

CHAPTER IV

LIMITING LEGAL IMMIGRANTS'

ELIGIBILITY FOR WELFARE PROGRAMS

A number of recent proposals seek to limit legal immigrants' eligibility for welfare programs. The proposals range from denial of benefits for certain categories of immigrants to more limited approaches that typically expand the requirements for sponsors who sign affidavits of support for legal immigrants. This chapter discusses the potential savings to the federal government from those proposals, as well as arguments for and against enacting them.

Illegal aliens are not part of this discussion because they are already ineligible for Supplemental Security Income, food stamps, Aid to Families with Dependent Children, and nonemergency Medicaid benefits, although as stated earlier, any child born to them in the United States is eligible for benefits. Proposals that would alter the amount of money spent on illegal aliens--for example, proposals that would affect public education for illegal aliens or the penal system--are not considered here. The states and local governments, rather than the federal government, are responsible for most expenditures for noncitizens in those areas.

The last section of this chapter focuses on one of the main concerns regarding limits on the eligibility of legal immigrants for federal welfare programs--namely, the impact of such limits on state and local spending. As that section discusses, changes at the federal level restricting federal spending for legal immigrants could affect spending for them in some states as well.

PROPOSALS THAT DENY LEGAL IMMIGRANTS ELIGIBILITY FOR MOST WELFARE PROGRAMS

H.R. 4, as introduced in January 1995, would eliminate federal benefits for most legal immigrants. The major exception would be for refugees, who would continue to receive benefits during their first six years of residence in the United States. By then they would be eligible for naturalization, and unless they became citizens, their eligibility for welfare would cease. Immigrants who were classified as legal permanent residents, were over age 75, and had resided in the United States for at least five years would also continue to be eligible for benefits under that bill. The law ensuring emergency medical services for legal and illegal aliens under Medicaid would remain unchanged.

The Administration's proposal for welfare reform (H.R. 4605/S. 2224), which was introduced in the 103rd Congress, would cut back the eligibility of legal immigrants less comprehensively. It would deny welfare benefits only to legal immigrants whose sponsors had income greater than the nation's median family income.

Savings

Preliminary Congressional Budget Office estimates suggest that eliminating the eligibility of legal immigrants for welfare benefits as outlined in H.R. 4 would reduce federal outlays for SSI, Medicaid, food stamps, and AFDC by \$23.3 billion over the 1997-2000 period (see Table 9).

Imbedded in that estimate are several sources of uncertainty, including the quality of the administrative data. Those data may not always include changes in citizenship status that occurred between the date a person applied for benefits and the present, although CBO attempted to adjust for that problem. Also lacking are data on citizenship for as many as 9 percent of SSI recipients and 3 percent of food stamp recipients. Yet despite those concerns, administrative records for the various programs are the best available sources of data on welfare use by legal immigrants.

In addition to the uncertainty just noted, the assumptions CBO used to generate its estimate should be kept in mind. For example, CBO's estimates assume that the rate of naturalization would change if legal immigrants' eligibility for welfare benefits was eliminated. According to data from the Immigration and Naturalization Service, 40 percent of all legal immigrants entering the country in 1977 had become citizens by 1992; over 35 percent of immigrants entering in 1982 had become citizens by 1992. Based on data from the Social Security Administration, CBO estimates that about 80 percent of the legal immigrants receiving SSI benefits who would be affected by H.R. 4 have been in the country for at least five years and are thus eligible for naturalization. CBO has assumed that one-third of them would become naturalized citizens by 2000. Similar assumptions were made for the other programs. The savings would be less if CBO's assumption about how many legal immigrants became citizens was too low. Savings would be greater if CBO's assumption was too high--that is, if fewer immigrants became citizens.

Because relatively fewer older immigrants become citizens, any reduction in savings from increased naturalization would probably be smallest for the SSI program. Only 11 percent of legal immigrants who entered the United States in 1982 and were age 60 or over had become citizens by 1992. For legal immigrants who were between the ages of 18 and 59 when they

TABLE 9. ESTIMATED FEDERAL SAVINGS FROM ELIMINATING WELFARE BENEFITS FOR CERTAIN LEGAL IMMIGRANTS, 1996-2000 (In billions of dollars)

Program	1996	1997	1998	1999	2000	Total
Supplemental Security Income	0.1	2.2	2.3	2.3	2.5	9.4
Medicaid ^a	0.1	1.9	1.9	1.9	2.0	7.7
Food Stamps	b	1.2	1.2	1.1	1.1	4.5
Aid to Families with Dependent Children	b	<u>0.5</u>	<u>0.5</u>	<u>0.5</u>	<u>0.4</u>	<u>1.8</u>
Total	0.1	5.8	5.8	5.8	6.0	23.4

SOURCE: Congressional Budget Office.

NOTES: The estimates assume that H.R. 4, a bill that would deny eligibility for the above welfare programs to most legal immigrants, would be enacted on October 1, 1995. Savings in 1996 would be minimal because H.R. 4 does not apply to the eligibility of most noncitizens until one year after the date of its enactment.

Benefits would continue to be provided to refugees and former refugees whose status had been adjusted to legal permanent resident (LPR). Eligibility for the latter group would be limited to six years after the adjustment to LPR status. Benefits would also continue to go to noncitizens who were lawfully admitted as permanent residents, or as permanent residents under color of law, who were over age 75 and who had resided in the United States for at least five years.

- a. All noncitizens would continue to receive emergency Medicaid services.
- b. Under current law, both benefits and certain administrative costs in these programs are mandatory. Small savings in benefits in 1996 are likely to be offset by additional administrative costs.

entered in 1982, the naturalization rate was 37 percent. However, in recent years, a larger fraction of legal immigrants entering the United States have come from Asia, and Asians have a higher rate of naturalization--41 percent after 10 years--than legal immigrants in general (31 percent).

One factor that might be thought to limit the likelihood that a person would become a citizen in response to a change in noncitizen eligibility for welfare programs is the English language requirement for citizenship. But data from the 1990 census do not support that theory. There was little difference between the self-reported English skills of recent elderly immigrants who became citizens and those who did not. According to the census, about 77 percent of all legal immigrants entering the United States between 1987 and 1990 who were age 65 or older in 1990 reported that they could not speak English "very well." That percentage may seem high, but the same proportion of immigrants age 65 or older in 1990 who had immigrated since 1980 and become citizens also reported that they could not speak English "very well."

What Are the Arguments in Favor of Eliminating Benefits?

There are four main arguments, besides the potential savings, for eliminating welfare benefits for legal immigrants. Some proponents question the commitment of an immigrant to the United States if he or she does not become a citizen. Others believe that erosion has occurred in the sense of responsibility sponsors felt in the past for supporting immigrants. They contend that such a trend would be reversed if the government did not provide assistance. Another argument is that public assistance impedes immigrants' integration into the nation's culture and economy. Finally, some people worry that the prospect of welfare benefits may be attracting immigrants who then compete with low-skilled citizens for jobs and limited public assistance.

Commitment to the United States. Some proponents of cutting back the eligibility of legal immigrants for welfare programs believe that those immigrants who choose not to become citizens are demonstrating their lack of commitment to the United States. Therefore, such advocates contend, it would be appropriate to deny them the full benefits received by citizens. Critics of that argument point out that legal immigrants are required, as are citizens, to contribute to the public interest--for example, by paying taxes and, if they are the appropriate age, by serving in the armed forces if called upon. As a result, such critics maintain that legal immigrants should receive benefits. They also note that many resident aliens eventually become citizens and that most immigrants who have been in the country for less than five years cannot become citizens even if they desire to do so.

Withholding eligibility because of immigrants' lack of commitment to the United States is more relevant to some programs than to others. Legal immigrants who receive SSI benefits tend to enter the country when they are older and are thus less likely than other legal immigrants to work here or pay taxes. Furthermore, as stated earlier, evidence suggests that older immigrants are much less likely to become citizens. The AFDC program, however, typically covers working-age people, who are more likely to be or become employed, pay taxes, and become citizens. Data for refugees who have lived in the United States for an extended period suggest that their rate of AFDC reciprocity may drop significantly after their first few years here.

Sponsors' Responsibility. Another argument in favor of denying eligibility is that it would increase the sense of responsibility that sponsors should feel about fulfilling their pledge of support. One piece of evidence indicating that sponsors could be more responsible is that a substantial number of SSI applications occur at the end of the deeming period--that is, in an immigrant's fourth year of residency--which shifts the financial burden for legal immigrants from sponsors to the government (see Table 10). After the deeming period expires, the law no longer requires that a sponsor's income be included in the means test for SSI eligibility. (The data in Table 10 reflect people who started receiving SSI benefits before the deeming period for SSI was temporarily increased to five years.) However, legal immigrants without sponsors--for example, those who are refugees--usually apply for SSI in their first year of residency.

Yet most legal immigrants who apply for such benefits do not time their applications to coincide with the end of the deeming period. In fact, although many people file for SSI benefits at the end of the deeming period (after three years), the majority do not. About 30 percent of SSI recipients who are legal permanent residents wait at least 10 years before applying for benefits. About 12 percent apply during their first three years of residency (see Table 10).

The Integration of Legal Immigrants into the United States. A third reason some people support reducing the eligibility of legal immigrants for welfare programs is that reliance on public assistance programs undermines incentives for new immigrants to adjust to the United States and integrate themselves fully into the economy. Public assistance lessens the incentives for people to look for work and adapt themselves to a new culture.

Critics of proposals to limit immigrants' eligibility for welfare benefits claim that their integration into U.S. society could be aided by additional programs specifically designed to help recent immigrants. Moreover, some studies suggest that legal immigrants are assimilated into the U.S. labor market

TABLE 10. DISTRIBUTION OF SSI RECIPIENTS WHO ARE LEGAL IMMIGRANTS, BY IMMIGRATION STATUS AND LENGTH OF TIME FROM DATE OF U.S. RESIDENCY TO DATE OF APPLICATION FOR BENEFITS, JULY 1994

Years from Residency to Application	Total	Legal Permanent Residents		Refugees ^a		Other PRUCOL ^b	
		Number	Percentage	Number	Percentage	Number	Percentage
Less than 1	105,320	20,720	4.1	75,180	60.0	9,420	24.8
1-2	35,260	18,080	3.6	13,460	10.8	3,720	9.8
2-3	32,960	21,960	4.3	7,360	5.9	3,640	9.6
3-4	132,160	125,240	24.7	4,960	4.0	1,960	5.2
4-5	46,130	40,370	8.0	4,360	3.5	1,400	3.7
5-6	37,690	33,200	6.5	3,430	2.7	1,060	2.8
6-7	29,680	26,090	5.1	2,940	2.4	650	1.7
7-8	27,160	24,110	4.8	2,510	2.0	540	1.4
8-9	25,040	22,230	4.4	2,570	2.1	240	0.6
9-10	23,580	21,010	4.1	2,190	1.8	380	1.0
10-11	22,870	20,560	4.1	1,970	1.6	340	0.9
11-12	21,090	19,100	3.8	1,680	1.3	310	0.8
12 and over	<u>118,490</u>	<u>114,580</u>	<u>22.6</u>	<u>2,640</u>	<u>2.1</u>	<u>1,270</u>	<u>3.3</u>
Total	670,540	507,290	100.0	125,260	100.0	37,990	100.0

SOURCE: Congressional Budget Office using data from the Social Security Administration.

NOTES: Data are for immigrant recipients who have applied for benefits since September 1980.

SSI = Supplemental Security Income; PRUCOL = permanently residing under color of law.

a. Includes asylees (like refugees, people who have fled persecution in their homeland and who are already living in the United States).

b. Noncitizens who have PRUCOL status who are not refugees or asylees.

fairly quickly.¹ Household income data also suggest that at least some legal immigrants can adjust quickly to the U.S. economy: after immigrants of all categories live in the United States for an extended period, their household income increases significantly (see Table 11). Long-term legal immigrants have higher household income than native-born citizens in part because of their integration into the economy and in part because return emigration of less successful immigrants may leave behind a group of immigrants who have higher income. Using data like those, however, is somewhat problematic because the composition of waves of new immigrants (by country of origin and other characteristics) changes over time. Thus, differences between the income of long-time immigrants and of new entrants are probably also affected by characteristics other than time spent in the United States.

Competition for Low-Skill Jobs and Limited Resources for Public Assistance.

Another argument for reducing the eligibility of legal immigrants for welfare is that it may dissuade some people who lack job skills and are attracted by the safety net of welfare benefits from immigrating to the United States. Proponents of measures that might decrease immigration by less-skilled workers argue that those immigrants compete directly for jobs with citizens who are economically disadvantaged and have few skills.² By increasing the number of people looking for low-skill jobs, immigrants might increase unemployment and depress the wages of low-skilled citizens.

Most studies suggest that, overall, new immigrants have only a slight impact on the labor-market experiences of natives.³ (Researchers have found a small negative effect on wages and an even smaller impact on employment among workers with low levels of skills.) Those studies, however, are not definitive. A recent review article points out that they examine local labor markets and do not account for migration flows of native-born citizens occurring between such markets in response to immigration.⁴ Nevertheless,

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1. See R.J. LaLonde and R.H. Topel, "The Assimilation of Immigrants in the U.S. Labor Market," in G.J. Borjas and R.B. Freeman, eds., *Immigration and the Work Force* (Chicago: University of Chicago Press, 1992).
 2. See V. Briggs Jr., *Immigration Policy: A Tool of Labor Economics?* (Annandale-on-Hudson, N.Y.: The Jerome Levy Economics Institute of Bard College, 1993).
 3. See R.J. LaLonde and R.H. Topel, "Labor Market Adjustments to Increased Immigration," and J.G. Altonji and D. Card, "The Effect of Immigration on the Labor Market Outcomes of Less-Skilled Natives," in J.M. Abowd and R.B. Freeman, eds., *Immigration, Trade, and the Labor Market* (Chicago: University of Chicago Press, 1991); and Department of Labor, *The Effects of Immigration on the U.S. Economy and Labor Market* (May 1989).
 4. G.J. Borjas, "The Economics of Immigration," *Journal of Economic Literature*, vol. 32, no. 4 (December 1994), pp. 1667-1717.

TABLE 11. AVERAGE HOUSEHOLD INCOME OF NATIVE-BORN CITIZENS AND IMMIGRANTS, 1990 (In dollars)

Citizenship Status	Income
Natives	37,300
Immigrants Entering Between 1980 and 1990	
Illegal aliens ^a	23,900
Refugees ^a	27,700
Legal permanent residents	34,800
Immigrants Entering Before 1980	
Illegal aliens ^a	28,800
Refugees ^a	39,100
Legal permanent residents	43,200

SOURCE: Congressional Budget Office based on the statements of J. Passel and M. Fix, Urban Institute, before the Commission on Immigration Reform, March 14, 1994, using data from the 1990 census.

- a. The census does not provide information about whether a person is a refugee or an illegal alien. Passel and Fix used a respondent's country of origin as a proxy for that information. Immigrants from Afghanistan, Cambodia, Iraq, Laos, Vietnam, Ethiopia, Albania, Poland, Romania, the former Soviet Union, and Cuba were used to estimate the number of refugees. Immigrants from Mexico, El Salvador, and Guatemala were used to estimate the number of illegal aliens.
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no strong evidence exists that immigration has had a substantial negative effect on workers in the United States.

The impact of immigrants on the employment of native workers, however, is not uniform. Immigrant workers are concentrated in some industries, for example, in textiles and private household services. That concentration means that low-skilled native workers in certain sectors might experience hardships with a rise in immigration.

Moreover, the potential adverse effects of immigration on native workers with few job skills might be growing. Over the past 20 years, the distribution of legal immigrants by occupation has been shifting away from professionals toward less-skilled workers--for example, laborers and farmers (see Table 12).

Examining the level of education instead of the occupation of both legal immigrants and illegal aliens suggests a more complex phenomenon. Recent immigrants obtain college degrees at a higher rate than do natives--24 percent compared with 20 percent (see Table 13). But such immigrants also have a much lower rate of high school completion--59 percent versus 77 percent. The simultaneous existence of more college graduates and more high school dropouts comes from the educational experiences of different groups of immigrants. Immigrants from countries that disproportionately supply the United States with refugees and illegal aliens, as opposed to legal permanent residents, have low rates of high school completion. Immigrants from other countries have a greater propensity to complete college.

What Are the Arguments Against Eliminating Benefits?

Besides criticizing the arguments in favor of denying welfare eligibility to immigrants, opponents of such proposals make at least two more assertions. First, they contend that eliminating benefits would hurt the social well-being of legal immigrants and their children. Second, they argue that by denying eligibility for federal programs, the federal government may be imposing additional costs on the states.

Increased Poverty Among Immigrants. Reducing the eligibility of legal immigrants for welfare programs may lead to lower income and more severe poverty for those immigrants who are already poor. Besides the potential for diminishing their present well-being, eliminating welfare benefits for immigrants has associated social costs, especially if their children are or become citizens and settle permanently in the United States. Low income during childhood is

TABLE 12. DISTRIBUTION OF LEGAL IMMIGRANTS BY MAJOR OCCUPATIONAL GROUP FOR THOSE ADULTS REPORTING AN OCCUPATION AT TIME OF ARRIVAL, SELECTED YEARS (In percent)

Occupational Group	1970	1975	1979 ^a	1985	1990
Professional and Management	33	32	31	28	13
Sales and Clerical	25	33	14	14	10
Craftsmen	18	14	11	12	13
Operatives and Laborers	21	21	24	22	27
Farm	5	5	6	5	12
Service	12	15	13	19	26

SOURCE: Congressional Budget Office based on data from the Immigration and Naturalization Service as reported by V. Briggs Jr., *Immigration Policy: A Tool of Labor Economics?* (Annandale-on-Hudson, N.Y.: The Jerome Levy Economics Institute of Bard College, 1993).

a. Occupational data are given for 1979 because data for 1980 were lost in data processing by the INS. See Immigration and Naturalization Service, *1981 Statistical Yearbook of the INS* (1982), p. vii.

TABLE 13. EDUCATION BY COUNTRY OF BIRTH FOR NATIVE-BORN CITIZENS AND RECENT IMMIGRANTS, 1990 (In percent)

Citizenship Status	Less Than High School Diploma	College Degree or More
Natives	23.0	20.3
All Recent Immigrants	41.0 ^a	24.0 ^a
Refugees ^b	46.1	16.2
Illegal immigrants ^b	75.4	4.6
Others	26.5	33.3

SOURCE: Congressional Budget Office based on the statements of J. Passel and M. Fix, Urban Institute, before the Commission on Immigration Reform, March 14, 1994, using data from the 1990 census.

NOTE: The table covers immigrants who entered the country between 1980 and 1990. Percentages are for the population age 25 and older.

a. This figure is the weighted average of the percentages for refugees, illegal immigrants, and other immigrants.

b. The census does not provide information about whether a person is a refugee or an illegal alien. Passel and Fix used a respondent's country of origin as a proxy for that information. Immigrants from Afghanistan, Cambodia, Iraq, Laos, Vietnam, Ethiopia, Albania, Poland, Romania, the former Soviet Union, and Cuba were used to estimate the number of refugees. Immigrants from Mexico, El Salvador, and Guatemala were used to estimate the number of illegal aliens.

associated with lower income during adulthood and increased use of social welfare services.⁵

The disadvantage of increased poverty, however, could be mitigated by two factors. First, sponsors and family members would have a bigger incentive to help immigrants whose income was cut when their eligibility for welfare was eliminated. Furthermore, faced with less government assistance, immigrants would presumably increase the amount of work they did. Thus, determining how the economic well-being of legal immigrants would be affected by denying them eligibility is a difficult matter.

The social costs that develop when children live in poverty as a result of reduced welfare eligibility for legal immigrants do not apply to eliminating SSI for older immigrants. Nevertheless, one could argue that eliminating SSI payments would harm a particularly vulnerable group of people who might not be able to find employment.

Shifting Costs to the States. Another disadvantage highlighted by opponents of eliminating eligibility of legal immigrants for federally funded programs is that doing so could shift the cost of providing services to state and local programs. The Supreme Court's ruling in *Graham v. Richardson* in 1971 declared it unconstitutional for states to impose restrictions on noncitizens. The Court maintained that the Constitution gives the federal government complete power in determining who can immigrate and what conditions immigrants should face while residing in the United States. If the Court was to rule that the federal government cannot delegate that power to the states, then states with assistance programs would experience a rise in their caseloads. That issue is discussed in more detail in the last section of this chapter.

PROPOSALS THAT RESTRICT THE ELIGIBILITY OF LEGAL IMMIGRANTS FOR WELFARE PROGRAMS

A number of other, more limited proposals for restricting the eligibility of legal immigrants for welfare programs have appeared in recent months. Those proposals favor denying benefits only to certain segments of the immigrant population and increasing the financial responsibility of sponsors of immigrants. The reasons for and against denying eligibility to all legal immigrants that were presented earlier apply to these proposals, too. In addition, there are further arguments specific to each one.

5. See R. Haveman and B. Wolfe, *Succeeding Generations: On the Effects of Investments in Children* (New York: Russell Sage Foundation, 1994).

