

News and Observer

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## **Jobs lure illegal immigrants to state**

KARIN RIVES, Staff Writer

Four hundred thousand strong and they keep coming, drawn by the jobs that North Carolina employers eagerly offer illegal immigrants.

Illegal immigrants mow our lawns, paint our homes, watch our children and cook our food for bottom wages. Doing so, they provide consumers with affordable services that people in most other industrialized countries can only dream of.

But as the wave of immigration continues and the benefits grow, the costs of illegal immigration also mount and become more painful. The losers in the United States' immigration-system breakdown are numerous. They include:

- \* Taxpayers who foot the cost of educating children of illegal immigrants.
- \* Hospitals that serve thousands of uninsured newcomers. They absorb some of the cost but pass much of it along to their paying customers and taxpayers.
- \* Legal blue-collar workers, whose wages are depressed by competition from immigrants willing to work for less.

So far, however, the federal government has chosen to look the other way -- and many businesses are glad it has.

Businesses are the biggest beneficiary of illegal immigration and are the reason unauthorized foreigners are here in the first place.

Some employers say they have difficulty verifying immigrants' legal status, others that pressing labor demands force them to flout the law.

Few, however, express remorse.

"Let's say they got the National Guard to start pulling everybody over and sending every illegal person they find back home. Then where is your work force going to come from?" asked Paul, owner of a small landscaping and tree-cutting business in Raleigh.

Paul, who has employed two illegal immigrants from Mexico for more than seven years, agreed to speak provided he and his business were not fully identified.

"If we don't want them here, why doesn't the government send them back?" he said. "The government lets them cross the border, so why should we worry about it?"

In North Carolina, as in much of the South, any account of illegal immigration is essentially a story about Hispanics. Today, it's estimated that more than 600,000 Hispanics are in the state, roughly half of them without papers.

Of the estimated 395,000 illegal immigrants who made their home in North Carolina in 2004, 70 percent were Mexican, according to the Pew Hispanic Center, a research group in Washington. Taking into account thousands who arrived from Central America and other Latin American countries, the Hispanic portion of the state's illegal immigrant population is probably at least 80 percent. That would put the number of illegal Hispanic residents in the state about 316,000. Last month, researchers at UNC-Chapel Hill published a study on the economic impact of North Carolina's Hispanic influx. Among their findings:

- \* Hispanics, legal and illegal, cost state taxpayers \$817 million in 2004, with education and health care being the biggest expenses. Meanwhile, Hispanics generated \$756 million in tax revenue. According to the report, that averages out to a cost to the state budget of \$102 per Hispanic resident.

- \* More broadly, Hispanic residents contributed about \$9 billion to the state economy through purchases and taxes. Their spending has led to creation of 89,600 jobs.

- \* Because many Latinos work for below-market wages, they also depress North Carolina private-sector payrolls by \$1.9 billion annually, the researchers found. In many cases, those lower costs are passed on to consumers as lower prices.

The study was released by UNC's Kenan Institute of Private Enterprise and was underwritten by the N.C. Bankers Association.

North Carolina businesses are tripping over one another to offer products and services to this growing Hispanic consumer group.

A few years ago, it was rare to see an American-owned company display a "Se habla español" sign. Today, many business owners say they can't manage without Spanish-speaking staffers. Carol Priest, owner of Carolina Motorcars in the Franklin County town of Youngsville, has four. "We probably sell 50 percent of our vehicles to Hispanics," she said. "It's fantastic."

### **9/11: An awakening**

The 2001 terrorist attacks focused new attention on immigration. They woke the nation up to a long-ignored but astounding fact: In spite of stepped-up border security, the population of illegal immigrants in the United States has swelled by 700,000 each year since 2000, according to estimates by Pew.

Citing national security concerns, lawmakers are introducing measures aimed at slowing the flood of illegal workers and their family members into the United States.

One bill, sponsored by U.S. Rep. Sue Myrick, a Charlotte Republican, calls for \$10,000 in fines against employers who knowingly hire illegal workers. Today the maximum fine is \$250 per worker.

"Our immigration system is broken," Myrick said. "We need to know who's inside our country.

Our main concern here is terrorism; there are a lot of people who don't like us and want to hurt us."

Today, potential terrorists can assume a Hispanic name and slip with ease across the country's southern border, she said.

But even if the federal government decides to crack down, it would need to find the resources to stop the flow.

In North Carolina, not a single business has been fined for hiring illegal immigrants since 1999. That's in spite of Section 274A of the Immigration and Nationality Act, the federal law that prohibits employers from knowingly hiring illegal immigrants.

Tom O'Connell, who runs the U.S. Immigration and Customs Enforcement center in Cary, said enforcement of the law is difficult, given his limited staffing. It's more important, he said, to concentrate on finding and deporting immigrant felons and workers in sensitive workplaces such as nuclear plants or defense facilities.

"I can't arrest every truck full of painters going to some job in Apex," he said. "We don't have the resources."

So they keep coming -- some on tourist visas that expire, others by car or by foot across the country's southern border. Some are professionals, but the vast majority are people who come to the United States hoping to escape poverty and to build a better life.

## **Two are chosen**

Seven years have passed since Paul, the owner of the Raleigh tree-cutting and landscaping business, picked two Mexican brothers from a crowd of 30 immigrant laborers.

They had gathered at a McDonald's on Capital Boulevard after hearing that an employer was coming to recruit. Paul chose "the two cleanest-cut guys" and drove his two new employees, Oscar and Daniel, to a Hispanic store down the street.

There, he paid \$60 to have a clerk fill out and mail applications for individual tax identification numbers for his two workers. The Internal Revenue Service provides the number to people who lack Social Security cards to ensure they pay taxes, regardless of their legal status.

The tax ID program was introduced in 1996 as a means of capturing tax revenue, but for illegal immigrants, it has turned into a kind of substitute Social Security number that can open some important doors.

Oscar and Daniel wanted tax ID numbers because the numbers enable lenders to run credit checks, just as they would with a Social Security number. For immigrants, a tax ID number

makes it possible to apply for a car loan, an apartment lease, phone service and other essentials of daily life.

Paul, meanwhile, wanted to make sure he paid taxes for his employees.

"If the government gives them a tax ID number to work, then I've got to think that they're OK to work," he recalled thinking.

Oscar and Daniel have been working for the tree-cutting business ever since.

Paul benefits from having experienced, dependable workers, and the low turnover saves him thousands of dollars' worth of training costs.

He has had less luck with his American employees. He recently had to fire both, one for not showing up to work and one for showing up drunk. He has since hired another American whom he's very happy with.

Paul says he can't afford to purchase health insurance for his employees, but he pays their medical bills if needed. He also treats his workers to lunch every day and lends them money if they need it.

"They work hard, and they listen to you, but they also want you to treat them right," he said of his two Mexican employees. "I try to help them out."

Oscar has no plans to leave his job, which pays between \$500 and \$600 a week.

It has been nearly nine years since he left his wife and two young children in Toluca, a city about 60 miles west of Mexico City.

Since then, he has flown home twice to see his family. Each time, he paid more than \$1,000 for a forged visa so he could re-enter the United States.

Oscar's weather-worn face makes him look older than his 35 years, but a hard life may also have something to do with it. His eyes tear up when he talks about his children growing up without him.

"It's terrible to say goodbye to your family and leave your house, but I had to," he said.

The hardship is outweighed by the opportunity he is providing his son, now 17, who is attending a good private school in Mexico and plans to attend an engineering college. Each month, Oscar wires \$800 to \$1,000 to his wife, about \$300 of which goes toward their son's tuition.

"He speaks better English than I do after eight years in the U.S., and he also speaks some French," Oscar said proudly in Spanish. "In one more year, he'll be going to university. This is the reason I'm working here."

Throughout the Triangle and North Carolina, business owners echo the theme: Immigrant workers -- with or without papers -- are meeting a critical need. What American worker, after all, would put up with hard labor for 10 or 11 hours a day without eventually quitting, or at least calling in sick?

Without Hispanic labor, many business owners insist, they just couldn't deliver the goods and services consumers have come to expect.

The true picture is muddier.

David Watts, 20, an unemployed high school graduate from Raleigh, has failed to land a job since his layoff from a call center earlier this winter -- even though he has several years of work experience. He suspects his difficulties are due in part to his expectation of higher wages than the \$6 or \$7 an hour immigrants will work for.

"Employers want to spend less money on labor so their profits are higher," he said last week. "It's very frustrating."

Nationally, the unemployment rate among workers between 20 and 24 is 8.2 percent, nearly twice the rate for all workers. The jobless rate among African-American men is even higher. It's not because such workers want to be idle, said Gene Norton, manager of the N.C. Employment Security Commission's Job Link office in Raleigh.

Immigrant workers sometimes get preference because employers know they won't call in sick or "ask for a day off to go to the State Fair," he said. Unlike American workers, he said, they don't "work the system."

Such reliability is gold to employers trying to meet deadlines.

### **'Hard to find' good help**

No wonder then that employers in a state with 215,000 people officially unemployed are openly breaking the law to hire undocumented workers.

About 60 percent of the workers who sign up with Angela Carber Coleman's All-in-One staffing agency in Durham are Hispanic.

"It's hard to find quality people," Coleman said in an interview last year when asked why she doesn't hire more American-born workers.

She does her best to make sure the people she hires are legal. This means she regularly sends people on their way because they can't present the right papers, she said.

Most workers come to her office through word of mouth or from the local Catholic churches where Coleman recruits.

When an Atlanta contractor working on a new department store in Hillsborough called last summer to get help setting up shelving, Coleman had a dozen workers lined up the next day. For two weeks, the group of Spanish-speaking workers toiled in 90-degree heat to get the shelves up on schedule. Nobody quit.

Coleman follows the protocol for checking the legal status of the people she hires out to companies in need of temporary labor. They must produce a visa, passport or other proof of legal residency -- or, if they can't, two other forms of identification that the government requires to prove legality, such as a Social Security card and a driver's license.

Under the law, employers must show good faith, but they're not held liable if they fail to spot a false Social Security card, for example. Employers also walk a fine line: If they decide to verify the legality of one Social Security number, they must check the numbers of all other employees to avoid potential discrimination charges.

So most do what Coleman does.

"We use our best judgment," she said.

In his office at the U.S. Immigration and Customs Enforcement center in Cary, Tom O'Connell has a stack of faxed complaints on a desk. They come from people who want him to go after employers of illegal immigrants.

Most go unanswered. O'Connell only has time to investigate critical cases, those that involve felons or national security breaches.

It means Paul, the landscaper, should have little to worry about even as Congress considers stiffer penalties for companies that hire illegal immigrants.

Still, he doesn't want to acknowledge to his clients that he is illegally providing employment to two men with no right to work in the United States.

"I know that illegal aliens also put a burden on taxes," he said. "I don't like that aspect of it." Until the government solves the problem, however, he plans to look out for himself in the Triangle's competitive landscaping market.

**USE OF ANONYMOUS SOURCES:** The last names of some people who appear in this series have been withheld. With rare exceptions, it is The News & Observer's policy to fully disclose the names of news sources. For these stories, some illegal immigrants -- and in one case, an employer -- agreed to be interviewed only if they were not fully identified. We included their comments to help explain what's happening with illegal immigration in North Carolina.

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## Schools bear burden of immigration

BY MARTI MAGUIRE, Staff Writer

FOUR OAKS -- Each word is a separate effort for the students furnishing a dollhouse at Four Oaks Elementary School. "The ... chair ... goes ... here," whispers one girl, the last word a throaty breath followed by a drawn-out "eeear."

But teacher Ana Sanders beams when a boy named Jorge picks up a wooden sink and blurts out a confident, "Where is the bathroom?"

Six months earlier, Jorge enrolled at the Johnston County school unable to speak a word of English. Now he is helping classmates who have arrived even more recently and speak only Spanish.

Sanders teaches English to 200 Spanish-speaking students at Four Oaks. She also translates for parents and calms students' fears as they face the daunting prospect of learning English at the same time they learn to read and write.

But if she is a lifeline for her students, taxpayers pay for it.

Thirteen years ago, two tutors traversed Johnston County helping the children of migrant workers. Now, the county employs 50 full-time teachers and teacher assistants to serve more than 2,300 students for whom English is a second language -- at an overall cost of about \$2 million of the district's \$110 million budget.

Other Triangle districts with large Hispanic enrollments include Wake County, which will spend \$9 million this year on 5,200 students in English as a Second Language classes, and Durham, which will spend \$5 million on 4,000 ESL students.

Estimates on how many of these students are citizens vary. But by conservative estimates, half of them either entered the country illegally themselves or are citizens born in the United States to illegal parents. Educating them has strained state coffers more than any other expense brought on by immigration to North Carolina.

Educating the children of illegal immigrants cost North Carolina an estimated \$210 million yearly, according to figures from a study on the economic impact of the state's Hispanic population by researchers at the Kenan Institute of Private Enterprise at UNC-Chapel Hill. Ten years before, that figure was less than \$10 million.

Some say that money would be better spent on other students.

"We're overwhelmed in North Carolina trying to pay for the people who are supposed to be here," said Ron Woodard, director of N.C. Listen, a group in Cary that advocates greater restriction of immigration. "Why are we having to spend money on people who are here illegally?"

Others stress that money spent on educating immigrants, both legal and illegal, will pay off in future tax revenue as they earn higher wages. Poorly educated immigrants and their children would require more spending for jail time and programs such as Medicaid.

"It's peanuts in the scheme of things," said James H. Johnson Jr., co-author of the Kenan Institute study. "What would we rather do, leave these people uneducated? It's a form of enlightened self-interest to invest in these kids."

North Carolina had the highest percentage of Hispanic growth of any state in the 1990s. About 395,000 illegal immigrants, the large majority of whom are Hispanic, live in the state, according to a Pew Hispanic Center study.

Hispanics accounted for 57 percent of enrollment growth in North Carolina public schools from 2000 to 2005, according to the Kenan study. From 1990 to 2000, they accounted for 15 percent of enrollment growth.

Growth is a constant challenge for Johnston County schools. The Triangle's steady expansion southward has led to overcrowded school buildings and teacher shortages. But growth by immigration is more expensive.

### **Costs of education**

Because the children of immigrants are more likely to be poor and speak little English, educating them costs more than educating middle-class English-speakers.

Programs created specifically to serve students for whom English is a second language account for much of this extra cost.

This year, nearly \$45 million of the \$6 billion appropriated by the General Assembly for public schools went to English as a Second Language programs.

The bulk of that goes to hiring bilingual teachers. Other costs include translating documents and training teachers how to instruct students who speak little English.

The federal No Child Left Behind Act forced schools to look closely at how immigrant students fare in public schools. Since 2002, the law has required schools to show improvement in the test scores of students who speak English as a second language.

"It's made us much more aware of those students and how well they're performing," said Jim Causby, former Johnston County school superintendent and now director of the N.C. Association of School Administrators.

The federal law also set stricter teacher standards that have made ESL teachers scarce in North Carolina. Johnston offers a \$1,500 bonus for new ESL teachers and recruits many of them from other countries through the Visiting International Faculty program.

The international teachers are highly qualified and often speak Spanish. By law, however, they can stay for no more than three years, forcing districts to pay out more bonuses.

Sanders, known to her students as "Miss Ana," came to Four Oaks from Brazil through the international program seven years ago. She married, became a permanent legal resident and stayed on to develop Four Oaks' ESL program -- a central part of a school-reform program that is the pride of the county. The school is a sprawling brick building at the end of Main Street in this town of about 1,600 residents. More than 1,000 students attend, drawn from a wide swath of rural Johnston County.

A banner across its entrance boasts "Honor School of Excellence," the highest designation in the state ABCs program.

The ESL program at Four Oaks exemplifies the preferred instructional method in North Carolina, which puts learning English second to learning grade-level material.

ESL students learn math, science, social studies and language arts in classes taught entirely in English. For an hour of every day, Sanders helps teach these classes, translating and stepping in to help the Spanish-speaking students.

In these "inclusion classes," English-speaking students are hand-picked -- with parents' consent - - to learn alongside the ESL students; ideally, a third of a class will be ESL students, another third academically gifted students and the rest mainstream students.

All ESL students take a separate daily class with Sanders on reading, writing and speaking English. Though these classes are also primarily in English, they are geared to Spanish-speakers. Sanders holds extra sessions with students whose English is particularly weak, and a teacher's assistant doubles as a translator to work with parents, who often speak little or no English, and students who need extra help.

Most elementary-age students pick up the language quickly -- usually within two years, Sanders said. Once fluent, they no longer take special classes, though she still tracks their progress. Since there are no classes in Spanish, schools rely heavily on bilingual staff such as Sanders to help immigrant students through the day until they learn English.

"One day we are psychiatrists, one day we're nurses," Sanders said. "If there is some reason the parents need to be involved, we have to step in."

North Carolina's approach to teaching the children of immigrants has critics. Some states, such as Texas and California, provide classes in English and Spanish. Immigrant advocate groups generally prefer this approach.

And while inclusion classes, such as those in Johnston County, are considered ideal, they are not yet widespread. Many ESL students are simply pulled out of their classes for an hour or so a day. In the past, funding ESL programs at all was a tough sell politically. For four years in the 1990s, the legislature refused requests for money to pay for ESL programs before finally providing \$5 million in 1998.

### **Here to stay**

"It took awhile for people to really understand that these children were here to stay, that it was in the best interest of the state to have them educated," said Fran Hoch, the state ESL director. But debate continues. In recent months, some critics in Wake County have blamed immigrant students for the growth that's causing the district to look at billions of dollars in school construction over the next decade. The district says only 12 percent of its new students are Hispanic. And white and black parents continue to take their students from schools where immigrant populations rise.

"There is an impact on each family who has a kid in school," Wake Commissioner Phil Jeffreys said. "There is overcrowding and time taken away from their kids to try to get the non-English-speaking kids up to speed."

Jeffreys thinks immigrants are lured to the United States to take advantage of an education system that is by law open to everyone.

But immigrants say it is economics that brings them here.

Ricardo Padilla said he and his wife came to Johnston County from Mexico solely because the economy was so poor at home.

Still, education figures into their hopes for the future.

"For me and my wife to go to college would be difficult," he said, "but I hope that my children will do well in school and go to college to advance themselves in life."

Some immigration experts praise North Carolina for responding relatively quickly to the education needs of its immigrants. By doing so, they say, the state is poised to avoid the long-term costs of illegal immigration incurred by states such as New York, which provided few services to the immigrants who streamed into their society generations ago.

While they may be poor, newly immigrated families are upwardly mobile; they tend to have strong work habits and family ties, said Randy Capps, a researcher at the Urban Institute who has studied immigration. Each subsequent generation that remains in poverty is more likely to have single-parent families or depend on government programs such as food stamps.

"It's easier to break the pattern of poverty in a new wave of immigration," Capps said.

Hoch said that on a recent visit to Texas, she caught a glimpse of what the future could be like for North Carolina's immigrant students if the schools fail them. There, she said, some third-generation citizens still don't speak English or have good jobs.

"We don't want that to happen here," she said.

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## Rural areas adapt to immigrants

JESSICA ROCHA AND MICHAEL EASTERBROOK, Staff Writers

WARSAW -- The view from Warsaw's busiest intersection is a sadly familiar one in small-town Eastern North Carolina.

Hardee's is boarded up. Western Auto is closed. The Quick Trip gas station at College and Pine streets recently changed hands, and its prospects are uncertain.

But across College Street, a new furniture store called Muebler'a El Nido just sold a twin box spring to Anthony Frederick, a sharecropper's son who works at a car upholstery plant in nearby Kenansville.

A few blocks away at Warsaw Meats, butcher Rodney Best recently hired a Mexican woman named Carmen, and he has placed his first orders for cow's heads and chorizo, popular items among his Hispanic patrons.

In recent years, hundreds of Mexican and Central American immigrants, many of whom entered the country illegally, have helped reverse the population drain in Warsaw, a town of 3,000 residents 70 miles southeast of Raleigh in Duplin County.

For businesses there, the influx has meant new customers with money to spend, and a stable and inexpensive labor pool.

North Carolina is now home to about 400,000 illegal immigrants, most of them Hispanic, and since 2000 they have continued to arrive at a rate of 40,000 or more a year. The majority settle in urban areas such as the Triangle and Charlotte. But certain small towns also have been transformed by immigration.

Warsaw and its county are at the head of that rural pack. In 2004, Hispanics made up 17.5 percent of Duplin County's population, the highest proportion in the state. The Pew Hispanic Center in Washington estimates that about half of North Carolina's Hispanic immigrants are in the United States illegally.

Among longtime residents, sentiments are mixed.

Mayor Win Batten said he hears many people grumble that the immigrants are straining schools and turning neighborhoods into slums by overcrowding houses and rental units.

"They see them sitting outside with their shirts off drinking beer, and that creates an unsightly situation," he said. Companies that hire illegal immigrants should be fined more harshly, Batten said, and the immigrants should be deported.

At the Warsaw Chamber of Commerce, President Jim Harris prefers to focus on the benefits the newcomers bring to local businesses.

Asked to explain how he feels about immigration, Harris held up a July issue of Business Week magazine and pointed to the cover title: "Embracing Illegals."

"That pretty much says it," he said.

### **Warsaw then**

Incorporated in 1855, Warsaw began as a depot along an arrow-straight stretch of railroad track that runs north from Wilmington. By the early 1900s, it had tobacco warehouses, at least two hotels, an ice plant and a canning plant and two cotton gins.

Jimmy Strickland, 85, a lifelong resident and the town's unofficial historian, remembers Warsaw as an energetic place when he was growing up.

"On Saturday night, you couldn't walk down the street there would be so many people," he said. "The streets would be lined with cars."

At that time, families of teachers and clerks and shop owners, most of them white, lived in Warsaw's homes, while black sharecroppers resided on the outskirts working in the tobacco, corn and cotton fields.

Over time, things began to slide. Shops closed. Saturday nights downtown felt lonely. In the 1980s, for the first time in at least a century, Warsaw lost population.

That drain might have continued had it not been for the immigration from Mexico and Central America.

At first, the workers were seasonal and worked mostly on farms, said Batten, the mayor. "They would come through the strawberries, the cucumbers and through beans, then they would go home," he said.

When poultry and hog processing grew in the 1990s, the workers started to stay year-round. Some found jobs cutting grass, cleaning offices and working in construction.

The 1990 census counted 46 Hispanics in Warsaw. Ten years later, there were 481 -- 16 percent of the town's population.

## **Warsaw now**

The immigrants have changed Warsaw, visibly and audibly. The sound of Spanish is common, as are Mexican restaurants and Hispanic grocery stores. Signs abound in a language that few longtime residents can read.

Warsaw now is about 51 percent black and 36 percent white, census data shows. Hispanics make up 16 percent (the designation is an ethnicity, not a race, so the numbers reflect some overlap).

Since Warsaw's portion of sales tax revenue is based partly on the size of its population, the immigration has helped channel more money to the town.

Despite some resentment, many locals say the immigrants have helped the town.

Before John Williams built Mid-Town Laundromat in 2003, the property held four trailers and was valued at \$36,000. Today, the property tax valuation is \$391,000. As a result, Warsaw's annual tax levy on the property jumped from \$212 to \$2,307.

A retired welder, Williams does his best to make his Hispanic patrons welcome. The sign out front says "lavander'a," Spanish for laundromat. Inside, he sells Mexican fruit drinks and keeps at least one of his two TV sets on a Spanish-language station.

Asked how much money he's making, Williams smiled and replied: "I'm very much pleased with it."

One Sunday at the laundry, customers watched a Spanish-language movie and a soccer match from Mexico as they waited on their clothes.

Carlos Enrique Gomez, 23, said he comes to Mid-Town because it's always clean.

Gomez said he arrived in Warsaw three years ago after illegally crossing the U.S. border in Arizona. He has found work cutting trees for a contractor, and he plans to stay for another three years "if God allows it" to save money to buy a home in his native Guatemala.

"It's very beautiful here," he said. "Very peaceful."

Near the laundry is a grocery and wholesale food business called El Mariachi Gordo (the Fat Mariachi). Fernando Sánchez Jr., a U.S. citizen who was born in Mexico and grew up in Brooklyn, opened it eight years ago.

Two years ago, he built a large warehouse across the street. Before he did so, Warsaw valued the property at \$33,000; now it's assessed at \$329,000, and its annual property tax is \$1,942.

Sánchez knows that illegal immigrants account for a lot of his business.

"Not just mine, but the entire local economy," he said. "Without the 'illegal aliens,' as they call them, the local economy would be slow."

### **Poverty endures**

Still, Warsaw and Duplin County remain poor.

The county's median per capita personal income was \$20,827 in 2003 -- 88th among the state's 100 counties.

In 2000, the median home value was \$63,422 -- 87th in the state. Its property tax rate, 77 cents per \$100 assessed value, is among the state's highest.

Two plants closed in the past few years, and hundreds of lost jobs haven't been replaced. What the county needs is more jobs and more economic development, Mayor Batten said. Though Hispanics may add sales tax revenue, he questions whether they help the town's overall prosperity.

"If we didn't have the Hispanic people here, there would be job opportunities [for others] here," he said.

The immigrant influx has forced the Duplin school system to hire more than 20 people to teach English to foreign-language students, said Linda Smith, federal programs director for the county schools. She said the district receives more than \$1 million annually from the state to pay for instructors along with the training and resources they need.

Most school buildings are aging and need to be renovated or replaced, in part to accommodate the growing enrollment. The estimated bill for that is \$86 million -- money the county doesn't have, Batten said.

At the start of the school year, Hispanics made up a quarter of the students at Warsaw Middle School and 33 percent at Warsaw Elementary. Countywide, Hispanic enrollment is 23.2 percent, the highest of any district in the state.

Some people say they have noticed an underlying tension between the different ethnic and racial groups.

As a child, Anthony Frederick, 41, worked alongside his sharecropper father picking whatever was growing, but he has grown accustomed to seeing mostly Hispanic faces working the fields.

Now, he said, the change is more widespread. He said that in the past year, the work force at the local McDonald's has shifted from a majority of black teenagers to a majority of Hispanic adults.

Sánchez, the El Mariachi Gordo proprietor, said his customers sometimes complain of being mocked for their accents or not speaking English at other local stores.

"You can definitely feel it," Sanchez said. "Some Hispanics are being treated differently."

### **Help for businesses**

Still, the list of businesses in Warsaw that have been boosted by Hispanic immigration is a long one, said Harris, the Chamber of Commerce president.

At the Piggly Wiggly on Pine Street, where manager Randall Casteen stocks bottles of mole sauce, dried red chilies, plantains, mangoes and pinatas, about 20 percent of the customers are Hispanic. At the nearby Golden City Chinese Restaurant, it's about one-third.

And at Warsaw Meats, Best is starting to supply local restaurants with beef tripe, beef tongue and other cuts preferred by Hispanics. With his Hispanic customers in mind, he's keeping the cutting area open to the store so it has more of an open-air feel.

"They like their meat cut with a knife instead of a machine," Best said. "It reminds them of home, I suppose."

Best thumbed through his new English-Spanish dictionary to check whether "cerdo" really does mean chicken but finds out it means pig. He's got "hola" down for hello.

His new employee, Carmen, is a quick learner, he said. She's picking up the language and has learned how to wrap meat.

"When she's here, we get so tickled," said Lou Best, the owner's mother. "She's trying to learn the English, and I'm trying to learn some of the Spanish."

The Bests are also teaching Carmen about some Southern favorites, and it's starting to show.

Though Carmen won't touch the liver pudding, she's come to tolerate the chitterlings.

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## Health care costly for immigrants

MICHAEL EASTERBROOK AND JEAN P. FISHER, Staff Writers

Mac Pannill was moving fast on a recent round at the WakeMed Raleigh Campus. Within an hour, he needed to see six mothers and their newborns.

Wearing a button pinned to his white jacket that read "Hablo Espanol" (I speak Spanish), he swept into the wood-floored hospital room of one patient and lifted her newborn from a bassinet. "He's big!" Pannill said in nearly accent-free Spanish. "Do you have a name picked out?"

Speaking Spanish is a crucial skill for Pannill, a physician assistant at a medical practice that treats a growing number of pregnant women from Mexico and other Latin American countries. Pannill doesn't ask their immigration status, but he knows that many of them slipped across the border illegally.

As the immigrant population, both illegal and legal, grows in North Carolina and throughout the country, so too does the strain immigrants place on social service providers to make sure their basic needs such as food, housing and education are satisfied. Of all those needs, one of the most costly is health care.

It's difficult to pinpoint the state health-care system's cost of treating illegal immigrants. The main reason is that health-care providers do not ask about immigration status when they treat patients. So they have no accurate way of tallying the costs associated with caring for illegal immigrants.

"People in health care want to stay focused on their jobs, which is to provide care to the sick and injured," said Don Dalton, a spokesman for the N.C. Hospital Association.

He said many providers think asking patients about their immigration status on a routine basis would deter illegal immigrants from seeking needed treatment.

Hospitals, where the most costly care is provided, do measure the costs of treating uninsured patients. Many can track expenses incurred by uninsured Hispanics -- the largest and fastest-growing immigrant group in North Carolina. However, those estimates include medical expenses for citizens and legal residents as well as illegal immigrants.

In a report in January on the economic impact of Hispanic immigration in North Carolina, researchers at the Kenan Institute of Private Enterprise at UNC-Chapel Hill estimated the state's 2004 cost for health services provided to all Hispanics, legal or otherwise, at \$299 million. That includes hospitals' uncompensated care -- costs not paid by patients or insurance plans -- as well as costs covered by Medicaid, the joint local-state-federal health insurance program for the poor.

Under federal law, Medicaid pays for care of illegal immigrants only when they have medical conditions that could jeopardize their health or lives.

But a somewhat conflicting federal law requires hospitals to examine -- and if an acute medical problem is found, treat -- anyone who shows up at emergency rooms, regardless of legal status. If an uninsured illegal immigrant receives emergency care and Medicaid does not pay, it is a form of uncompensated care.

Medicaid, unlike hospitals, does try to separately account for illegal-immigrant care. Spending on such care in North Carolina doubled from \$25.8 million in 2000 to \$52.8 million in 2005, according to the N.C. Division of Medical Assistance, the state's Medicaid manager.

Still, care for illegal immigrants absorbs just a small portion of North Carolina's total Medicaid spending. In fiscal year 2005, the cost of care for illegal immigrants was less than one half of 1 percent of the Medicaid program's total budget of \$8.2 billion. Most of the money went to hospitals to cover delivery costs for pregnant women, but Medicaid also paid for ambulances, diagnostic imaging and other emergency care.

As long as the law requires hospitals to provide emergency care to all, there is little prospect of reining in the cost of treating illegal immigrants, unless the flow of immigrants is reduced.

"Politicians may be tempted to keep illegal aliens from using health-care services, but that will not be possible," said Steven Camarota, research director at the Center for Immigration Studies, a Washington group that wants to reduce the flow of immigrants to the United States. "If you allow illegal aliens to stay, those costs will be unavoidable."

### **Frequent? Likely**

It's unclear how often Medicaid picks up the bill for illegal immigrants who give birth in North Carolina, but a glimpse at the patients Pannill works with suggests that it happens frequently.

Pannill works for WakeMed Faculty Physicians OB/GYN, a collaboration between WakeMed and UNC-Chapel Hill. It treats patients referred from the county health department who are high-risk and need specialty care. Few have health insurance or Medicaid coverage, said Dr. Juan Granados, the practice's director.

Births by Hispanic women through the practice grew 293 percent from 1997 to 2005 -- from 463 to 1,819, Granados said. The practice delivers about 3,900 babies a year.

Most of the Hispanic patients are from Mexico or Central America. Granados estimated that at least 85 percent of the Hispanic patients are illegal immigrants.

According to statewide estimates by one large insurer, the cost of delivery ranges from \$6,800 for a straightforward birth to as much as \$18,000 for a Caesarean section with complications. Medicaid typically reimburses the hospital for illegal immigrants' deliveries.

Nearly all of the medical practice's 28 staff members rely on interpreters based at the hospital when interacting with Spanish-speaking patients.

The only two who are bilingual are Granados, who comes from Spain, and Pannill, who learned Spanish through classes geared toward health-care professionals.

Pannill said most of his Spanish-speaking patients work as housekeepers or cooks.

"The face of our patients has changed dramatically," said Pannill, who has worked at the practice for 17 years.

### **Other needs, too**

Illegal immigrants have health-care needs other than childbirth: Many also appear in emergency rooms with injuries and other health problems.

Although it's hard to gauge how much, the growth of the illegal immigrant population is pushing up uncompensated-care costs at hospitals throughout the state, said Dalton, the hospital association spokesman. The association estimates that illegal immigrants account for about a third of the 1.3 million North Carolinians who have no health insurance.

Since those without insurance often can't afford to pay, the cost of their care is typically absorbed by hospitals and passed on to insured patients in the form of higher bills. The cost of health care for the uninsured in North Carolina was more than \$1.4 billion in 2005, according to research compiled by Families USA, a national consumer advocacy group. Most of those costs were absorbed by hospitals.

"Hospitals are going to continue to serve [the uninsured] as best they can," Dalton said. "But serving them does come at a price, and that price is being paid by the hospitals and those who have insurance."

Nationally, about 35 percent of Hispanics are uninsured, compared with about 14 percent of non-Hispanic whites, according to research by the Kaiser Family Foundation and Pew Hispanic Center. Illegal immigrants are the least likely of all Hispanics to have coverage. A Kaiser/Pew survey released in 2003 concluded that 60 percent of the country's estimated 11 million illegal immigrants are uninsured.

Jerry Leon, human resources manager for Rifenburg Construction in Durham, has been trying for the past three years to get more of his Hispanic workers to invest in health insurance, with little success. As enticement, he offers an additional \$1 per hour in wages to employees who sign up.

So far, however, just a few of the company's approximately 35 Spanish speakers have bought coverage.

Leon blames high premiums -- now at \$400 per month for a single employee and \$1,300 per month for a family.

"Most are here for the money, and to send money back to their country," he said. "They don't really want to invest in a health plan."

And if they get sick?

"A lot of them use the community clinics," Leon said.

### **Half are Hispanics**

Piedmont Health Services, a network of six federally supported community health centers serving Orange, Chatham, Caswell and Alamance counties, estimates that half its patients are Hispanics. Piedmont provides urgent care and primary care, including prenatal visits for pregnant women.

Brian Toomey, Piedmont's chief executive officer, said 24 percent of Piedmont's budget is provided by the federal government. But the remaining 76 percent comes from patient fees, and Piedmont's clients are faithful about paying their bills, Toomey said.

The clinics, whose patients are mainly poor and uninsured, charge a minimum of \$20 per office visit. Toomey said only 4 percent of patients do not pay. He said more than 16,000 of Piedmont's 32,700 patients are Hispanic.

"These aren't freeloaders," Toomey said. "People pay for the service. They pay willingly, and they understand their obligation."

Raymundo, 32, who left home in Mexico about five years ago, appreciates the affordable care his family gets at Piedmont's health clinics. He lives in Wake County with his wife, Gloria, 33, and their two daughters. All of them came into the country illegally.

Raymundo and Gloria work as cooks in a fast-food restaurant, where he said they earn enough to pay for routine medical and dental care at Piedmont. Speaking through an interpreter, Raymundo said the family pays \$30 a visit to see the doctor or dentist. Gloria, who is expecting the couple's third child in August, was at a Piedmont health center recently to begin prenatal care.

In Mexico, she would not have received such care, Raymundo said. The family could rarely afford to see a doctor there, he said. If someone got sick, they relied on medicinal teas or home remedies.

Coming up with money for a \$30 office visit is one thing. Paying thousands of dollars in hospital charges is another entirely.

A few years ago, when Gloria had a miscarriage and was admitted to WakeMed, Medicaid paid for her care. Raymundo said that he is grateful that Medicaid did so but that if Gloria had not qualified for emergency coverage, he would have tried to pay.

Hospitals find that uninsured Hispanics, like most other uninsured patients, often can't afford to pay their entire bill, Dalton said.

### **Case in point in Duplin**

One hospital that has been hit hard is Duplin General Hospital in Kenansville, about 75 miles southeast of Raleigh.

The 101-bed nonprofit is the only hospital in Duplin County, a region of farms and poultry-processing factories. About 17.5 percent of the county's 51,000 people are Hispanic -- giving it the highest proportion of Hispanics of any county in the state.

In 2004, for the first time ever, Hispanic births accounted for the majority of babies delivered at the hospital, said Doug Yarbrough, the hospital's executive director.

The growth of Duplin County's Latino population has coincided with a rise in the number of uninsured patients treated at the hospital. In 2003, the hospital lost \$2 million because of the cost associated with treating uninsured patients -- its first loss since at least 1996, Yarbrough said.

In 2004, the loss was \$2.3 million. The loss was expected to be less in 2005, partly because the hospital received an \$800,000 infusion from a Medicaid program that provides additional payments to hospitals serving large numbers of indigent patients.

So far, Yarbrough has been able to avoid trimming hospital staff or closing units. If the losses continue, however, he might have no choice.

"We can go on like this for a few more years," Yarbrough said. "But at some point you run out of cash, and that's when the problems really start."

USE OF ANONYMOUS SOURCES: The last names of some people who appear in this series have been withheld. With rare exceptions, it is The News & Observer's policy to fully disclose the names of news sources. For these stories, some illegal immigrants -- and in one case, an employer -- agreed to be interviewed only if they were not fully identified. We included their comments to help explain what's happening with illegal immigration in North Carolina.

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## Illegal immigration: Customers Who profits, who pays?-Part 5

KARIN RIVES, Staff Writer

Illegal immigrants can qualify for mortgage loans, buy health insurance, set up checking accounts, check out library books and make monthly payments on kitchen appliances.

They can sign up for phone and satellite-television service. Most of all, they purchase goods, to the tune of nearly \$5 billion a year in North Carolina.

Companies of all sizes are waking up to this new, legal and largely untapped business opportunity.

In North Carolina, where the illegal immigrant population is climbing toward a half-million, businesses are tailoring their products and tweaking their policies to reach the newcomers.

Not surprisingly, their marketing focuses on consumers from Mexico, Honduras, Guatemala, Colombia and other Latin American countries. Hispanics account for more than half of all foreign-born residents in the state.

"I know of few businesses in North Carolina or anywhere in the U.S. who can afford to turn their backs on such a lucrative target market -- undocumented or not," said Nicholas Didow, an associate professor of marketing at UNC-Chapel Hill.

Along with retirees and baby boomers, Hispanic consumers have become the fastest-growing market segment in the state's economy, he said.

Many have been in the state a decade or longer, and now they're ready to pursue their own American dream: Start a small business, buy a home, watch the children grow up.

Corporate America is busily responding by tweaking policies and creating special programs to serve immigrants and their families.

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Bank of America, the nation's largest consumer bank, regularly opens accounts for Mexican immigrants who lack a Social Security card but can provide an identification card issued by Mexican consulates, known as a matr'cula consular. A number of banks accept the card to qualify illegal immigrants for bank services they were barred from just a few years ago.

The consulate in Raleigh issued 23,553 matr'culas last year, 30 percent more than two years earlier. Most people who apply for the card are illegal immigrants, said Karla Ornelas, the consulate's deputy counsel.

The number of cards issued dropped to 18,350 in 2005 after the consulate implemented new technology, but Ornelas said she expects well over 23,000 matr'culas to be produced this year.

Another form of identification that is replacing the Social Security card -- the prized document that illegal immigrants cannot legally obtain -- is the Individual Tax Identification Number.

The IRS requires people who work in the United States to pay taxes, and has created individual tax numbers to collect from illegal immigrants, foreign students, visiting professionals and others who lack Social Security numbers. Since the system was created in 1996, the government has issued 9.2 million to workers nationwide.

By accepting matr'culas or tax ID numbers, Bank of America is not trying to legitimize people who enter the country illegally, said Marcos Rosenberg, a senior vice president and multicultural marketing executive at the bank's headquarters in Charlotte. Nor, he noted, does the bank violate any state or federal laws.

And that's good for Bank of America and other financial institutions that want a share of the largest community in the nation not served by banks. Surveys have shown that more than one-third of the 40-million-strong Hispanic community in the United States lacks bank accounts.

In 2005, Bank of America opened more than 1 million checking accounts for Hispanic customers, Rosenberg said, equivalent to the customer growth of a big Latin American bank. "That's a tremendous opportunity," he said.

Brochures and posters printed in Spanish are in Bank of America branches. In the Triangle, the bank employs 40 Spanish-speaking staffers at its 35 branches, said Jeff Lee, a regional market president.

Last year, the bank began offering up to three free cash transfers to Mexico to anyone with a checking account. Latin American immigrants in North Carolina send more than \$800 million abroad from banks, grocery stores and money-wiring services.

### **Apartment complex**

As a manager of The Oaks at Northgate in Durham, Leigh Noon never tracked how many of the 312 apartments were occupied by immigrants. Federal law doesn't allow apartment communities to profile their renters, said Noon, who was running the Durham complex when a reporter visited last year.

But The Oaks advertises in local Spanish newspapers and has become popular among immigrants from Central America and other parts of the world.

"Just stop and think," Noon said. "If we were to remove all the money that they're spending, I couldn't imagine where we'd be."

Renters must show picture IDs and proof of income before they're allowed to move into the sprawling collection of red-brick apartment buildings in North Durham. But many prospective tenants are unable to produce tax returns, Social Security cards or even North Carolina driver's licenses.

Those who can produce pay stubs and tax ID numbers showing that they earn money are asked to do so. Those who get paid in cash are asked to produce an employer's fax number so income can be verified that way.

A few years ago, landlords could rarely run credit reports on renters who were illegal immigrants. Today, many tenants build up a credit history by using tax ID numbers to apply for bank loans or credit cards. That also helps The Oaks at Northgate qualify people for apartments.

Over the years as an apartment manager, Noon struck up friendships with Latin American immigrants and saw the challenges facing those who enter the country illegally. Noon is part Cherokee, and she's irritated by people who complain about illegal immigrants settling in North Carolina.

"When I hear that, I always think, 'Wait a minute, so much of this country used to belong to Indians, and then to the Spanish. And who was undocumented then?' " she said.

Only about 30,000, or 1 percent, of Blue Cross Blue Shield's customers today are Spanish-speakers.

Rather than focusing on that, however, the company looked at population projections that peg North Carolina's Hispanic population at 500,000 by 2010, and at 1 million a few decades out.

"You can look at these mega-trends and see the opportunity," said John Roos, the health-insurance giant's senior vice president of sales and marketing

In 2004, Blue Cross assembled a group of employees, dubbed the Hispanic Council, whose job it is to identify business leads among Hispanics and to tailor health insurance products to recent immigrants.

Blue Cross' strategy appears to be paying off. In the last year, it has conducted more than 120 group enrollments at businesses that employ Hispanic workers, three times as many as in 2004. The insurer expects the trend to continue.

Blue Cross doesn't ask the company that signs up for group coverage whether its employees are legally in the country. Those who don't have Social Security numbers can provide their individual tax identification numbers.

To make greater inroads into the market, the health insurer is also planning to scrap Social Security requirements for its popular individual insurance product, Blue Advantage, to give illegal immigrants access, Roos said. To qualify, applicants must prove their state residency.

The company's seven bilingual customer service staffers now take on average 30 calls a day from Spanish speakers, and the call volume is growing.

### **The law firm**

About two in three Spanish-speaking clients who call Lisa Lanier's growing personal-injury law firm are in the country illegally. That is no obstacle for Lanier. She is, in fact, finding a promising market in a population that has a higher rate of accidents than the population as a whole but continues to go largely unserved by the legal community.

Hispanics made up 5 percent of North Carolina's official work force in 2004 but accounted for 7 percent of serious injuries and 14 percent of all fatalities, according to the Bureau of Labor Statistics.

Lanier hired Jose Ortiz, a Puerto Rican native, to handle claims and market her firm to Hispanics.

"I try to do outreach to the community and at the same time bring clients in," Ortiz said. "I tell them about workers' compensation, and I refer them to other attorneys they may need. I probably get 50 calls a day, sometimes from people who are calling just to get a phone number to someone else. They say, 'Let's call Jose. He can help us.' "

All that networking results in 10 Spanish-speaking prospective clients walking through the doors to the law firm during an average week. Many have valid claims.

Some seek help because they were threatened by their employers after being injured on the job. Some need help because insurance adjusters shortchanged them after car accidents, or because they don't know how to file claims.

Immigration problems surface when the lawyers try to prove that a person injured in a car wreck or workplace accident lost wages.

Normally, tax records are used to prove wages. But many illegal immigrants never file tax returns. This can result in less -- and sometimes no -- compensation for those victims.

"I think the insurance adjuster realizes, perhaps subconsciously, that they're dealing with an immigrant who may just go away if they don't pay," Lanier said.

### **The real estate agent**

Elizabeth Nieves was Century 21's top-selling realty broker between 2003 and 2005, largely because of the niche market she helped develop for the firm on North Carolina's changing demographic landscape.

Eighty percent of the homes she sold last year were to Hispanics. About half of those clients used tax ID numbers to qualify for mortgages, Nieves said.

Nieves formed her own real estate agency in Durham in August, and she expects to sell up to 150 homes this year using individual tax identification numbers to qualify immigrants.

The vast majority of such clients are illegal, although Nieves said she doesn't ask about their immigration status. Sprinkled in among her Latin American customers who use tax ID numbers are people from other countries such as Canada and Nigeria who also lack papers.

"A large number of these people didn't come into the country illegally, but because of the length and the cost of the immigration process, their visa has expired," Nieves said. "Many have been here for more than 10 years already."

It was a violent marriage, not money, that gave Hilda Badillo legal status after five years as an illegal immigrant in Durham.

After local community groups intervened on her behalf, she was awarded residency under a program that awards immigration benefits to a battered spouse. She became a legal resident in 2002, five years after she waded across the Rio Grande from Mexico.

But Badillo's green card did nothing to change the status of her second husband, Manuel, who has a different last name. He has lived without legal documents in the United States for a decade, and under current law, the chances of his ever being legalized are slim.

In May, the couple purchased their first home, using Manuel's tax ID number to apply for their mortgage through the Self-Help Credit Union in Durham.

Their three-bedroom home near Northgate Mall stands out, with its fresh coat of yellow paint and neat yard. Many of the neglected apartments in the neighborhood house large families or groups of immigrants.

The couple feels fortunate.

"I wish I could see my family more often, and my country, but I like it here," Hilda Badillo said in Spanish. "So many people here have helped me."

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