

**Testimony before Senate Federal and State Affairs Committee
Senate Bill 399- Kansas Business, Workers, and Community
Partnership Act
Presented by Eric Stafford, Senior Director of Government Affairs**



Wednesday, February 15, 2012

Mister Chairman and members of the committee:

On behalf of the Kansas Business Coalition for Immigration Reform and the organizations listed at the end of my testimony, we appreciate the opportunity to speak in support of Senate Bill 399, the Kansas Business, Workers, and Community Partnership Act which offers Kansans a positive alternative to the law enforcement-style legislation which has wreaked havoc on communities in Arizona, Georgia and Alabama.

Going back to the 1800's when Europeans came to America in the largest mass migration in the history of the world, 15 year old Annie Moore and her two brothers were the first immigrants to be processed through the Federal Ellis Island, NY Immigration Facility on January 2, 1892. Over the next 62 years, over 12 million immigrants were processed through Ellis Island alone. According to the Ellis Island website, during those times, "as long as an immigrant's papers were in order and they were in reasonably good health, the Ellis Island inspection process would last approximately three to five hours." In today's information age, it only takes around 10 years.

Our country's immigration policy is broken. It has long been ignored by Congress and over the past four years, states have unfortunately started taking the issue into their own hands. This new patchwork of immigration policy leads to concerns over multi-state compliance. For example, a business located in Olathe, KS could be in compliance for Kansas laws, but out of compliance when conducting business in Missouri. Probably the most unattractive patch on the quilt are the "law enforcement" style bills which passed first in Arizona, then last year in Georgia and Alabama followed suit with Indiana and South Carolina passing "weaker" versions.

As one organization put it, these states are now the victims of their own success. They are all facing costs of defending these laws and won't stop until they get to the United States Supreme Court. The costs only begin to add up during litigation.

Today I would like to focus my testimony on the economic impact of these laws and the reality of our nation's immigration policy. While fear mongering and intimidation tactics draw headlines, they don't always result in good public policy. We are here to bring attention to the complexity of the immigration issue and promote a positive alternative to the harmful bills passed in other states.



The Kansas Chamber, with headquarters in Topeka, is the leading statewide pro-business advocacy group moving Kansas towards becoming the best state in America to do business. The Chamber represents small, medium and large employers all across Kansas.

Last year after the passage of Georgia's immigration bill, the agricultural industry immediately felt the effects of HB 87. After the Governor began hearing of complaints, he asked Agriculture Commissioner Gary Black to investigate.

- He conducted a survey and found there to be a shortage of 11,080 workers.
- The Georgia Agribusiness Council estimated the monetary loss of unharvested crops to be around \$300 million with total economic loss approaching \$1 billion for 2011.

In addition to summoning Commissioner Black to survey the industry on the economic loss, Governor Deal also came up with a grand plan to use prison parolees to fill the vacancies left after he signed HB 87 into law. Some parolees quit after only hours on the job and all had quit by the end of the week.

Moving south and west to Alabama which passed the most strict immigration law in America, some estimates show that 80,000 of the 120,000 unauthorized immigrants had fled the state. The construction, agricultural and landscape/horticulture industries have been outspoken in the lack of available workers in the state. One business owner in the landscaping industry received only two applications for a landscaping supervisor position. Most years they receive more than 30 applications. Another spent thousands training a crew of legally authorized immigrants, only to have them disappear after the law passed.

A recently published cost-benefit analysis conducted by the University of Alabama, Center for Business and Economic Research concluded the following. "The annual economic and fiscal impacts of the reduction in aggregate demand caused by 40,000-80,000 unauthorized immigrant workers who earn between \$15,000 to \$35,000 a year leaving the state are reductions of about (a) 70,000-140,000 jobs with \$1.2-5.8 billion in earnings, (ii) \$2.3-10.8 billion in Alabama Gross Domestic Product (GDP) or 1.3-6.2 percent of the state's \$172.6 billion GDP in 2010, (iii) \$56.7-264.5 million in state income and sales tax collections, and (iv) \$20.0-93.1 million in local sales tax collections."

Alabama hasn't only faced economic damage. They have also suffered a hit to their reputation. Alabama has taken aggressive steps to attract foreign businesses to the state. As a right-to-work state, Alabama has successfully recruited several foreign car manufacturers to their state to open assembly plants. Last fall, Alabama was back in the news after an Executive Vice President for Mercedes-Benz from Germany was arrested and jailed after not carrying a driver's license while driving a rental car. He was imprisoned until his co-workers could get his passport and other documents proving he was authorized to be in the country. Twelve days later, a Japanese man with Honda suffered the same fate. Although he had his passport on him, he could not present an Alabama or country-of-origin license as required by law.

Why would Kansas want to travel down this path of economic destruction, racial profiling and costly litigation? Our coalition thinks we shouldn't and instead of saying "no," we have brought forward Senate Bill 399 which focuses on the benefit of work authorization for specific industries, instead of incarceration and deportation.

Part of the Governor's Roadmap for Kansas includes the desire to grow the Kansas economy. This includes increasing private sector employment in Kansas. In many industries, one of the most limiting factors involved in expansion of business in the state is the lack of an adequate labor force. If you look at the county by county unemployment rates in December 2011 compared to the 2010 census data regarding counties with the highest percentage of Hispanics, you will see that the counties with higher percentages of Hispanics also have low

unemployment rates. In fact, most of the counties would be consider underemployed. At the least, they are at full employment. Therefore, the argument that undocumented workers are taking jobs from unemployed Americans appears to be nothing more than a red herring argument.

Another common argument regarding the immigration issue is that industries that hire Hispanic labor should simply pay a higher wage. These attacks are generally pointed toward the agricultural sector. Therefore, as an example, let's analyze the entry level wages for employees within the agriculture sector. The starting annual salary for most meatpacking, dairy, and feedlots is between the \$25,000 and \$30,000 range. For purposes of this exercise, we will use \$25,000 for the entry level wage in these industries. In a rough analysis of the 2011 Kansas Wage Survey, a \$25,000 entry level wage is higher than 45% of the entry level wages for all jobs categorized in the survey. Once again, this appears to be a red herring argument at best.

SB 399 works within the confines of the federal immigration matrix through a program developed by the Kansas Secretary of Labor. This work authorization program is limited in scope and is only available to noncriminal unauthorized aliens who are not a priority for deportation by the federal government.

As I mentioned before, our immigration system is broken. None of the alternative options, whether it be mandatory E-Verify for businesses, strict harboring laws, or proof of citizenship/law enforcement laws fix the problem of having 11 million undocumented workers in our country. It is important to note, of those 11 million individuals, it is estimated that 3-4 million came to this country legally through work visas which have since expired due to slow response from the Federal Government.

Results of a survey from 10,000 Harvard Business School alumni were asked to make one suggestion to the government to improve the country. At the top of the list were a simplified tax code and reformed immigration policies to make it easier to import talent (*Glass Half Empty, The Economist, January 21, 2012 print edition*).

In an article titled "The Age of Mediocrity" Charles Payne writes about how the United States is not only falling behind in the Science, Technology, Engineering and Math (STEM) fields, but US students are "being left in the dust." In 1994, there were 6.2 US-born workers in these fields for every foreign-born worker. In 2006, those numbers were 3.1 to 1.0 US-born to foreign. Google, a company most of you are familiar with, spends \$4.5 million in visa compliance and administration for engineers. The proposed "fix:" a group of Silicon Valley entrepreneurs are considering a floating "startup incubator" placed 12 miles off of the San Francisco in international waters to "...sidestep immigration laws, but close enough to cultivate business relationships with Silicon Valley insiders."

Looking at the economic costs of deportation, no matter what any presidential candidate says on the stump, deportation is not an option. A 2010 estimate put the price of mass deportation at \$285 billion over five years. This represents over \$900 in new federal taxes for every U.S. man woman and child. The Cato Institute puts the price tag at \$80 billion, but that's just deporting 30% of the workers.

In summary, we now know the costs of a "detain and deport" strategy are too significant to ignore. Instead of heading down this path, we strongly believe a proactive solution which offers the chance to gain a work authorization status is the best approach for Kansas and its residents.

Thank you for allowing me to speak to you today in support of Senate Bill 399. I would be happy to answer any questions.

**Corporate Immigration Compliance
Institute
Greater Topeka Chamber of Commerce
Kansas Agribusiness Retailers
Association
Kansas Building Industry Association
Kansas Chamber of Commerce
Kansas Contractors Association
Kansas Cooperative Council
Kansas Corn Growers Association
Kansas Dairy Association
Kansas Economic Progress Council
Kansas Farm Bureau
Kansas Grain and Feed Association**

**Kansas Livestock Association
Kansas Manufactured Housing
Association
Kansas Pork Association
Kansas Restaurant and Hospitality
Association
Kansas Society for Human Resource
Management
Kansans for Sensible Immigration
Policy
Manhattan Area Chamber of
Commerce
Mid-America Green Industry Council
Wichita Independent Business
Association**