite Problems in Using SAVE

Department of Labor and state UC officials cited many problems with the completeness of the SAVE data base and the frequent need for secondary verifications. Others with limited experience with INS verification cite these problems as reasons for their concerns about IRCA's requirements. INS plans for addressing the problems and improving its data base are discussed in chapter 3.

No Firm Definition of Aliens Who Are PRUCOL

Four states—California, Colorado, Texas, and Florida—have faced legal challenges by aliens denied UC benefits because of their alien status.

These cases were settled on various grounds, but one major issue was the diverse federal and state interpretations of PRUCOL.

UC, as well as AFDC and Medicaid, extend benefits to aliens who are PRUCOL. The enacting statutes, however, do not define this term, although some statutes identify certain classes of individuals, such as refugees and parolees, as PRUCOL. U.S. immigration law does not recognize PRUCOL as a category of legal aliens, but does recognize refugees and parolees as classes of aliens. Determinations as to which individuals are entitled to receive benefits as PRUCOL—other than those recognized by immigration law—have been based on such policy guidance as Labor's October 1985 guidance interpreting federal law regarding aliens' eligibility for UC and judicial decisions by federal courts.

Texas, for example, in accordance with a U.S. district court consent decree,² grants UC benefits to aliens—identified as PRUCOL—with applications pending for permanent residence, while the Department of Labor advises against this. According to California's policy manual, the state grants UC benefits to aliens—identified as PRUCOL—who are spouses and children of U.S. citizens and who are over 21, although such persons may not be in an eligible status. Legal counsels from California, Florida and Texas told us that PRUCOL needs to be defined to avoid future legal challenges.

Also, officials from five states visited expressed concerns about the lack of information on PRUCOL aliens in INS's automated data base with which to make eligibility determinations for PRUCOL aliens.

SAVE Data Base Lacks Historical and Other Information on UC Applicants

Department of Labor officials and UC officials in five states told us that INS's automated data base did not contain sufficient immigration status information to determine eligibility in certain cases. Although the data base includes information on most aliens' current status and when such status was granted, Labor officials told us it did not store historical information needed to determine an alien's status (1) when wage credits were earned or (2) when UC benefits were claimed. UC eligibility requires that aliens be legally authorized to accept work during these two periods or, according to Labor, be in a status of lawfully admitted for permanent residence or PRUCOL. Thus, secondary verifications were needed.

²Ibarra v Texas Employment Commission, No. L-83-44-CA (E. Dist., Tex.)

Both Labor and California UC officials told us this weakness will become critical when determining the eligibility of aliens newly legalized under IRCA, because such aliens, although appearing eligible for UC benefits, may have earned their wage credits while in an illegal status.

According to Florida UC officials, a major concern with their SAVE pilot project was that Cuban-Haitian entrants, generally authorized to work in this country and to receive UC benefits, almost always required secondary verification with INS. Florida has a large population of Cuban-Haitian aliens, who cannot be identified in the SAVE data base through primary verification because the data base does not currently contain certain information needed to determine their status.

Colorado, Illinois, and Florida UC officials told us that the SAVE data base lacks information on aliens who entered the country before 1957, again necessitating secondary verifications for such cases.

Problems with missing and incomplete data in INS's automated data base are discussed in more detail on our companion report.

Views on INS's Response Times

Along with the need for frequent secondary verification, some federal and state UC officials expressed concerns about the length of time INS takes to complete the process. UC benefits must be provided to applicants within 21 days of application. Some officials were concerned that the time required for secondary verification may result in the provision of benefits—which may not be recoverable—to ineligible aliens.

In March 1987, Texas UC officials began using their own staff to conduct alien verification at four INS district offices because, program officials told us, they were experiencing long delays processing forms through INS employees. California and New York UC officials—while having had comparatively limited experience in alien verification with INS—told us they were concerned about long delays awaiting INS determination of an alien's status. California officials told us such delays could result in costly erroneous payments.

Need for Secondary Verification

According to Colorado, Illinois, and Florida UC officials, INS usually returns data in response to secondary verifications within 10 days from the time they are submitted, and from less than 1 to 3 percent of INS's secondary verifications were not timely. Time did not allow us to analyze and determine INS's response times for secondary verification. Table

Chapter 2
States' Experiences in Verifying Aliens
With INS

2.4 shows data provided by those states on the number of primary and secondary verifications that took place in their UC programs between October 1986 and March 1987.

Table 2.4: Primary vs. Secondary Verifications for UC (Oct. 1986-Mar. 1987)

	Colorado^a	Florida^b	Illinois
Number of primary verifications	1,825	3,537	8,064
Number of secondary verifications	166	2,426	1,516
Percentage sent to secondary verification	9.1	68.6	18.9
Percentage of secondary verifications identifying illegal status	29.5	3.9	38.3
Percentage of secondary verifications identifying legal status	70.5	96.1	61.7

^aColorado used SAVE procedures to verify alien applicants for social service programs, but information on the results of secondary verifications for such programs was not available for this period.

^bFlorida did not verify the status of aliens with green cards except in the Miami experiment conducted between March and June 1987. These statistics include data from that experiment for March 1987.

As table 2.4 indicates, in most cases primary verification provided a satisfactory response to an alien's immigration status. Moreover, most of the cases referred for secondary verification were found by INS to be in legal status—about 71 percent in Colorado, 96 percent in Florida, and 62 percent in Illinois. The information on legal status was obtained through manual searches of other INS data bases and records, but was not identifiable through primary verifications.

Our limited analysis of reasons for secondary verification in 107 cases in the three states confirmed some of the concerns expressed above. Primary verification was not possible due to missing, incomplete, and sometimes inaccurate data in the SAVE data base. The scope, results, and limitations of this analysis are discussed in more detail in the companion report to this one.

Little Experience in AFDC, Medicaid, Food Stamp, and Selected Education Assistance Programs in Verifying Immigration Status With INS

Except for Colorado, none of the states' social service agencies use SAVE procedures to verify with INS all alien applicants for AFDC, Medicaid, and Food Stamps. New York opted not to verify alien status for AFDC or Food Stamp applicants and is under court order not to deny Medicaid benefits based on alienage. Similarly, Texas does not verify status. California, Illinois, and Florida (AFDC and Food Stamps only) verify status with INS only when applicants present suspicious documents or fail to present documentary proof of their immigration status.

Colorado's social service programs have established procedures generally consistent with IRCA requirements, but program officials told us they do not support continuing to use such procedures because of the minimal savings derived and the perceived low alien population receiving benefits in the state. Further, state officials are not tracking the number of alien applicants or the costs and possible savings associated with their verification practices.

In November 1985, the Illinois Department of Public Aid conducted a test in selected locations by verifying with INS the status of all aliens receiving AFDC. The state concluded that savings achieved were small—four aliens with fraudulent documents were identified, representing overpayments of \$511 for 1 month—and recommended against using the verification procedures.

Only one of eight education institutions we contacted (Florida's Broward Community College), and one of five state education loan guarantee agencies (Colorado Guaranteed Student Loan Program) verify the status of all alien Guaranteed Student Loan applicants with INS. One Texas school, one Illinois school, and one California school verify students on a selected basis. Also, the New York Higher Education Services Corporation verifies all education assistance applicants at selected schools. None of the other education institutions or the education loan guarantee agencies we contacted in the six states were verifying any alien applicants with INS. Department of Education officials told us that all education institutions verify alien applicants' immigration status by requiring and making copies of applicable documentation.

States Generally Do Not Estimate Savings or Costs; INS Savings Data Are Questionable

Generally, none of the states' AFDC, Medicaid, or Food Stamp programs collected data statewide on the costs or savings during October 1986 to March 1987 from verifying aliens with INS. Nonetheless, as table 2.5 shows, INS reported significant savings attributable to SAVE for these programs, particularly for California's and New York's Medicaid programs and California's AFDC program.

Table 2.5: INS-Estimated SAVE-Related Savings for Three Programs (Oct 1986-Mar 1987)

	Medicaid	AFDC	Food Stamp
California	\$26,317,500	\$3,737,472	\$149,688
Texas	96,932	8,829	140,550
New York	1,087,908	242,130	27,484
Colorado	•	3,636	105,191
Illinois	•	14,256	7,786
Florida	6,000	•	1,200
Total	\$27,508,340	\$4,006,323	\$431,899

INS cost avoidance estimates for Texas, New York, and Colorado include savings that result from INS investigations leading to the apprehension and deportation of aliens receiving AFDC, Medicaid, or Food Stamps, which are unrelated to program eligibility verifications. Information with which to determine what portion of INS's savings estimates were attributable to non-SAVE activities was not readily available.

Also, INS estimated \$579,000 in savings during the period for education programs, mostly in Florida and New York. One agency we contacted, the New York State Higher Education Services Corporation, estimated annual savings of over \$200,000 for the state's fiscal years 1985 and 1986 (Apr. 1-Mar. 31), resulting from verifying with INS all alien education assistance applicants at selected schools. None of the other institutions we contacted estimated savings related to their verification efforts.

States and federal program officials questioned INS's cost avoidance estimates. These officials told us that INS's cost avoidance data are incorrectly calculated, using a mix of actual, average, and maximum benefit amount and reciprocity periods. For example, USDA officials questioned INS's use of average monthly benefit amounts as high as \$400 and reciprocity periods of 12 months, whereas the national average monthly Food Stamp allotment is \$45 per person and the average reciprocity period is 8 months. HHS officials told us that INS's estimates overstated the Medicaid

and AFDC nationwide average payment amounts by using higher-than-average benefit levels and reciprocity periods. Education officials told us that INS's reported savings for individuals in New York that were in excess of the \$2,500 maximum amount available to students through the Guaranteed Student Loan program were probably erroneous.

State and federal officials told us that INS's reported cost avoidance for Medicaid—representing about 75 percent of INS's total reported SAVE cost avoidance during October 1986-March 1987—would not be indicative of potential savings under the new IRCA requirements because, under recent legislation, aliens now are eligible for some Medicaid emergency services. Beginning in January 1987, the Omnibus Budget Reconciliation Act of 1986 provides for federal sharing under Medicaid in costs for medical emergency services (including emergency labor, delivery, and certain other medical services) for aliens that are not admitted for permanent residence or PRUCOL—assuming they meet other Medicaid eligibility criteria. HHS officials told us that future verification of alien Medicaid applicants (and resultant savings) would be limited to aliens not eligible for services under the 1986 law, although HHS officials have not yet implemented such verification procedures. They had no data on the current amounts of Medicaid emergency versus Medicaid nonemergency services provided to aliens.

Officials Anticipate Marginal Savings From IRCA Procedures

According to HHS (AFDC) and USDA (Food Stamps) headquarters officials, they expect only marginal savings from the new IRCA requirements because their current documentary requirements for alien applicants are strict.³ They told us that because both programs generally require alien applicants to provide INS documentation as proof of eligibility before receiving benefits, verification with INS may only help detect counterfeit documents. Federal education officials told us that requiring status verification of all applicants by each of the approximately 8,000 educational institutions that administer some of the covered student loan and grant programs would not be cost-effective, but they had no data to support the opinion. Currently, none of the federal agencies, except Education, collect data on the numbers of aliens who apply for program benefits.

Officials from California, Illinois, New York, and Texas told us their current verification practices for AFDC, Medicaid, and Food Stamps are as

³In its comments on the draft report, Education indicated that this statement also applied to its current requirements.

effective or more effective than the proposed IRCA requirements, but—except for the previously mentioned Illinois study—had little information to support such views. California officials were concerned that, under IRCA, they may be required to provide benefits to aliens without documents, because some program policies require benefits to be provided within prescribed time periods, unless applicants otherwise are determined ineligible. They anticipate the need for frequent INS secondary verifications, which they believe may result in nonrecoverable payments when applicants are found to be in unsatisfactory immigration status.

No Experience in Verifying Alien Status With INS in Housing Assistance Programs

Although housing assistance has been statutorily restricted to certain aliens since 1981,⁴ for a number of reasons HUD did not issue implementing regulations until 1986. (See app. VI for details.) Moreover, HUD's fiscal year 1987 appropriations legislation prohibited the agency from implementing the regulations through September 30, 1987—which had the effect of prohibiting HUD from denying assistance because of alien status until that time. In addition, HUD is under court order,⁵ the result of a nationwide class-action lawsuit, not to deny housing assistance to otherwise eligible individuals, should a household member be an ineligible alien. Consequently, HUD officials told us that no verification is done of the immigration status of alien applicants for housing assistance.

Nonetheless, INS reported \$77,314 in SAVE savings for housing programs for the 6-month period ended March 1987. INS officials told us that some of their cost avoidance data resulted from the termination of benefits for aliens uncovered through INS fraud investigations. These INS district offices determine the dollar savings either by contacting local program agencies to obtain information on actual benefit levels or by estimating an average benefit level. A Colorado INS official, for example, told us that an ineligible alien had been living in subsidized housing at an annual cost of \$15,900 for the previous 2 years, so he estimated a cost avoidance of \$31,800 (2 x 15,900).

According to HUD officials, actual federal savings will not result from alien verification because generally there are waiting lists for housing, such that other eligible individuals immediately occupy any available units. They stated that for housing programs, alien verification with INS

⁴Section 214 of the Housing and Community Development Act of 1980, as amended

⁵*Yolano-Donnelly Tenant Association v. Pierce*, No. S-86-846-MLS (E. Dist. Cal.)

is a matter of ensuring that only eligible clients receive housing assistance.

HUD headquarters officials also told us that alien verification under IRCA requirements may not be cost effective if required to be done by the approximately 3,300 public housing authorities and 7,500 to 10,000 subsidized housing unit landlords that administer the housing assistance programs covered by IRCA. However, they had no data to support their opinion.

Recently introduced legislation⁶—which has passed the House and is under Senate consideration—proposes several changes to alien eligibility requirements for housing assistance programs. This legislation proposes that the IRCA verification requirements would not apply to any family with a member who is a U.S. citizen, a U.S. national, or an alien identified in existing legislation. HUD officials told us they believe many of the lawsuit's concerns would be obviated should the proposed legislation be enacted. Should the legislation not be enacted, however, HUD officials told us new regulations would be needed to comply with the court order.

Data Not Available on Deterrent Effect of Verification

Although INS cites the deterrent effects of SAVE as a benefit, we found no quantitative data for evaluating such effects. HHS officials told us they hope to gain insights on IRCA's deterrent effect by checking a sample of aliens currently receiving benefits against INS's data base to identify the number of aliens who may have been deterred. (See p. 39.) Agriculture officials said IRCA's deterrent effect will not be known until there has been some experience with the procedures. However, one headquarters official noted that IRCA procedures likely would not be much more of a deterrent than existing Food Stamp procedures. Currently, Food Stamp applicants with suspicious or no documents are asked to provide additional documentation and must give state eligibility workers written permission to check their immigration status with INS.

Program officials in the states using SAVE procedures said they believed that verifying alien status with INS deterred aliens to a moderate extent. States with limited or no SAVE experience told us that they believed the IRCA requirements would have about the same deterrent effect as their current systems.

⁶H.R. 4, 100th Cong., 1st Sess., section 186 (1987).

Progress and Problems in Implementing IRCA's Verification System

INS has made progress in acquiring the necessary automation and staff resources to implement the nationwide verification system required by IRCA, and some federal agencies are addressing the need to provide guidance on alien verification requirements to administering entities. However, INS has not yet fully addressed problems with alien verification that were surfaced by federal and other program officials. Federal program agencies so far have provided little operational guidance to states and other administering entities on meeting IRCA's requirements, the criteria and procedures for waiver determinations, and reimbursement procedures.

Federal, state, and other administering entities have expressed concerns—most of which are discussed in chapter 2—that the new alien verification system being developed by INS will not be responsive to their needs. Conversely, INS officials maintain that all information required by these users to determine the immigration status of alien applicants for program eligibility decisions will be provided either automatically, through a more easily accessible automated data base scheduled to be in place by October 1, 1987, or through secondary verification procedures.

Success Depends on INS's Ability to Provide Complete, Accurate, and Timely Data to Users

According to federal, state, and administering entity officials, their ability to successfully implement IRCA's alien verification requirements depends on INS's ability to provide accurate and complete information on alien applicants in a timely manner. They also told us that for implementation to be successful, INS's system should be developed to allow for easy and inexpensive access.

Progress in Updating Data Base to Include Additional Information on Aliens

Although INS officials accept secondary verifications as a necessary and integral part of the verification process, federal, state, and other administering entity officials expressed concerns about the number of cases that will have to be referred for secondary verifications and the time necessary to complete the process. INS officials maintain that most secondary verifications are completed within a few days of receipt, and only in isolated cases, where the alien's records have been sent to a federal records center or cannot easily be located, will the process take longer. To handle the increase in verification activity expected to result

from IRCA, INS has hired and trained 80 documentation verification specialists. INS officials told us this should facilitate timely secondary verifications.

INS is aware of problems with the reliability of its automated data base. It recognizes that some alien information that programs need to determine whether alien applicants are in satisfactory immigration status for program eligibility is not included in the SAVE data base and will not be available when the new verification data base is scheduled to be made available. The same information in INS's automated data base used by SAVE pilot projects initially will be put into the new data base used to verify aliens under IRCA procedures.¹ Officials also told us that a "users group" had been formed with the federal program agencies to discuss issues relating to the new verification system, such as what information should be added to the data base, but that decisions had not been made on certain information considered necessary to make eligibility verifications.

The SAVE data base does not always include complete information on (1) aliens who entered the country before 1957, (2) nonimmigrant aliens,² and (3) PRUCOLS. Also, at the time of our audit, no immigration status code for Cuban-Haitian entrants had been put into the data base. In addition, historical information on an alien's prior immigration status needed for UC determinations is not included in the data base.

Records of most aliens who have entered the country before 1957 have been excluded from the SAVE data base because, according to INS officials, automating these old records would not be cost-effective. INS officials also told us that the data base generally does not include records of non-immigrant aliens because such aliens do not intend to remain in this country permanently. Information on aliens admitted before 1957 is available to INS personnel in paper files, and information on nonimmigrants is available to INS personnel in another data base. Paper files and other data bases are searched during secondary verification. INS officials told us that adding information to the new data base on pre-1957 aliens probably would not be cost effective, but as of September 1987, no final decision had been made on whether to include it.

¹The INS automated data base used by SAVE pilot projects was officially the Alien Status Verification Index. It contained a subset of information from INS's larger data base—the Central Index System.

²Nonimmigrant aliens are aliens temporarily permitted to enter the United States, such as tourists or students, who do not intend to become permanent residents.

According to INS officials, some categories of aliens identified as PRUCOL in AFDC and UC law, such as refugees, have INS status, and the SAVE data base includes immigration status codes for them. Other categories require secondary verification. INS officials told us that the possibility of including other PRUCOL information in the automated data base is being discussed with the users group, but no formal plans have been made.

INS officials told us that until recently, no class of admission code for Cuban-Haitian entrants existed. During our review, INS defined status codes for these aliens. However, as of August 1987, this information had not been added to the automated data base. INS officials told us that they had not developed formal plans yet, but intended to perform a one-time update to add the proper status code for Cuban-Haitian entrants to the data base.

UC law requires that alien applicants not only must be eligible when they apply for benefits, but also must have been eligible during the period of employment when benefits were earned. INS's SAVE data base does not include information concerning the alien's status before the most recent immigration status adjustment. Consequently, if the alien's status changed during or after the period when benefits were earned, secondary verification will be required to determine whether their status was satisfactory during the entire period. According to INS officials, although there is no formal effort to add this historical information to the data base, it is being considered.

INS's New System Should Improve Data Base Access

To comply with IRCA's requirement that a nationwide verification system be made available to federal programs by October 1, 1987, INS decided to have a commercial vendor provide such a system through the vendor's computer and telecommunications facilities. In September 1987, a potential vendor was identified, but as of September 22, 1987, no formal agreement between INS and any vendor had been reached. Based on the system requirements transmitted to potential bidders, access to the data base should be improved.

Access to New Data Base Should Be Easier and Cheaper

The pilot projects had access to the SAVE data base, which was operated and maintained on a computer in the Justice Department's Data Center, which also contains other sensitive data. Although the SAVE system used by the pilot projects was designed to limit access only to the SAVE data base, Justice required all state employees accessing the system to have federal security clearances, and states were required to provide physical

security for the terminals they used. INS plans to establish a new data base by extracting alien status information from the existing SAVE data base and placing it in the vendor's computer system. Access to the system will still be controlled, but security clearances and other restrictions will not be necessary since the system will no longer be collocated with sensitive law enforcement data bases in the Justice facility. This should save new users the time and expense of meeting Justice's security requirements.

Under SAVE pilot projects, the only method of immediately accessing the SAVE data base was through computer terminals connected to INS's nationwide data telecommunications network. Some users said that their alien workload will be so small that utilizing the system would not be cost-effective. Recognizing this, INS plans to establish a verification system so that the new data base can be accessed by at least three methods:

- Computer terminals directly connected to the vendor's telecommunications network.
- "Dial-up" access by personal computers.
- Touch-tone telephone access, which would allow users to query the data base by telephone, with data returned to the user by a computer-generated voice.

The use of "point of sale" equipment for user access is also being considered, which would allow users to access the data base using a card reader similar to the method used by merchants to verify credit card spending limits. INS headquarters personnel also said that, depending on users' needs, verification could be performed by mail.

Cost Estimates for the New System Are Still Not Firm

INS estimated the 4-year life cycle costs of the new nationwide system at between \$8 and \$14 million. According to INS, the \$14 million estimate—which was developed in the initial design stages—was intentionally a high-cost estimate. Information provided by INS to interested vendors indicated that the new system should cost about \$8 million for 4 years. In September 1987, INS tentatively selected a vendor that, according to an INS contracting official, offered to provide the needed services for \$511,000 over 4 years, but as of September 22, 1987, no formal agreement had been reached. INS officials told us that cost projections are still uncertain, since the workload data (number of queries) are based on rough estimates provided by the federal program agencies.

Federal Agency Operational Guidance Is Limited

As of September 1987, the federal program agencies had given little operational guidance to states and other administering entities on meeting IRCA requirements regarding alien status verification, reimbursement procedures, or waiver application procedures and criteria. Consequently, the users have little information for deciding about waiver requests or selecting the most efficient methods of accessing INS's automated data base.

Alien Verification Requirements Are Not Firm

Most federal agencies have not updated their alien verification regulations and other guidance to reflect the new IRCA requirements, but some agencies are making progress. Agency officials provided the following assessment of their status:

- Medicaid guidance on aliens considered eligible as PRUCOL and guidance in implementing the new verification requirements were issued in August 1987. According to HHS officials, additional Medicaid and new AFDC guidance on implementing IRCA and reimbursement of verification costs should be issued by October 1, 1987. HHS also plans to issue in the near future—but not by October 1, 1987—AFDC and Medicaid regulations, which will outline alien eligibility procedures.
- In March 1987, Labor issued guidance to states outlining IRCA verification requirements. Labor also plans to issue additional guidance on alien verification for the UC program which, according to Labor officials, will be similar to UC guidance issued on December 1, 1982, because current procedures are very similar to the IRCA provisions.
- In May 1987, USDA published (1) a proposed regulation eliminating the need for state agencies to obtain written consent from an alien applicant when verifying the alien's status with INS and (2) an interim rule establishing the eligibility for Food Stamps for certain newly legalized aliens. Also, some guidance on IRCA has been provided to regional offices for dissemination to state administrators. According to USDA officials, additional information on IRCA, including new procedures for obtaining alien applicants' consent for checking immigration status, should be provided in an interim rule in October 1987, and a final rule should be issued before October 1, 1988.
- Education officials told us that they do not expect to develop guidance until they decide whether to waive the requirements of IRCA for all or some of the agency's entitlement programs. They do not expect to make this decision until their April 1988 report to the Congress.

- HUD officials told us that due to a federal court's nationwide restraining order, coupled with congressional blocking of published proposed verification regulations, they do not expect to have regulations in place by October 1, 1987.

INS headquarters officials told us that in August 1987 they began contacting states to provide information about their new verification system. On September 8, 1987, INS published a notice in the Federal Register describing the IRCA verification procedures.

Methods of Reimbursing Users Are Unclear

IRCA requires the cognizant federal agencies³ to provide 100-percent reimbursement of the costs of implementing and operating the mandated alien status verification system to states and other administering entities. Users could incur costs in several categories, such as

- initial equipment costs,
- communications costs, and
- personnel costs.

Such costs were incurred by states for their SAVE pilot projects. (See pp. 22 and 23.)

Labor officials explained that they will reimburse "reasonable" expenditures as required by IRCA. However, no funds earmarked for this purpose are in Labor's fiscal year 1988 budget submission.

HHS officials told us that they were concerned that state administering agencies might take advantage of IRCA's reimbursement provisions to acquire "unnecessary" computer equipment as early as October 1987. They view October 1, 1987, as the milestone they must meet to provide guidance to the states concerning what expenditures are allowable and what procedures must be followed to justify the expenditures. In their opinion, the cost of each method of accessing INS's automated data base needs to be developed to determine the most appropriate method for each user. HHS's August 1987 Medicaid guidance instructed states to continue their current reimbursement practices until additional guidance on verification cost reimbursement is issued. According to HHS program officials, additional guidance should be issued by October 1, 1987, and AFDC and Medicaid regulations are forthcoming.

³IRCA "authorizes" but does not require HUD and USDA to provide reimbursement.

Education officials similarly are concerned that, under IRCA's verification procedures, if many of the approximately 8,000 institutions that administer education loans and grants take advantage of IRCA's 100-percent reimbursement provisions to buy computer equipment, the Department would be unable to afford it. However, in their view, the institutions are not authorized to make reimbursable expenditures until the Department has made its determination to participate or waive, and appropriate regulations and guidelines have been issued.

USDA officials are also concerned that state agencies might request reimbursement for equipment that will not be cost-effective in the long run. However, USDA plans to provide guidance to states on reimbursable costs in its October 1987 interim guidance. The guidance should address the different access methods and costs associated with each, which should be useful to states in selecting—and to USDA for ensuring that states use—the most effective and efficient verification method.

HUD officials told us that IRCA gives them more flexibility than other federal agencies, not only because they are "authorized" rather than required to reimburse costs related to implementing IRCA's verification procedures, but also because IRCA requires HUD—not the administering agencies—to perform alien verification. HUD has not delegated this responsibility to the administering entities. Consequently, until HUD issues regulations concerning implementation of alien verification, HUD officials do not believe administering entities are entitled to reimbursement.

Agencies Have Not Yet Decided How Waivers Will Be Made

According to the federal program officials we interviewed, none had developed specific decision criteria on how waivers will be made. Some, however, have begun or plan to begin gathering data to analyze the need and obtain support for their waiver decisions.

Labor officials explained that they had canvassed the state employment services agencies to obtain information on the number of alien applicants, anticipated savings and costs associated with verifying aliens with INS, and other factors relevant to making waiver decisions. According to Labor officials, by September 1987, responses from 43 had been received, 24 of which indicated the desire for waivers. They told us that many of the states interested in waivers said their alien workload was too small to justify automated verification. INS officials told us that manual verification, such as using the mail, may be more appropriate than

automated verification for states with small alien verification workloads, but use of mail by states with large alien populations would overburden INS document verifiers. We note, however, that INS's September 8, 1987, notice describing the new verification system did not specifically identify the mail as a method of querying INS on aliens' immigration status.

HHS officials told us that they are examining the waiver issue, but believe IRCA criteria on the factors to be considered in making waiver decisions are clearly outlined in the law and need little additional clarification. They also questioned the wisdom of requiring verification of certain aliens receiving emergency treatment, some of whom are eligible for Medicaid reimbursement under the 1986 Omnibus Budget Reconciliation Act, despite their immigration status. HHS officials told us that checking the sample of aliens currently receiving Medicaid and AFDC benefits in six states against INS's data base to determine how many would have been denied benefits if verification with INS had been performed would provide insights on the increased effectiveness resulting from the new verification procedures, as well as on the deterrent effect.

According to USDA officials, they too have begun working to develop a sample of alien cases from their quality control data and will analyze these data to determine the incremental savings of the IRCA requirements over present practices. This analysis information, they told us, will be used to support their April 1988 report.

Education officials stated that consideration was being given to waiving all covered education programs, and not geographic areas or specific institutions, because verification as required by IRCA by the numerous education institutions would not be feasible or cost effective. Since the vast majority of applicants for student aid—estimated at over 90 percent by Education officials—are processed at a single location, Education officials are considering doing the check through computer matches between the Education data base and INS's automated data base. Secondary verification would be done by the institutions. As of September 1987, however, no quantitative data had been collected to support such positions, although Education officials advised us in their comments on our draft report that efforts are being undertaken to do sample surveys to gain insights on possible costs of the verification program.

HUD officials told us no decisions on whether to seek waivers had been made, and no data needed to support waiver decisions had been gathered.

New Verification System Data Cannot Be Used for Noncriminal Immigration Enforcement

IRCA requires that the new verification system implemented by INS not be used for administrative (noncriminal) immigration enforcement purposes. According to INS, this does not restrict investigations personnel from initiating criminal investigations directed at aliens whose submission of counterfeit documents constitutes a criminal violation.

Under the secondary verification procedure, various types of documentation will be submitted for INS's review. In some circumstances this documentation may have expired. INS has directed that its investigations personnel not use this information to institute deportation proceedings, revoke employment authorization, send call-in notices, or for other non-criminal administrative enforcement actions. However, if INS determines that the documentation is altered or counterfeit and the presentation of the documentation constitutes a potential criminal violation, the information will be considered as an investigative lead.

Conclusions, Recommendations, and Agency Comments

The Immigration Reform and Control Act of 1986 requires states and other administering entities to verify through INS all alien applicants for UC, AFDC, Medicaid, Food Stamps, and certain housing and education assistance programs, beginning no later than October 1, 1988, unless granted a waiver by the responsible federal program agency.

SAVE experiences in the six states we visited were too limited to assess the effectiveness of verifying all alien applicants' immigration status with INS for all programs covered by IRCA. However, where SAVE procedures were used, mostly in the UC program, results indicated that savings exceeded costs. Experience in AFDC, Medicaid, Food Stamps, and the education assistance programs was limited and provides few useful insights. There was no experience with housing assistance programs.

Only limited data needed by program officials for deciding whether IRCA's verification requirements should be waived are available. Except for UC, data on the numbers of alien applicants and the costs of doing verifications generally are not collected by federal, state, or other administering entities. Also, available savings data are not projectable and are questionable, including for the UC program.

Federal, state, and other administering entities' officials expressed concern about the lack of sufficient information in INS's automated SAVE data base for determining the immigration status of certain aliens. Our limited analysis of three states' primary and secondary verification procedures showed that most secondary verifications found referred cases to be in a legal status—indicating that INS's automated data base could be made more complete. Some program officials also expressed concern that it will take INS a long time to do verifications for some program applicants, although SAVE experience with UC in three states indicated that the immigration status for most program applicants was determined promptly through primary verification. Officials in those states told us that secondary verifications were generally completed in 1 to 10 days.

INS has made some progress implementing the new verification system required to be operational by October 1, 1987, but more remains to be done to effectively implement IRCA. Recognizing some of the concerns raised by program officials, INS is considering, but has no formal plans yet for adding to the automated data base, information on Cuban-Haitians—a class of aliens that almost always requires secondary verification. Although a "users group" with the program agencies was formed to consider, among other matters, what information should be added to

the new data base, no decisions have been made about adding to the base information about PRUCOL and certain other alien information considered necessary to make eligibility verifications. Regarding concerns about timeliness, INS has hired 80 new staff to handle expected increases in secondary verifications resulting from IRCA and, according to INS officials, to facilitate prompt verifications. To the extent that adding PRUCOL and other information available in INS's noncomputerized records to its automated data base would enable successful primary verification, the need for more costly and time-consuming secondary verifications could be reduced.

The program agencies have issued little guidance to administering entities on IRCA's verification requirements, the criteria and procedures for granting waivers, and the types of verification costs that will be reimbursable by the federal government. Such information is needed—possibly as early as October 1, 1987, by some users—for decisions about waivers and the most effective methods for accessing INS's new automated data base. INS began an initiative in August 1987 to give states and other administering entities information about the new verification system and issued procedural guidance in September 1987, but cost information on the different methods for accessing its automated data base were not then available. Such information will not be available until a vendor is selected to operate the new verification system and some experiential data is collected.

Only HHS and Labor have begun developing data on current verification practices' effectiveness to support waiver decisions, and Agriculture has plans to do so. None of the agencies have decided yet how waivers will be made. Education is considering waiving the requirements for all covered education assistance programs and instead doing a computer match of Education and INS files. As of September 1987, Education had not begun developing the information required by IRCA for making waiver decisions, and HUD also has not developed such information.

Recommendations

We recommend that the Attorney General direct the INS Commissioner to:

- Increase efforts with federal program agencies—such as through user groups—to determine what information needed to make eligibility verifications, such as on PRUCOL and certain other aliens, should be included in INS's automated data base. Correspondingly, as recommended in our

**Chapter 4
Conclusions, Recommendations, and
Agency Comments**

Labor and Education also suggested technical changes for clarifying the report which, as appropriate, were incorporated.

Unemployment Compensation Program

This appendix provides basic information on states' experiences using SAVE or other verification procedures for the Unemployment Compensation program, including (1) agencies we contacted, (2) alien eligibility requirements, (3) state alien verification procedures, (4) alien workload data, (5) savings estimates, and (6) cost estimates.

Agencies GAO Contacted

- Immigration and Naturalization Service central office and selected district offices.
- U.S. Department of Labor headquarters and selected regional offices.
- California Employment Development Department.
- Texas Employment Commission.
- New York Department of Labor.
- Colorado Department of Labor and Employment.
- Illinois Department of Employment Security.
- Florida Department of Labor and Employment Security.

Alien Eligibility Requirements

Program legislation (26 U.S.C. 3304(a)(14)) requires that to be eligible for UC an alien must be either

- lawfully admitted for permanent residency,
- lawfully present for purposes of performing certain services, or
- permanently residing under color of law.

Other program guidance provides that:

- An alien be authorized to work in the United States and available for work when claiming UC benefits (Labor Program Letter No. 15-78).
- Documents be presented as proof of work authorization (Labor Program Letter No. 6-83).
- An alien be legally available to work at the time benefits are claimed. It also recognizes that neither the amendments to the Internal Revenue Code nor immigration law specifically define PRUCOL and provides information helpful to states in identifying PRUCOLS (Labor Program Letter No. 1-86).

In addition, information was provided to states in March 1987 (Labor Program Letter No. 12-87) outlining IRCA provisions, including waiver clauses and verification procedures.

companion report, develop plans to improve the completeness and quality of the automated data base.

- As soon as it becomes available, ensure that cost and other operating data about the new system is provided to federal, state, and other administering entities to assist them in making waiver decisions and selecting the most efficient methods for accessing INS's data.

We recommend that the Secretaries of Agriculture, Education, HHS, HUD, and Labor:

- Begin developing criteria and methodologies for granting waivers and ensure that states and other administering agencies begin developing—through such means as pilot tests—empirical performance data related to IRCA verification procedures for use in deciding waivers.
- Increase efforts to provide guidance to administering entities on IRCA's requirements, the criteria and procedures for granting waivers, and the types of verification costs that will be reimbursable.
- Develop and implement plans for capturing data on numbers of alien applicants, savings, and costs of verification with INS and for monitoring the system to ensure that administering entities use the most effective and economical verification means.

Agency Comments

We gave INS and the Departments of Agriculture, Education, HHS, HUD, Labor, and Justice an opportunity to comment on a draft of this report. Labor and Education provided written comments in time for inclusion in the report. (See apps. VII and VIII.) In addition, we discussed the draft with AFDC, Medicaid, and Food Stamp officials, and their views, as appropriate, were incorporated.

Labor said that we were justifiably cautious, due to lack of conclusive data, in evaluating the effectiveness of the SAVE pilot projects. Labor suggested that we acknowledge that IRCA's requirement that employers hire only individuals legally able to work could cause some change in alien behavior (as related to applying for federal benefits). We have changed the report to indicate that we have no data that would allow us to predict such effects.

Labor also said we should make clear that cost and savings data (which we report are available essentially for only the UC program) are available for only a few states and that our observation that UC savings appear to have exceeded costs could be misleading because the four states with pilot projects may not be indicative of states with smaller

alien populations. We agree that the states included in our review are not representative of the nation.

Labor agreed with our recommendations that program agencies should develop methodologies and empirical data for use in granting waivers and increase efforts to provide guidance to states on implementing the act's requirements. Labor questioned the need for collecting savings and other data and monitoring implementation of IRCA's verification procedures by states with small alien populations. We continue to believe, however, that to ensure that all states, including those with small alien populations, use the most economical, efficient, and effective verification procedures, program agencies should develop data needed for monitoring all states' implementation of the law.

Education agreed with our recommendations that federal agencies develop criteria and methodologies for granting waivers and develop plans for monitoring verification systems to assure administering entities use the most effective and efficient verification means. With respect to our recommendation that the program agencies increase efforts to provide guidance to administering agencies on such matters as waiver criteria and reimbursable administrative costs, Education indicated it would be appropriate to do so after a final decision is made on how verification will be accomplished. Education said it was exploring possible alternative verification methods that may require waivers for most or all programs. We agree that Education should provide guidance reflecting its final decision on waivers. However, we also believe guidance should be provided in the interim explaining Education's position on this issue and advising the institutions on which, if any costs, will be reimbursable pending the final decision.

Education also agreed that, as appropriate, pilot tests should be conducted to develop empirical data for use in deciding waivers, but expressed concern about the lack of data from the pilot projects we reviewed to evaluate the SAVE system's cost effectiveness. Education also expressed concern about the INS data base's reliability and secondary verification, which it said warranted our special attention. We are issuing a companion report to this one that focuses on needed improvements in INS's data base.

Education said that we should delete the statistical data in appendix V because they are fragmentary and inconsistent and INS tends to overreport savings. We have not deleted the data because they are the best available and our report adequately describes the problems with them.

State Alien Verification Procedures

As shown in table I.1, some states and localities are following procedures for alien verification similar to those required by the act.

Table I.1: Comparison of Six States' Alien Verification Procedures With the Requirements Under IRCA—Unemployment Compensation Program^a

State	Written declaration whether citizen, national, or alien in a satisfactory status	Alien presents INS or other state-accepted documents	All aliens' status verified with INS
California	Yes	No	No
Texas			
Metro ^b	Yes	Yes	Yes
Other areas	Yes	Yes	No ^c
New York	Yes	Yes	No ^c
Colorado	Yes	Yes	Yes
Illinois	Yes	Yes	Yes
Florida ^d			
Miami	Yes	Yes	Yes
Other areas	Yes	Yes	No

^aThis table compares the states' current procedures with the three procedural verification requirements contained in IRCA Part C—Verification of Status Under Certain Programs. We do not address the two due process requirements contained in IRCA.

^bTexas pilot project has operated in 30 Texas Employment Commission offices in Houston, Dallas/Fort Worth, San Antonio, and El Paso.

^cAliens presenting suspicious documents are verified with INS.

^dFrom March to June 1987 the state conducted a special pilot test verifying all alien applicants in Miami. Aliens without alien registration cards are verified through INS in other areas outside of Miami.

Alien Workload Data

Alien applicants relative to total applicants during the 6 months ending March 1987 are shown in table I.2.

Appendix I
Unemployment Compensation Program

Table I.2: Number of Applicants for Unemployment Compensation Benefits
 (Oct 1986-Mar 1987)

	Applicants in thousands			Percent aliens
	Citizens	Aliens	Total	
California ^a	1,265	241	1,506	16.0
Texas ^b	499	37	535	7.0
New York ^c	362	29	391	7.4
Colorado ^d	78	2	80	2.2
Illinois	398	8	406	2.0
Florida ^e	.	.	167	
Total	2,600^f	316^f	3,084^f	

^aThe breakdown of citizen and alien applicants was not available. The percentage of alien claims (16 percent) was derived from an estimate developed from 1983 test data

^bIncludes applicant data statewide, which includes both pilot and nonpilot areas

^cThe breakdown of citizen and alien applicants was not available. The percentage of alien claims (7.4) was derived from 1985 test data

^dState provided total number of claims. Number of aliens was estimated from SAVE reports

^eOf the total number of applicants (167,070), the state keeps statistics on the number of aliens without alien registration cards (3,800). The remainder (163,270) were aliens with alien registration cards or U.S. citizens

^fDetails do not add to total due to rounding

Savings Estimates

States' savings and INS cost avoidance estimates for UC under SAVE or other alien verification procedures are shown in tables I.3 and I.4.

Table I.3: State Savings Reports From Alien Verification for the Unemployment Compensation Program (Oct 1986-Mar 1987)

Dollars in thousands

State	Number of unentitled aliens	Amount of benefit	Eligibility period	Savings ^a
California	•	No savings reported	•	•
Texas ^b	441	Maximum	Actual up to 26 weeks	\$1,225
New York	76	No savings reported ^c	•	•
Colorado	49	Maximum for individual claim	Maximum 26 weeks	166
Illinois	581	Average \$134	Average 20 weeks	1,557
Florida	104	Average \$123	Average 13.3 weeks	171
Total	1,251			\$3,119

^aStates' savings are generally calculated by multiplying the number of unentitled aliens by the amount of benefit and eligibility period.

^bRepresents savings from pilot project offices only (Dallas/Fort Worth, El Paso, Houston, and San Antonio).

^cAlthough 76 aliens were denied benefits due to alien status, the state did not attempt to calculate any dollar savings.

Table I.4: INS Cost Avoidance Reports for the Unemployment Compensation Program (Oct 1986-Mar 1987)

Dollars in thousands

State	Number of unentitled aliens	Amount of benefit	Eligibility period	Cost avoidance ^a
California	•	No savings reported	•	•
Texas	642 ^b	Maximum (varies) of actual cases	Maximum 26 weeks	\$1,543
New York	23	Maximum \$180	34 weeks	141
Colorado	64 ^b	Average	26 weeks	234 ^c
Illinois	581	Average \$134	Average 20 weeks	1,557
Florida	155	Average \$215	26 weeks	867
Total	1,465			\$4,343^d

Source: INS Monthly Report of Cost Avoidance, Form G-853.

^aCost avoidance is generally calculated by multiplying the number of unentitled aliens by the amount of benefit and eligibility period.

^bIn addition to unentitled aliens identified through agency verification with INS, INS includes aliens identified through fraud investigations, the cost avoidance for whom INS could not readily identify.

^cIncludes savings from Wyoming which INS officials could not separate.

^dDetails do not add to total due to rounding.

Cost Estimates

States' costs for UC verification are shown in table I.5.

Table I.5: Costs of Alien Verification

State	Start-up		Recurring monthly	
	Equipment	Other ^a	Staff	Other
California ^b	c	\$3,647	c	\$1.62
Texas ^d	c	240	\$5,228	
New York ^e	c	c	c	
Colorado	\$11,685	671	918	18
Illinois ^d	c	c	2,916	
Florida	2,490	10,038	6,667	1,17

^aMay include installation (start-up only), security access, administrative, communications personnel, programming, printing, and supply costs

^bState leased four terminals, but never used them. Other recurring charges represent the cost of leasing the terminals.

^cNot applicable

^dCurrently state employees use terminals at local INS district offices; therefore, no equipment costs have been incurred

^eThe state could not determine costs associated with its current system because segregating costs is difficult

Medicaid Program

This appendix provides basic information on states' experiences using SAVE and other verification procedures for the Medicaid program, including (1) agencies we contacted, (2) alien eligibility requirements, (3) state alien verification procedures, (4) alien workload data, (5) savings estimates, and (6) cost estimates.

Agencies GAO Contacted

- Immigration and Naturalization Service central office and selected district offices.
- U.S. Department of Health and Human Services headquarters and selected regional offices.
- California Department of Health Services.
- Los Angeles County Chief Administrative Officer, California.
- Los Angeles County Department of Public Social Services, California.
- Los Angeles County Department of Health Services, California.
- Orange County Department of Social Services, California.
- Texas Department of Human Services and selected local offices.
- Thomson General Hospital, Texas.
- New York State Department of Social Services.
- New York City Human Resources Administration.
- Colorado Department of Social Services.
- Illinois Department of Public Aid.
- Florida Department of Health and Rehabilitative Services.

Alien Eligibility Requirements

Recent program legislation (Omnibus Budget Reconciliation Act of 1986, Public Law 99-509) states that aliens who are not admitted for permanent residence or who do not meet the definition of PRUCOL and who are otherwise eligible for Medicaid may receive emergency medical services.

Regulations (42 C.F.R. 435.402 and 436.402) state that benefits can be provided to aliens who are permanent residents of the United States or who are PRUCOL, including refugees and parolees. In response to a 1984 federal court order, recent Medicaid regulations have expanded the PRUCOL definition to include undocumented aliens who are in the United States with the knowledge of INS and whom INS does not contemplate deporting.

In addition, guidance in the Medicaid Manual recognizes as PRUCOL, asylees, persons for whom INS has withheld deportation, and pre-1948 aliens (changed to pre-1972 by IRCA). Guidance was provided in August 1987 to clarify PRUCOL (Medicaid Manual Transmittal No. 14) and to implement IRCA (Medicaid Manual Transmittal No. 17).

State Procedures

As shown in table II.1, states generally are not following procedures for alien verification similar to those IRCA requires.

Table II.1: Comparison of Six States' Alien Verification Procedures With the Requirements Under IRCA—Medicaid Program^a

State	Written declaration whether citizen, national, or alien in a satisfactory status	Alien presents INS or other state-accepted documents	All aliens' status verified with INS
California	Yes	Yes ^b	No ^c
Texas	Yes	Yes	No
New York	No ^d	No	No
Colorado	Yes	Yes ^e	Yes
Illinois	Yes	Yes	No ^c
Florida	Yes	Yes	No ^f

^aThis table compares the states' current procedures with the three procedural verification requirements contained in IRCA, Part C—Verification of Status Under Certain Programs. We do not address the two due process requirements contained in IRCA.

^bCalifornia requires all aliens to sign a state alien documentation form, which is used as proof of immigration status.

^cINS verification is conducted for aliens who present suspicious documents or who do not present any documents.

^dNew York State has been prohibited by a U.S. district court from denying Medicaid benefits to applicants based on alienage.

^eAll aliens must present documents except aliens who have resided continuously in the United States since 1948 (changed to pre-1972 by IRCA).

^fINS verification is done for aliens who present suspicious documents.

Alien Workload Data

States do not keep workload information on the number of aliens applying for benefits.

Savings Estimates

States did not estimate savings for the Medicaid program under SAVE or other alien verification procedures. INS estimates are shown in table II.2.

Table II.2: INS Cost Avoidance Reports for the Medicaid Program (Oct. 1986-Mar. 1987)

Dollars in thousands

State	Number of unentitled aliens	Amount of benefit	Eligibility period	Cost avoidance ^a
California	15,125 ^b	Average \$145	12 months	\$26,318
Texas	12 ^c	Actual varies	Maximum or 12 months	97
New York	99	Varies ^d	12 months or actual	1,088
Colorado	•	No savings reported	•	•
Illinois	10	No savings reported	•	• ^e
Florida	1 ^f	Actual	Actual	6
Total	15,247			\$27,508^g

Source: INS Monthly Report of Cost Avoidance, Form G-853

^aCost avoidance is generally calculated by multiplying the number of unentitled aliens by the amount of benefit and eligibility period

^bAs part of California's program, unentitled aliens include those who do not appear for the INS interview

^cIn addition to unentitled aliens identified through agency verification with INS, INS includes aliens identified through fraud investigations, the cost avoidance for whom INS could not readily identify

^dOne individual's treatment cost was \$80,300. Buffalo INS officials used actual benefits obtained from local Medicaid officials. New York City INS officials derived an average benefit from a sample of 100 hospital bills

^eCost avoidance not reported because INS could not obtain cost data from the state.

^fFlorida's Medicaid program is not a SAVE participant. However, one unentitled alien was identified through the state agency's check of one suspicious document.

^gDetails do not add to total due to rounding

Cost Estimates

State data are not available on labor and nonlabor costs of SAVE or other alien verification procedures. The Colorado State Department of Social Services purchased one terminal at a cost of \$5,576; however, it is currently not being used.

Aid to Families With Dependent Children Program

This appendix provides basic information on states' experiences using SAVE or other alien verification procedures for the Aid to Families with Dependent Children program, including (1) agencies we contacted, (2) alien eligibility requirements, (3) state alien verification procedures, (4) alien workload data, (5) savings estimates, and (6) cost estimates.

Agencies GAO Contacted

- Immigration and Naturalization Service central office and selected district offices.
- U.S. Department of Health and Human Services headquarters.
- California Department of Social Services.
- Los Angeles County Chief Administrative Officer, California.
- Los Angeles County Department of Public Social Services, California.
- Orange County Department of Social Services, California.
- Texas Department of Human Services and selected local offices.
- New York State Department of Social Services.
- New York City Human Resources Administration.
- Colorado Department of Social Services.
- Illinois Department of Public Aid.
- Florida Department of Health and Rehabilitative Services.

Alien Eligibility Requirements

Program legislation (42 U.S.C. 602) and regulations (45 C.F.R. 223.50) state that benefits can be provided to aliens who are permanent residents of the United States or who are PRUCOL, including refugees, asylees, and parolees. In addition, according to HHS officials, AFDC guidance recognizes pre-1948 aliens (changed to pre-1972 by IRCA).

State Alien Verification Procedures

As shown in table III.1, states and localities generally are not following procedures for alien verification similar to those IRCA requires.

**Appendix III
Aid to Families With Dependent
Children Program**

Table III.1: Comparison of Six States' Alien Verification Procedures With the Requirements Under IRCA—AFDC Program^a

State	Written declaration whether citizen, national, or alien in a satisfactory status	Alien presents INS or other state-accepted documents	All aliens' status verified with INS
California	Yes	Yes	No ^d
Texas	Yes	Yes	No
New York	Yes	Yes	No
Colorado	Yes	Yes ^c	Yes
Illinois	Yes	Yes	No ^d
Florida	Yes	Yes	No ^d

^aThis table compares the states' current procedures with the three procedural verification requirements contained in IRCA, Part C—Verification of Status Under Certain Programs. We do not address the two due process requirements contained in IRCA.

^bINS verification is conducted for aliens who present suspicious documents.

^cAll aliens must present documents except for those who have resided continuously in the United States since 1948 (changed to 1972 by IRCA).

^dINS verification is conducted for aliens who present suspicious documents or no documents.

Alien Workload Data

States do not keep workload information on the number of aliens applying for benefits.

Savings Estimates

States did not estimate savings for the AFDC program under SAVE or other alien verification procedures. INS estimates are shown in table III.2.

**Appendix III
Aid to Families With Dependent
Children Program**

**Table III.2: INS Cost Avoidance Reports
for the AFDC Program (Oct 1986-Mar.
1987)**

Dollars in thousands				
State	Number of unentitled aliens	Amount of benefit	Eligibility period	Cost avoidance
California	548 ^b	Average \$480-658 ^c	12 months	\$3.73
Texas	10 ^d	Actual varies	12 months or maximum	
New York	53 ^d	Average \$240-334 or actual ^e	Varies	24.
Colorado	1 ^d	Actual	12 months	.
Illinois	6	Maximum \$198	12 months	1.
Florida	•	No savings reported	•	
Total	618			\$4,001

Source: INS Monthly Report of Cost Avoidance, Form G-853

^aCost avoidance is generally calculated by multiplying the number of unentitled aliens identified by the amount of benefit and eligibility period

^bAs part of California's program, unentitled aliens include those who do not appear for the INS interview

^cINS offices in Los Angeles and San Diego use \$658 as the average monthly benefit, while San Francisco uses \$480

^dIn addition to unentitled aliens identified through agency verification with INS, INS includes aliens identified through fraud investigations, the cost avoidance for whom INS could not readily identify

^eThe Buffalo INS office uses the actual benefit times 52 weeks, while the New York City office uses the average benefit times 26 weeks

^fIncludes savings for the Food Stamp program, which INS could not separate

Cost Estimates

State data were not available on labor and nonlabor costs of SAVE or other alien verification procedures. The Colorado State Department of Social Services purchased one terminal at a cost of \$5,576; however, it is currently not being used.

Food Stamp Program

This appendix provides basic information on states' experiences using SAVE or other alien verification procedures for the Food Stamp program, including (1) agencies we contacted, (2) alien eligibility requirements, (3) state alien verification procedures, (4) alien workload data, (5) savings estimates, and (6) cost estimates.

Agencies GAO Contacted

- Immigration and Naturalization Service central office and selected district offices.
- U.S. Department of Agriculture headquarters.
- California Department of Social Services.
- Los Angeles County Chief Administrative Officer, California.
- Los Angeles County Department of Public Social Services, California.
- Orange County Department of Social Services, California.
- Texas Department of Human Services and selected local offices.
- New York State Department of Social Services.
- New York City Human Resources Administration.
- Colorado Department of Social Services.
- Illinois Department of Public Aid.
- Florida Department of Health and Rehabilitative Services.

Alien Eligibility Requirements

Program legislation (7 U.S.C. 2015(f)) and regulations (7 C.F.R. 273.4) state that benefits can be provided to aliens who

- are permanent residents of the United States,
- entered the United States before 1948 (changed to 1972 by IRCA),
- are refugees,
- are parolees,
- are asylees, and
- the Attorney General has withheld deportation for.

State Alien Verification Procedures

As shown in table IV.1, states and localities contacted generally are not following procedures for alien verification similar to those IRCA requires. Regulations in effect at the time prevented USDA from verifying aliens' status with INS without the written consent of the alien applicant.

**Appendix IV
Food Stamp Program**

Table IV.1: Comparison of Six States' Alien Verification Procedures With the Requirements Under IRCA—Food Stamp Program^a

State	Written declaration whether citizen, national, or alien in a satisfactory status	Alien presents INS or other state-accepted documents	All aliens' status verified with INS
California	Yes	Yes	No
Texas	Yes	Yes	No
New York	Yes	Yes	No
Colorado	Yes	Yes	Yes
Illinois	Yes	Yes	No
Florida	Yes	Yes	No

^aThis table compares the states' current procedures with the three procedural verification requirements contained in IRCA, Part C—Verification of Status Under Certain Programs. We do not address the two due process requirements contained in IRCA.

^bINS verification is done for aliens with suspicious documents.

^cColorado's Food Stamp program accepts affidavits in lieu of INS documents for aliens who have resided continuously in the United States since 1948 (changed to 1972 by IRCA).

^dIllinois Food Stamp program verifies aliens who present suspicious documents as well as aliens without documents.

Alien Workload Data

States do not keep workload information on the number of aliens applying for benefits.

Savings Estimates

States did not estimate savings for the Food Stamp program under SAVE or other alien verification procedures. INS estimates are shown in table IV.2.

**Appendix IV
Food Stamp Program**

Table IV.2: INS Cost Avoidance Reports for the Food Stamp Program (Oct. 1986-Mar. 1987)

Dollars in thousands

State	Number of unentitled aliens	Amount of benefit	Eligibility period	Cost avoidance ^a
California	378 ^b	Average \$33	12 months	\$150
Texas	157 ^c	Actual varies	Maximum or 12 months	141
New York	27 ^c	Actual varies	12 months	27
Colorado	23 ^{c, d}	Actual \$170-\$400	12 months	105
Illinois	8	Maximum \$81	12 months	8
Florida	1	Average \$100	12 months	1
Total	594			\$432

Source: INS Monthly Report of Cost Avoidance, Form G-853

^aCost avoidance is generally calculated by multiplying the number of unentitled aliens by the amount of benefit and eligibility period.

^bAs part of California's program, unentitled aliens include those who do not appear for the INS interview and those found ineligible at the interview.

^cIn addition to unentitled aliens identified through agency verification with INS, INS includes aliens identified through fraud investigations, the cost avoidance for whom INS could not readily identify.

^dIncludes Wyoming savings, which INS officials could not separate.

Cost Estimates

State data were not available on the labor and nonlabor costs of SAVE or other alien verification procedures. The Colorado State Department of Social Services purchased one terminal at a cost of \$5,576; however, it is not currently being used. Los Angeles and Orange Counties (California) use their employees to verify alien status in the INS Los Angeles district office.

Education Assistance Programs

This appendix provides basic information on states' and other program administrators' experiences using SAVE and other alien verification procedures for educational assistance programs, including (1) covered programs, (2) agencies we contacted, (3) alien eligibility requirements, (4) state alien verification procedures, (5) alien workload data, (6) savings estimates, and (7) cost estimates.

Covered Programs

Title IV of the Higher Education Act of 1965 (20 U.S.C. 1091).

Grants

- Pell Grant (Basic Educational Opportunity Grant).
- Supplemental Educational Opportunity Grant.
- College Work Study.
- State Student Incentive Grant.
- Paul Douglas Scholarship.

Loans

- Guaranteed Student Loan.
- Perkins Loan (formerly known as National Direct Student Loan).

Agencies/Educational Institutions GAO Contacted

- Immigration and Naturalization Service central office and selected district offices.
- U.S. Department of Education headquarters and selected regional offices.
- California Student Aid Commission.
- California Community Colleges Chancellor's Office.
- University of Southern California.
- University of California's Office of the President.
- University of Texas at El Paso.
- New York State Higher Education Services Corporation.
- New York City Technical College, City University of New York.
- University of Colorado at Denver.
- Colorado Student Loan Program.
- Illinois State Scholarship Commission.
- DePaul University, Illinois.
- University of Miami, Florida.
- Florida State University.
- Broward Community College, Florida.
- Florida Department of Education.

Alien Eligibility Requirements

Program legislation and regulations (34 C.F.R. 674-6, 682-3, 690, and 692) for each program generally require that a student be a permanent resident of the United States or be in the United States for other than a temporary purpose with the intention of becoming a citizen or permanent resident.

Department guidance indicates that the following aliens (or if the students' parents are in such status) are eligible for title IV programs:

- Permanent residents of the United States.
- Noncitizen nationals (natives of American Samoa or Swain's Island).
- Permanent residents of the Northern Mariana Islands or the Trust Territory of the Pacific Islands.
- Refugees.
- Asylees.
- Conditional entrants.
- Parolees.
- Cuban-Haitian entrants (status pending).
- Aliens who were granted suspension of deportation.

State and Educational Institution Procedures

As shown in table V.1, states and educational institutions contacted generally are not following procedures for alien verification similar to those IRCA requires.

**Appendix V
Education Assistance Programs**

Table V.1: Comparison of Six States' Alien Verification Procedures With the Requirements Under IRCA—Education Assistance Programs^a

Educational institution	Written declaration whether citizen, national, or alien in a satisfactory status	Alien presents INS or other state-accepted documents	All aliens' status verified with INS
University of California ^b	Yes	Yes	No
California Community College ^c	Yes	Yes	No
University of Southern California	Yes	Yes	No ^d
California Student Aid Commission	^e	^e	^e
University of Texas	Yes	Yes	No ^d
New York Higher Education Services Corporation	Yes	Yes	No ^f
New York City Technical College	Yes	Yes	No
University of Colorado	Yes	Yes	No
Colorado Student Loan Program	Yes	No	No ^g
Illinois State Scholarship Commission	^e	^e	^e
DePaul University	Yes	Yes	No ^d
Broward Community College	Yes	Yes	Yes
University of Miami	Yes	Yes	No
Florida State University	Yes	Yes	No
Florida Department of Education	^e	^e	^e

^aThis table compares the states' and educational institutions' current procedures with the three procedural verification requirements contained in IRCA, Part C—Verification of Status Under Certain Programs. We do not address the two due process requirements contained in IRCA.

^bEstablishes alien verification policy for nine California universities.

^cEstablishes alien verification policy for 105 California community colleges.

^dINS verification is conducted for aliens who present suspicious documents.

^eNot applicable because these state agencies do not determine eligibility for the stated programs.

^fThe New York Higher Education Services Corporation checks alien status of alien applicants at selected schools.

^gAll Guaranteed Student Loan applicants are verified. Parent Loans for Undergraduate Students program applicants are not verified.

Alien Workload Data

Workload information for the number of aliens claiming benefits in relation to the total number of claimants seeking benefits was not available by state.

Savings Estimates

States and educational institutions contacted did not estimate savings for educational assistance programs under SAVE or other alien verification procedures. INS estimates are shown in table V.2.

Table V.2: INS Cost Avoidance Reports for Education Assistance Programs (Oct. 1986-Mar 1987)

Dollars in thousands

State	Number of unentitled aliens	Amount of benefit	Eligibility period	Cost avoidance ^a
California	•	No savings reported		•
Texas	1 ^b	Actual varies	Maximum up to 12 months	\$12
New York	103 ^b	^c	12 months ^c	314
Colorado	3	Maximum \$2,500	^d	8
Illinois	2	^d	^d	36
Florida	43	Maximum combined loan and grant (\$4,600) ^e	12 months	210
Total	152			\$579^f

Source: INS Monthly Report of Cost Avoidance, Form G-853

^aCost avoidance is generally calculated by multiplying the number of unentitled aliens identified by the amount of benefit and eligibility period

^bIn addition to unentitled aliens identified through agency verification with INS, INS includes aliens identified through fraud investigations the cost avoidance for whom INS could not readily identify

^cBenefit amount varies from \$2,562 to \$4,000 and is based on average or actual benefit amounts. The payment period is usually for 12 months

^dNot available

^eCombined total for grants and loans used to estimate cost avoidance. Some variance from this amount in October 1986 estimate

^fDetails do not add to total due to rounding

Cost Estimates

No cost data could be obtained from the states or educational institutions contacted on SAVE or other alien verification procedures.

Housing Assistance Programs

This appendix provides basic information on states' and other program administrators' experiences using SAVE or other alien verification procedures for the housing assistance programs, including (1) covered programs, (2) agencies we contacted, (3) alien eligibility requirements, (4) state alien verification procedures, (5) alien workload data, (6) savings estimates, and (7) cost estimates.

Covered Programs

Section 214 of the Housing and Community Development Act of 1980 (42 U.S.C. 1436) provides alien restrictions for:

- Section 8 Programs.
- Public Housing.
- Rent Supplement Payments.
- Section 235 Interest Reduction Payments.
- Section 236 Interest Reduction Payments or Rental Assistance Payments.
- Section 23 Leased Housing.

Agencies GAO Contacted

- Immigration and Naturalization Service central office and selected district offices.
- U.S. Department of Housing and Urban Development headquarters.
- California Housing and Community Development Department.
- Los Angeles County Community Development Commission, California.
- Texas Department of Community Affairs.
- Colorado Division of Housing.
- Springfield Housing Authority, Illinois.
- Chicago Housing Authority, Illinois.
- Dade County Housing and Urban Development Authority, Florida.
- New York City Housing Authority, New York.

Alien Eligibility Requirements

Program legislation and regulations (24 C.F.R. 200.181) state that benefits can be provided to aliens who

- are admitted for permanent residence as an immigrant,
- entered the United States before June 30, 1948 (changed to 1972 by IRCA),
- are asylees (pertains to statute only),
- have their deportation withheld, and
- are parolees or refugees (pertains to regulations only).

Section 214 of the Housing and Community Development Act of 1980, as amended, prohibits assistance to aliens who are not in the above category. However, states and housing authorities visited are presently prohibited from denying benefits to aliens due to their status because of the following regulatory and legislative actions:

- May 3, 1982—HUD published a proposed rule in the Federal Register to implement section 214 of the Housing and Community Development Act.
- Oct. 4, 1982—HUD published a final rule; however, the rule never became effective.
- Nov. 30, 1983—The Congress enacted legislation barring HUD from implementing the prohibition on housing assistance to ineligible aliens for 1 year, expiring November 1984.
- Apr. 1, 1986—HUD published a final rule prohibiting financial assistance to any alien who is not a lawful resident of the United States and requiring proof of evidence for both citizenship and alien status.
- July 28, 1986—HUD postponed implementation of final rule (4/1/86) until September 1986, in response to a request by the Congress.
- Sept. 29, 1986—HUD postponed implementation of final rule (4/1/86) until December 1986.
- Nov. 21, 1986—HUD published a notice deferring implementation of final rule (4/1/86) until October 1, 1987.

State Procedures

As shown in table VI.1, states and housing authorities are not following procedures for alien verification similar to those IRCA requires. HUD, due to congressional and judicial actions, has no regulations in effect authorizing grantees of housing assistance programs to verify the status of alien applicants.

**Appendix VI
Housing Assistance Programs**

Table VI.1: Comparison of Six States' Alien Verification Procedures With the Requirements Under IRCA—Housing Assistance Programs^a

State	Written declaration whether citizen, national, or alien in a satisfactory status	Alien presents INS or other state-accepted documents^b	All aliens' status verified with INS^b
California	No	N/A	N/A
Texas	No	N/A	N/A
New York	No	N/A	N/A
Colorado	No	N/A	N/A
Illinois	No	N/A	N/A
Florida	No	N/A	N/A

^aThis table compares the three procedural verification requirements contained in IRCA, Part C—Verification of Status Under Certain Programs. We do not address the two due process requirements contained in the IRCA law.

^bBecause alien status is not used to determine eligibility, the IRCA procedures for alien verification are not applicable. Alien eligibility is not a criterion due to HUD's postponement of implementing regulations that allow housing assistance only to citizens and legal residents.

Alien Workload Data

The states could not provide statewide data on the number of alien applicants for rental and low-income housing units.

Savings Estimates

States and housing authorities did not estimate savings for housing assistance under SAVE or other alien verification procedures. INS estimates, primarily from apprehensions not directly related to housing program alien verification, are shown in table VI.2.

Appendix VI
Housing Assistance Programs

Table VI.2: INS Cost Avoidance Reports for Housing Assistance Programs (Oct. 1986-Mar. 1987)

Dollars in thousands				
State	Number of unentitled aliens	Amount of benefit	Eligibility period	Cost avoidance ^a
California	•	No savings reported	•	•
Texas	1 ^b	Actual varies	Maximum or 12 months	\$3
New York	35 ^b	Average \$220-\$500	Actual	30
Colorado	4 ^b	Actual varies ^c	Actual	43
Illinois	•	No savings reported	•	•
Florida	•	No savings reported	•	•
Total	40			\$75^d

Source: INS Monthly Report of Cost Avoidance, Form G-853

^aCost avoidance is generally calculated by multiplying the number of unentitled aliens by the amount of benefit and eligibility period

^bINS includes aliens identified through fraud investigations by INS or by the agency through its own investigations; the cost avoidance for whom INS could not readily identify

^cINS reported one case as \$31,800, but was unable to determine the source of the three additional cases that are included in the \$42,600 total cost avoidance reported

^dDetails do not add to total due to rounding

Cost Estimates

State data are not available on labor and nonlabor costs of alien verification procedures, as this is not authorized under HUD regulations.

Comments From the Department of Labor

SECRETARY OF LABOR
WASHINGTON

September 23, 1987

Mr. Richard L. Fogel
Assistant Comptroller General
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Fogel:

In reply to your letter of September 9 requesting comments on a draft report on States' experiences Verifying the Immigration Status of Aliens Applying for Federal Benefits, the Department's response is enclosed. We appreciate the opportunity to review the report and to provide you with comments.

Very truly yours,



WILLIAM E. BROCK

WEB:rjk

Enclosure

Enclosure No. 1

U.S. Department of Labor's Comments on a Draft
General Accounting Office Report Entitled:

Immigration Reform: Verifying the Immigration Status
of Aliens Applying for Federal Benefits.

I. General

Overall, the report takes a cautious approach towards evaluating the effectiveness of the SAVE pilots. This caution is warranted given the lack of any conclusive data. Moreover, it is not clear how the existing data should be interpreted, given the possible effect of the IRCA requirements on the alien population. At the time of the pilot studies, there were no legal constraints on employers with respect to hiring undocumented aliens. Now that IRCA mandates that employers hire only individuals who are legally able to work, it is reasonable to expect some change in alien behavior. The report should at least acknowledge, if not discuss, the implications of this behavioral change for interpreting the results of the pilot projects.

II. Specific Comments

Pages 4, 30, 65 - The report states, for the UI program, that results in States using SAVE procedures indicated that savings exceeded costs of implementing and operating their alien verification systems. This statement is misleading since only 4 States were involved (Colorado, Florida, Illinois and Texas) and only 6 months were studied. Each of these States have significant alien workload/population. These conclusions may not be valid for States with smaller alien claimant populations such as Alaska, Maryland, or New Hampshire.

Now on pp 3, 19, 41.

Now on pp. 4 and 18.

Pages 7 and 8 and 27-28 - In several places, the report states that statistics on alien workload and savings are only available for the UI program. This is very misleading as: (1) data on savings are available for only a few States; and (2) there is no reporting requirement to gather data on workloads at the Federal level and the data is not uniformly available in all States. While this is accurate in terms of the lack of data for other programs, it should be made clear that the data for UI are limited to a few States.

Now on p. 23.

Page 38, Second Paragraph - There is a discussion of the confusion and lack of guidance as to the meaning of PRUCOL. It is true that there is no legislative definition of the term. In the absence of a legislative definition, the term must, of necessity, be defined by courts and administrative agencies as the law is administered. The Department has defined PRUCOL for UI purposes in UIPL 1-86.

Now on p. 24.

Page 39, First Paragraph - The next to last sentence, concerning UI eligibility and legal authorization to work, is not quite correct. The sentence either should be deleted, or expanded to include the concept that UI eligibility is extended to aliens who may not have work authorizations from INS, but are considered to be in the status of lawfully admitted for permanent residence or PRUCOL.

Now on p. 46.

Page 69, Third Paragraph - Program legislation specifies three categories of aliens that are eligible for UI, as opposed to the two categories specified in the draft report. The third category, which should be added, is "lawfully present for purposes of performing such services."

II. GAO Recommendations Regarding Federal Program Agencies

Recommendation 1: begin developing criteria and methodologies for granting waivers; and ensure that States and other administering agencies begin developing -- through such means as pilot tests -- empirical performance data related to IRCA verification procedures for use in deciding waivers.

DOL Comments: DOL agrees that Federal agencies need to develop waiver criteria and methodologies for granting waivers and provide this information to State agencies. In fact, DOL has begun to do so by gathering information on alien population and verification from the States. We have canvassed State employment security agencies (not State employment service agencies), and our latest tally of SESA responses is 43 responses with 24 States requesting waiver.

-3-

Recommendation 2: increase efforts to provide guidance to administering entities on IRCA's requirements, the criteria and procedures for granting waivers, and the types of verification costs that will be reimbursable.

DOL Comments: DOL agrees that Federal agencies need to develop additional guidance for the States with regard to IRCA's effect on program operations. DOL is in the process of developing such guidance for the UI program.

Recommendation 3: develop and implement plans for capturing data on numbers of alien applicants, savings, and costs of verification with INS, and monitoring the system to ensure administering entities use the most effective and economical verification means.

DOL Comments: DOL questions whether it should initiate a large-scale data collection and oversight effort. It may not be worthwhile in States known to have a very small alien population.

Comments From the Department of Education



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION

SEP 23 1987

Mr. Richard L. Fogel
Assistant Comptroller General
United States General Accounting Office
Washington, D.C. 20548

Dear Mr. Fogel:

Thank you for the opportunity to review the draft report to the Congress on the states' experiences verifying alien applicants for federal programs.

The Department noted, in its review of the GAO Report to the Congress on Verifying the Immigration Status of Aliens Applying for Federal Benefits, that GAO understated several significant factors in its evaluation of the Immigration and Naturalization Service's (INS) Systematic Alien Verification for Entitlements (SAVE) Program.

Of gravest concern to the Department is the apparent lack of data available to evaluate the cost-effectiveness of implementing the SAVE system. Not only are the cost and savings data attributed to the pilot programs fragmentary, inconsistent and inconclusive, but those data have also been subject to apparent mis-statements and misuse by the INS. While we agree with the recommendation of the Report that pilot tests should be conducted by each agency to develop empirical data to determine a waiver, we are dismayed that the pilot projects to date have proven to be so inconclusive.

Also of concern to the Department is the reliability of information contained in the SAVE data base, as is detailed throughout the Report. We believe the information presented in the Report is sufficient to warrant a recommendation by GAO that INS devote immediate and significant resources to improving the reliability of the data, and should provide to each agency a report detailing its accuracy and completeness.

Lastly we feel the issues related to secondary verification should be more fully addressed in the report. Secondary verification is a significant cost issue since the Department must reimburse institutions for 100% of this labor intensive activity. As the need for secondary verification is directly related to the quality of the SAVE data base, this underscores the importance of the quality of the SAVE data base. It puts all users of the SAVE system at potential risk, and should receive more attention by all parties involved.

400 MARYLAND AVE SW WASHINGTON DC 20402

**Appendix VIII
Comments From the Department
of Education**

Page 2- Mr. Richard Fogel

Now on p. 43.

In reference to the specific recommendations made on page 65 of the report -

Recommendation #1

Federal program agencies should begin developing criteria and methodologies for granting waivers; and ensure that states and other administering agencies begin developing--through such means as pilot tests--empirical performance data related to IKCA verification procedures for use in deciding waivers.

Response - We agree with the recommendation that the federal agencies should develop criteria and methodologies for granting waivers; however, given the centralized student assistance processing procedures used by the Education Department, and the extensive data we have on the population affected by the SAVE program, we do not believe it would be cost effective to utilize the primary verification system outlined in the statute. This would unduly burden approximately 8,000 institutions with verification of approximately 5% of the total number of applicants for affected programs. Instead, the Department is exploring as a possible alternative the implementation of a computer tape exchange procedure with the IYS SAVE program. We would point out that a similar tape exchange has been worked out with the Selective Service System to help assure compliance with the Solomon Amendment regarding draft registration. Such an exchange would serve as a more cost effective and efficient system for obtaining the same end result, with secondary verification still conducted by the institutions. We believe the objectives of the SAVE program would be achieved through this method; however, the Department notes that technically a waiver of coverage for all programs would probably be necessary to conform to statutory requirements. As we mentioned previously, while we agree with the recommendation of the Report that pilot tests should be conducted by each agency to develop empirical data to determine a waiver, we are dismayed that the pilot projects to date have proven to be so inconclusive. Therefore, we cannot commit to participation in any pilot test at this time.

Recommendation #2

The federal program agencies should increase efforts to provide guidance to administering entities on IKCA's requirements, the criteria and procedures for granting waivers, and the types of verification costs that will be reimbursable.

**Appendix VIII
Comments From the Department
of Education**

Page 3- Mr. Richard Fogel

Response - we do not believe it would be appropriate to provide specific guidance to institutions covered by the SAVE program until the Department has rendered a final decision regarding the means by which verification will be accomplished.

Recommendation #3

The federal program agencies should develop and implement plans for capturing data on numbers of alien applicants, savings, and costs of verification with INS, and monitoring the system to ensure administering entities use the most effective and economical verification means.

Response - the department currently does capture information on the numbers of aliens who apply for student financial assistance. Since the types of programs administered by the Department of Education lend themselves to a centralized verification system, the Department will be working with INS to track the costs associated with such a process. An unknown, which is of particular concern, is the cost of secondary verification, which could be considerable if the SAVE data base is incomplete or faulty. The Department will establish a system to monitor any costs associated with the verification process when finally decided upon.

Finally, we have enclosed additional comments on specific passages of the report, and provided corrections which we believe will clarify the comments attributed to this department's officials.

If you have any questions regarding this response, please contact Ms. Sally Kirkgasler on 732-3551.

Thank you.

Sincerely,



C. Ronald Kimberling
Assistant Secretary

Enclosure

**Appendix VIII
Comments From the Department
of Education**

Specific Recommended Changes to Text of the GAO Report on the
Implementation of the SAVE Program

The following changes in phrasing are being recommended to clarify the position of the Department of Education regarding the implementation of the Systematic Alien Verification for Entitlements Program (SAVE):

Page 7.

The report states "None of the other schools or guarantee agencies GAO contacted verified aliens status."

This statement is misleading, in that all institutions participating in the various Federal student financial assistance programs perform 100% verification of all applicants who report that they are not citizens. Most however, do not utilize the INS data base, and depend on INS documentation provided by the applicant. The following replacement sentence is recommended:

The other schools contacted by GAO did not use a system which utilized the INS data base to verify alien status. Education officials advised that an alternate system of verification was required of all institutions.

Page 10.

The statement regarding the Department of Education seeking blanket waivers for all programs except for the Pell Grant program is incorrect. The Department's initial assessment of the requirements of the SAVE program are that it would not be feasible to implement the SAVE program as specified in the statute since this would require the establishment of a complicated and costly mechanism at over 8,000 institutions of postsecondary education to verify approximately 5% all the applicants for assistance. Instead, the Department is considering utilizing its centralized processing system to develop a direct tape to tape verification of data with INS. The central processor, which was initially established for the Pell program, captures over 90% of all applicants for financial assistance.

Suggested re-wording for the last sentence of the first paragraph on page 10 is the following:

Now on p 4.

**Appendix VIII
Comments From the Department
of Education**

Education officials believe that implementation of the statute as written would not be feasible and definitely not cost effective. They are considering a blanket waiver for all student assistance programs, and the implementation of a verification process utilizing their central application processor, which captures data on over 90% of those individuals applying for financial assistance. The alternative being considered would have the primary verification accomplished through a direct computer tape exchange with INS, and institutions performing secondary verification as necessary.

Now on p 29

Page 45.

That portion of the report which quotes Education officials as stating that the savings reported by New York State may have included other forms of aid is taken out of context. Department officials pointed out the inconsistency of the savings reported by INS for New York State and questioned the validity of the estimated savings. The speculation regarding possible rationale for the misreporting by INS was incidental. A more accurate characterization of the Department's comments regarding the purported savings in New York by INS would be the following:

Education officials pointed out that the savings under the Guaranteed Student Loan program in excess of \$2,500 per individual reported by INS for individuals identified through verification in New York was probably erroneous, since the maximum an individual could receive under the program was \$2,500.

Now on p 29.

Page 46.

The statement on page 46 that HHS and USDA headquarters officials expected only marginal savings increases from the new IRCA requirements because their current documentary requirements for alien applicants are strict should be expanded to include Education. Departmental officials have pointed out that the student aid programs have required alien applicants to provide INS documentation as proof of eligibility before receiving benefits.

Now on p..29

Page 47.

On page 47 the statement is made that the Department had no data to support the opinion that having each of the 8,000 educational institutions that administer the student aid programs participate in SAVE would not be cost effective. The Department pointed out that no more than 5% of those applying fall within the alien category, that 5% is not evenly distributed but concentrated

Appendix VIII
Comments From the Department
of Education

heavily in certain geographic areas and certain institutions. Given the fact that those aliens are currently required to produce INS documentation to verify their status, the only additional mispayments that SAVE could detect would be those involving fraudulent documents. There is no data that would indicate sufficient cases of fraud to warrant the cost of equipping, training and reimbursing 8,000 campuses for their participation.

Now on p 29.

On page 47 the assertion is also made that none of the federal agencies collect data on the numbers of aliens who apply for program benefit. This is inaccurate insofar as it applies to Education. Student aid applicants must indicate their alien status on the application form. This data is routinely collected and processed.

Now on p 32.

Page 52.

The statement at the end of the first paragraph should be restated to emphasize that it is conditional in nature. Specifically, the following is recommended:

Agency officials also indicated that in order to be successful the system should be developed to allow for easy and inexpensive access.

Now on p. 38

Pages 60-61.

Now on p. 38.

Clarification of the department's statement is appropriate. The underlined phrase should be added to the last sentence on the bottom of page 60:

Education officials similarly are concerned that if the system were implemented as stated in the statute and if a large

Now on p 38

In addition the last sentence of the first paragraph on page 61 should be changed to read as follows:

However, in their view institutions are not authorized to make reimbursable expenditures until the Department has made its determination to participate in the program or waive participation and appropriate regulations and guidelines have been issued.

Now on p 39.

Page 63.

Clarification would be gained by adding the following phrase before the last full sentence in the last paragraph:

Since most applicants who apply for aid have their data captured through the centralized processing system for the Pell Grant program, the other education programs would be considered for blanket waivers.

**Appendix VIII
Comments From the Department
of Education**

Now on p. 44.

Page 67.

The description of this department's activities needs to be clarified. Suggested wording for the last full sentence of the page is as follows:

Education is considering an alternative to the SAVE system utilizing its central student assistance processing system established for the Pell Grant program. The data available to education regarding the potential population which would be covered by the SAVE program, approximately 5%, would not make it cost effective to set up a decentralized verification system at over 8,000 participating institutions. Furthermore, the department believes it is hampered, in the same manner as GAO, in its efforts to obtain complete and accurate data on the cost and effectiveness of the SAVE program. Efforts are being undertaken to perform some sample surveys which should provide more insight into possible costs of the SAVE program.

Appendix V.

The statistical information provided in Appendix V is fragmentary and inconsistent, and should not be included. Table V.2 is especially objectionable since it represents data gathered from INS, which is biased to over-report potential savings in the SAVE program.

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