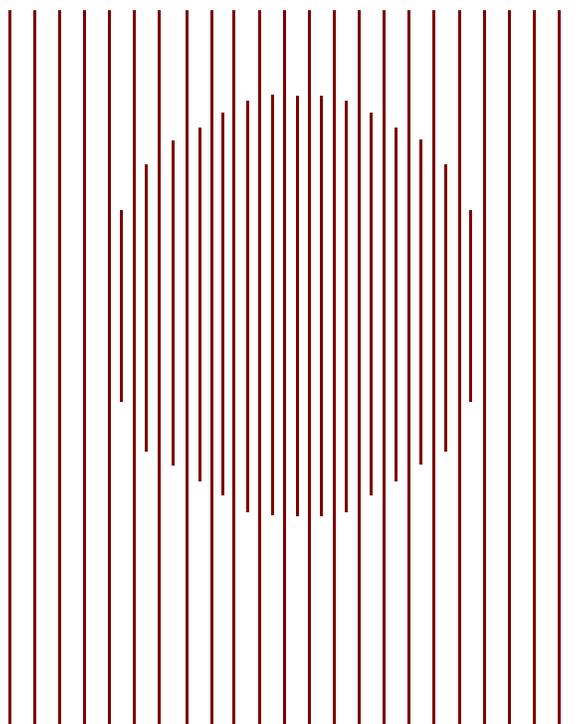


CBO PAPERS

IMMIGRATION AND WELFARE REFORM

February 1995



CONGRESSIONAL BUDGET OFFICE

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**CONGRESSIONAL BUDGET OFFICE
SECOND AND D STREETS, S.W.
WASHINGTON, D.C. 20515**

Numbers in the text and tables of this paper may not add to totals because of rounding. Unless otherwise indicated, all years refer to fiscal years. All discussions of H.R. 4 refer to the version of the bill introduced in January 1995.

PREFACE

Considerable attention has focused in recent months on the participation of legal immigrants in the welfare system. One result has been a number of proposals to end or restrict their eligibility for the major means-tested federal entitlement programs. At the request of Congressman Harold Ford when he was Chairman of the Subcommittee on Human Resources of the Committee on Ways and Means, this paper examines the participation of noncitizens in the Food Stamp program, Aid to Families with Dependent Children, Supplemental Security Income, and Medicaid, and analyzes options for limiting their eligibility for these programs. In accordance with the Congressional Budget Office's (CBO's) mandate to provide objective and impartial analysis, the paper contains no recommendations.

Daniel M. Mont of CBO's Health and Human Resources Division prepared this paper under the direction of Nancy M. Gordon and Ralph E. Smith. The estimates of the budgetary impacts of the proposals were prepared by Jean Hearne, Julia Isaacs, Robin Rudowitz, Kathy Ruffing, and John Tapogna of CBO's Budget Analysis Division, under the direction of Paul N. Van de Water and Paul R. Cullinan.

CBO gratefully acknowledges the cooperation and assistance of Larry Eig and Joyce Vialet of the Congressional Research Service. Within CBO, valuable comments were offered by Harriet Komisar, Jay Noell, Janice Peskin, and Bruce Vavrichek. Susan Labovich and Meg Shaw provided computer assistance, and Julia Jacobsen and Sharon Corbin-Jallow prepared the figures. Leah Mazade edited the manuscript, and Ronald Moore prepared the paper for publication.

Robert D. Reischauer
Director

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SUMMARY

A number of current proposals dealing with welfare reform would restrict or eliminate the eligibility of legal immigrants for welfare programs. This paper furnishes some background information on such immigrants and their participation in welfare programs. It also examines various aspects of those proposals and reviews arguments for and against their adoption.

IMMIGRATION AND IMMIGRANTS

Hundreds of thousands of legal immigrants enter the United States every year. About 9 million to 10 million of those living in this country are classified as legal permanent residents. Others enter the country as refugees or are granted asylum after they arrive here, and some fall into a variety of legal classifications that, along with refugees and asylees, are known as persons residing under color of law (PRUCOL). In addition, approximately 3 million aliens live here illegally.

Immigration is subject to many laws and regulations, which include limits on the number of certain types of immigrants who are allowed to enter the United States and their qualifications for entry. The majority of new immigrants obtain visas for entrance on the basis of family ties with citizens or other legal immigrants. Most of the others who enter qualify on the basis of their employment--that is, they have a particularly valuable skill or profession.

An application for immigration can be rejected if an immigrant is considered likely to become a public charge at any time after arriving in the United States. In fact, about 11 percent of visa applications are denied because potential immigrants cannot prove that they would not be public charges. Immigrants must demonstrate that they have the resources, skills, or prearranged employment necessary to support themselves. If they cannot do so, they can still immigrate if a sponsor in the United States signs an affidavit of support pledging to assist them and proving that the sponsor is capable of such assistance. (Those immigrants are referred to here as sponsored immigrants.)

Immigrants who become legal permanent residents can usually become citizens after living for five years in the United States. With some exceptions, they must pass a civics and English proficiency test, after which they obtain the rights and privileges of natural-born citizens.

ELIGIBILITY OF IMMIGRANTS FOR WELFARE PROGRAMS

Most legal immigrants who otherwise qualify are eligible for food stamps, Aid to Families with Dependent Children (AFDC), Supplemental Security Income (SSI), and Medicaid--the four major welfare programs that accounted for about 85 percent of total federal spending on means-tested entitlement programs in 1994. (Means-tested programs distribute benefits only to recipients who first satisfy an income and asset requirement.) Restrictions keep many PRUCOL aliens from receiving food stamps, but otherwise the eligibility requirements are basically the same for citizens and legal immigrants. Illegal aliens and legal nonimmigrants (mostly tourists, students, or businesspeople in the United States temporarily) are eligible only for emergency medical assistance under Medicaid.

Sponsored immigrants have an added requirement, known as deeming, to be eligible for welfare programs. The deeming procedure is generally similar for all four programs--namely, a sponsor's income and resources must be included in the test for eligibility for three years after a person immigrates. However, the deeming period for SSI has been temporarily increased to five years, and it is waived if a disability qualifying an immigrant for reciprocity began after arrival in the United States. For Medicaid, the requirement is the same for legal immigrants as for citizens: the only people whose income and resources are used in determining eligibility are the immigrant's spouse or parent (for those under age 21).

PARTICIPATION OF LEGAL IMMIGRANTS IN WELFARE PROGRAMS

The percentage of legal immigrants who receive welfare benefits varies depending on which program or subset of immigrants is being examined. Furthermore, the percentage of individual immigrants receiving welfare benefits is different from the percentage of households or families--with at least one member who is a legal immigrant--receiving benefits. In addition, in trying to assess trends in participation in welfare programs, the effects of the Immigration Reform and Control Act of 1986 (IRCA) must be considered. (IRCA allowed many previously illegal aliens to become legal permanent residents after satisfying certain requirements.)

The percentage of food stamp and AFDC recipients who are legal immigrants is similar to the percentage of all people residing in the United States who are not citizens--between 4 percent and 5 percent. About 1.2 million legal immigrants received food stamps each month in 1992, and approximately 620,000 legal immigrants received AFDC during the same period. The percentage of families receiving AFDC or of households receiving food stamps with at least one member who is not a citizen is higher--roughly 10 percent for each program.

The percentage of SSI recipients who are legal immigrants is significantly higher--approximately 12 percent of the nearly 6 million SSI recipients in 1993. Those noncitizens were disproportionately concentrated in the SSI program for the aged, as opposed to the program for the blind and disabled. About 29 percent of the aged recipients--and more than 60 percent of aged recipients not qualifying for Social Security benefits--were legal immigrants. Elderly immigrants generally do not have the work experience necessary to qualify for Social Security and thus have lower incomes and are more likely to qualify for SSI. Those circumstances, combined with the fact that Social Security recipients receive lower SSI benefits on average even when they do qualify, resulted in more than 45 percent of all SSI payments under the aged program going to legal immigrants in August 1994.

The percentage of SSI recipients who are legal immigrants has been growing, a trend that is expected to continue. Applications by immigrants have increased from about 60,000 a year in the early 1980s to more than 160,000 a year in 1993. As those applicants are approved for benefits and enter the SSI program, the total number of recipients will increase.

The reciprocity rate for legal immigrants in the Medicaid program is about 6.5 percent of all Medicaid recipients. In 1996, an estimated 2.4 million Medicaid recipients will be legal immigrants.

LIMITING LEGAL IMMIGRANTS' ELIGIBILITY FOR WELFARE PROGRAMS

A variety of reform proposals that have appeared recently are aimed at restricting or eliminating the eligibility of legal immigrants for welfare. They range from denial of welfare benefits for certain categories of immigrants to more limited proposals that would typically expand requirements for the sponsors of immigrants.

Denying Legal Immigrants Eligibility for Welfare Programs

One of the proposals would eliminate eligibility for welfare benefits other than emergency medical assistance for most legal immigrants. The exceptions would be refugees and legal permanent residents who were age 75 or older and had lived in the United States for at least five years. The Congressional Budget Office (CBO) estimates that this option would reduce federal outlays by \$23.3 billion over the 1997-2000 period. (Savings would be minimal in 1996 because the January 1995 version of H.R. 4, which would deny eligibility for welfare programs to most legal immigrants, would not apply to the eligibility of a noncitizen until one year after the date of its enactment--provided that the noncitizen was residing in the United States and eligible for benefits on that date.)

One reason for cutting back immigrants' eligibility that is given by proponents of reform is that immigrants who choose not to become citizens after residing in this country for the required number of years are making a statement about their level of commitment to the United States. Therefore, such proponents claim that it would be appropriate to deny those immigrants the full benefits enjoyed by citizens. Critics of that argument point out that legal immigrants are treated like citizens when they are required to contribute to the public interest. For example, immigrants who have not become naturalized citizens must still pay taxes, and those men who are of an appropriate age must register with the Selective Service. Therefore, such critics maintain that legal immigrants should also receive the benefits accorded citizens.

Concern about a lack of commitment to the United States may be more relevant for SSI eligibility than for eligibility for AFDC or the Food Stamp program. Most legal immigrants who receive SSI benefits entered the United States when they were age 60 or older and are thus less likely than the typical recipient of food stamps or AFDC (who tends to be younger) to have paid taxes or contributed to the nation's economy. Similarly, elderly immigrants are not called upon to serve in the armed forces.

Other reasons given in support of this proposal are that sponsored immigrants should be the responsibility of their sponsors, not the general public; reliance on public assistance programs undermines the incentive for new immigrants to integrate themselves into the nation's economy; and this approach might deter low-skilled immigrants of working age from coming to the United States and competing directly for jobs with economically disadvantaged citizens.

Opponents of these measures, aside from denying the proponents' claims, offer two arguments against restricting eligibility. First, they are concerned about the social well-being of immigrants and their children, many of whom will become citizens when the five-year waiting period ends. Second, eliminating federal benefits could create more applicants to welfare programs supported by the states. In essence, the savings at the federal level could be at least partly translated into state expenditures. Some proposals attempt to address that possibility, but there are some questions about their constitutionality.

Restricting Legal Immigrants' Eligibility for Welfare Programs

Other proposals would restrict rather than eliminate the eligibility of sponsored immigrants by increasing the deeming period for all welfare programs to five years or until an immigrant obtains citizenship. A measure that falls between those two approaches calls for increasing deeming periods to five years for all sponsored immigrants but, in addition, increasing them until citizenship is obtained for immigrants with sponsors whose income exceeds the national median. These proposals have much smaller savings than the proposal to eliminate eligibility for most benefits.

Finally, another approach would make a sponsor's affidavit of support a legally binding document. Under current law, if sponsors renege on their agreements, neither the immigrant nor the government can take legal action. Although such an option would send a signal about a sponsor's responsibility, it might not generate significant savings because of the difficulty and cost of enforcing it.

Effects on State and Local Spending

Denying or restricting legal immigrants' eligibility for federal welfare programs would affect spending by states and localities, but the magnitude of the effect could vary significantly from state to state, and some states might even spend less than they do under current law. The net impact would depend on the existence and nature of state and local general assistance (GA) programs, state supplements to SSI, state and local shares of AFDC and Medicaid expenditures, and the economic and demographic characteristics of states' populations of legal immigrants. Spending for GA and general medical assistance (GMA) programs would increase, but state and local spending for AFDC, Medicaid, and state supplemental payments for the SSI program would decrease.

The impact of the various proposals on local governments could be more severe than their impact on the states. Legal immigrants who were removed from Medicaid would presumably show up at locally funded public hospitals for both emergency and nonemergency treatment. Those immigrants would probably also seek services at community health centers and migrant health centers, which would no longer be able to use federal funds to treat immigrants. Those facilities would, therefore, have higher unreimbursed costs.

Some proposals have included measures that would allow states and localities to restrict the eligibility of noncitizens for their welfare programs, thus minimizing the potential for costs to be shifted to them. Although questions have arisen about the constitutionality of those measures, states and localities could certainly curtail their GA and GMA programs for all residents, thereby reducing the financial impact of restricted eligibility for federal programs.

CHAPTER I

IMMIGRATION AND IMMIGRANTS

The Congress and the Administration are currently proposing to revamp the nation's welfare system. As a result, increasing attention has focused on the participation of legal immigrants in welfare programs. Out of that scrutiny has come a debate about whether legal immigrants should be eligible for public assistance. Several Members of Congress have offered proposals that would eliminate or at least seriously curtail the eligibility of legal immigrants for welfare benefits. This paper provides background information on immigrants and welfare and analyzes several such proposals.

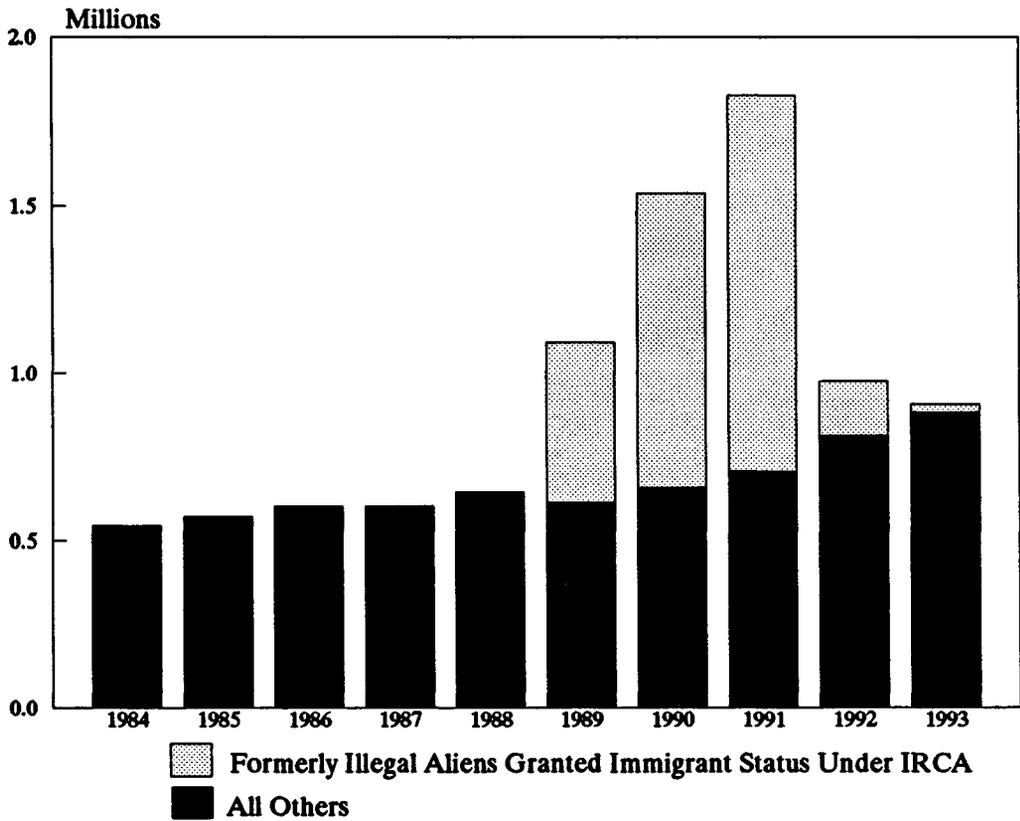
Historically, immigration has had a major impact on the composition of the U.S. population, and that process continues today. Between 1990 and 1993, over 5 million people either immigrated legally to the United States or changed their residency status from temporary to permanent. In fact, legal immigration has increased during every decade since the 1930s. If the current pace continues for the rest of this decade, legal immigration in the 1990s might break the record set in the first 10 years of this century.

Record numbers of people became legal immigrants in 1990 and 1991 (see Figure 1). That surge was due in large part to certain illegal aliens' being given legal status under the Immigration Reform and Control Act of 1986 (IRCA). But even if one excluded people who became legal immigrants under IRCA, it would still be clear that immigration had increased in every year from 1990 to 1993.

Legal immigrants are a varied group. They come from all over the world and differ widely in age, occupation, and education. In 1993, about 40 percent of them came from Asia, 39 percent from the Americas, and 18 percent from Europe. They settled in all 50 states, but over two-thirds of them immigrated to just six: California (29 percent), New York (17 percent), Texas (7 percent), Florida (7 percent), New Jersey (6 percent), and Illinois (5 percent).

Legal immigrants fall into a number of categories, all of which are distinct from nonimmigrants and illegal aliens (see Figure 2). Noncitizens are considered immigrants if they are lawfully admitted to the United States for permanent residence. Legal immigrants can secure employment, and after a period of residence, usually five years, they can become citizens. The United States also admits nonimmigrants for a special purpose. In 1993, more than 21

FIGURE 1.
NUMBER OF LEGAL IMMIGRANTS ADMITTED TO THE
UNITED STATES, 1984–1993



SOURCE: Congressional Budget Office using data from the Immigration and Naturalization Service.

NOTES: Legal immigrants admitted to the United States include new entrants and people previously residing in the United States whose status was changed to that of immigrant.

IRCA = Immigration Reform and Control Act of 1986.

FIGURE 2. OVERVIEW OF CITIZENSHIP STATUS CATEGORIES

	CITIZENS	NONCITIZENS	
		Permanent (Immigrants)	Temporary (Nonimmigrants)
LEGAL	Native born Naturalized	Legal Permanent Residents -With financial sponsors -Without financial sponsors PRUCOL -Refugees and asylees -Other	Tourists Business Travelers Diplomats Students Others
ILLEGAL	Not applicable	Illegal Aliens	

SOURCE: Congressional Budget Office.

NOTE: PRUCOL = permanently residing under color of law.

million nonimmigrants entered the country; they consisted mostly of tourists, business travelers, diplomats, and students. These "temporary noncitizens" are subject to more restrictions than immigrants. Unless otherwise noted, the term "legal immigrants" in this paper refers to lawfully admitted immigrants who have not become naturalized citizens.

LEGAL AND ILLEGAL RESIDENTS

Solid estimates of the number of legal immigrants living in the United States are not available. Until 1980, noncitizens residing here were required to file an alien address report annually. However, the federal government eliminated that procedure in 1981, making it much more difficult to estimate the total number of resident noncitizens. According to testimony by officials from the Immigration and Naturalization Service (INS) before the Commission on Immigration Reform in December 1993, between 8.8 million and 9.8 million immigrants were considered legal permanent residents in the United States at the time of the 1990 census. At that time there were also about 8 million naturalized citizens--that is, immigrants who had completed the naturalization process and become citizens.

Measuring the size of the illegal alien population residing in the United States is extremely difficult as well, although a variety of methods exist that can generate a range of estimates. For 1990, the Bureau of the Census reported a population of between 1.7 million and 5.5 million illegal aliens, although that range is wider than what is usually reported. The INS estimates that as of October 1992, 3.4 million illegal aliens were residing in the United States, with current annual growth in their numbers of approximately 300,000. The General Accounting Office estimated that in April 1990, there were at most 3.4 million illegal aliens in the United States.¹

Estimates are that roughly 80 percent of illegal aliens reside in five states. According to the INS, California has 40 percent of the total number and New York has the next largest share at 15 percent--followed by Florida (10 percent), Texas (10 percent), and Illinois (5 percent).

This paper deals mainly with legal immigrants because illegal aliens are ineligible for the four major federal welfare programs: food stamps, Aid to Families with Dependent Children, Supplemental Security Income, and Medicaid. (Illegal aliens are, however, eligible for emergency medical assistance through Medicaid.) Recent proposals to limit eligibility for federal

1. General Accounting Office, *Illegal Aliens: Despite Data Limitations, Current Methods Provide Better Population Estimates*, GAO/PEMD-93-25 (August 1993).

programs refer to changing the eligibility rules for legal immigrants only. Thus, the remainder of this chapter discusses those immigrants and the categories into which they are divided.

LEGAL PERMANENT RESIDENTS

Most legal immigrants enter the country as legal permanent residents (LPRs). LPRs are admitted to the country under a preference system based primarily on family relationships and employment arrangements. These immigrants, known as green-card holders, are permitted to stay and work in the United States indefinitely.

After five years of continuous residence here, any LPR age 18 or over may apply for naturalization. Additional requirements include knowledge of the history and government of the United States and literacy in English. Children of LPRs under the age of 18 automatically become citizens when their parents do. LPRs over a certain age who have lived in the United States for an extended time (20 years for people age 50 and over and 15 years for people age 55 and over), or who are physically unable to comply with the English literacy requirement for citizenship, can be exempted from it, although not from the civics requirement. Children and spouses of citizens are also exempt from the English requirement. Furthermore, some LPRs can become citizens before five years of residence. For example, the majority of spouses of U.S. citizens can become naturalized citizens after three years.

LPR Classifications

Most LPRs are admitted to the United States because of family relationships with citizens or other LPRs. In some cases, LPRs gain entry because of employers or diversity requirements. Still others entered initially as illegal aliens but have been able to gain legal status under IRCA. People applying to enter the United States are often subject to numerical limits based on their classification.

Immediate Relatives. More than a quarter million of the over 900,000 people entering the United States as immigrants in 1993 were immediate relatives of citizens (see Table 1). That category of immigrants faces no numerical limits. It includes spouses, unmarried children under age 21, and parents of citizens age 21 and over.

TABLE 1. NUMBER OF LEGAL IMMIGRANTS BY CATEGORY OF ADMISSION, 1993

Category of Admission	1993 Admissions and Adjustments ^a	1993 Numerical Limit	1994 Numerical Limit
Legal Permanent Residents			
Immediate relatives of citizens ^b	255,059	None	None
Family-sponsored preference ^c	226,776	232,483	226,000
Employment-based preference ^d	147,012	161,217	143,213
Diversity ^e	33,468	41,019	46,918
Legalization dependents ^f	<u>55,344</u>	55,000	32,776
Subtotal	717,659		
PRUCOL			
Refugees and asylees ^g	127,343	h	h
Other	<u>35,012</u>	Various	Various
Subtotal	162,355		
IRCA Legalizations	<u>24,278</u>	i	i
Total	904,292		

SOURCE: Congressional Budget Office based on J. Violet and M. Forman, *Immigration: Numerical Limits on Permanent Admissions*, CRS Publication 94-146 EPW (Congressional Research Service, July 1994).

NOTE: PRUCOL = permanently residing under color of law; IRCA = Immigration Reform and Control Act of 1986.

- a. Adjustments are people who entered the country before or during 1993 and whose status changed in that year from nonimmigrant to immigrant.
- b. Immediate relatives of citizens are spouses, parents of citizens age 21 and over, and unmarried children under age 21.
- c. Family-sponsored preference immigrants include children and siblings of citizens, and spouses and children of legal permanent residents.
- d. Employment-based preference immigrants include workers with extraordinary abilities, members of professions holding advanced degrees, "shortage" workers who have skills in short supply, certain special immigrants such as ministers and employees of the U.S. government abroad, and certain investors who create at least 10 new jobs.
- e. Diversity immigrants are natives of countries "adversely affected" by the Immigration and Nationality Act Amendments of 1965. The number of immigrants in this category exceeded the numerical limits in 1993 because limits apply to the number of visas issued, whereas admissions and adjustments refer to actual entry into the country. Some legalization dependents who obtained visas in 1992 did not enter the country until 1993. Under the family unity provisions of the Immigration Act of 1990, the numerical limits for this category are reduced each fiscal year from 1992 to 1994 by the number of immediate relatives who were immigrants in the previous year, less 239,000.
- f. Legalization dependents are spouses and children of permanent residents who were formerly illegal aliens but were given legal status under the provisions of IRCA.
- g. Asylees, like refugees, are people who have fled persecution in their homeland and who are already living in the United States.
- h. There are no numerical limits for refugees; the limit for asylees is 10,000.
- i. The number of IRCA legalizations is limited to the number of cases still pending.

Family-Sponsored Preference Immigrants. Other relatives can enter the United States through a family-sponsored preference system. Family members in certain categories, such as citizens' unmarried sons and daughters age 21 and over and spouses and children of permanent residents, have priority over others in lower preference groups, such as married sons and daughters of citizens and citizens' siblings age 21 and over. People immigrating as a member of one of the family-sponsored preference groups are subject to numerical limits.²

Employment-Based Preference Immigrants. Immigrants can also gain entry as LPRs through an employment-based preference system. Such immigrants typically have special skills or abilities that are considered particularly desirable or that are in short supply in the United States.³

Diversity Immigrants. The diversity immigrant classification attempts to make immigrating easier for nationals of countries who would otherwise find immigrating difficult under the family-sponsored preference system. That situation arises because people from countries that have had small numerical limits in the past have fewer relatives in the United States. (Since most immigrants gain entry to the United States through family members, the system generates an immigrant pool that comes mainly from countries providing immigrants in the recent past.)

Legalization Dependents. Legalization dependents are spouses and children of permanent residents who became legal immigrants under IRCA. IRCA allowed illegal aliens who would otherwise have been eligible for immigration and who had resided continuously in the United States since before January 1, 1982, to apply for temporary resident status during the 12-month period beginning in May 1987. After 18 months as temporary residents, such applicants could apply for an adjustment to their status within the subsequent 12 months and become legal permanent residents. After becoming LPRs, these people could apply for citizenship after five additional years of residence. Some of those previously illegal aliens had become citizens by the end of 1993.

Sponsored LPRs

Foreign nationals who would otherwise be eligible to immigrate and to be classified as LPRs are not admitted to the United States if immigration officials

2. The family-sponsored preference groups and their numerical limits are discussed in detail in J. Vialet and M. Forman, *Immigration: Numerical Limits on Permanent Admissions*, CRS Publication 94-146 EPW (Congressional Research Service, July 1994).

3. The employment-based system is also discussed in more detail in Vialet and Forman, *Immigration*.

expect them to become public charges (incapable of supporting themselves financially). The Department of State denies about 11 percent of noncitizens' visa applications for immigrant status because those individuals are unable to prove that they will not become public charges.⁴

Yet people who are expected to be public charges upon arrival in this country can still become immigrants if a sponsor signs an affidavit of support pledging to be financially responsible for them. To be a sponsor, a person or organization must demonstrate the ability to support any present dependents as well as the prospective immigrant.

Financial sponsors are not necessarily the same as the family sponsors mentioned earlier (although they may be). Similarly, not all immigrants with family sponsors need financial sponsors--only those people who are expected to become public charges. From now on, the term "sponsored immigrants" in this paper will refer to immigrants with signed affidavits of support.

A sponsor's affidavit of support, however, is not a legally binding document. If sponsors renege on their commitment, there is no legal recourse. Neither the sponsored alien nor the government can enforce the affidavit through the courts.

PERMANENTLY RESIDING UNDER COLOR OF LAW

Noncitizens who are not LPRs but who are here as legal residents--either permanently or indefinitely--are sometimes classified as permanently residing under color of law (PRUCOL). PRUCOL status is not defined by statute. Rather, it is a term used in several federal welfare laws for determining whether certain people who legally reside in the United States but who are not LPRs or nonimmigrants are eligible for benefits. Welfare programs vary in terms of which groups of immigrants are considered PRUCOL and may thus receive benefits if they otherwise qualify.

Refugees and "asylees" are larger in number than any other group of immigrants with a PRUCOL classification. Refugees are people fleeing persecution in their homelands; asylees have similar claims but are already living in the United States. The PRUCOL status of refugees and asylees is usually transitional because they can be granted permanent legal status under the Refugee Act of 1980 and then become citizens in the same manner as any

4. For further discussion of self-sufficiency under immigration law, see J. Vialet and L. Eig, *Immigration and Federal Assistance: Issues and Legislation*, CRS Issue Brief IB94037 (Congressional Research Service, July 13, 1994).

LPR. (Hereafter, refugees and asylees will be referred to collectively as refugees.)

Before 1980, the main mode of entry into the United States for people fleeing persecution was parolee status, which was granted by the Attorney General. Refugees and parolees numbered about 340,000 in 1993; they had come mainly from Cuba, the former Soviet Union, and Indochina. Just under half of the total number of people with PRUCOL status in 1993 were refugees and parolees.

People who are considered PRUCOL in welfare programs also include conditional entrants--noncitizens who are residing in the United States and have an indefinite stay of deportation, or people for whom the INS has suspended deportation with no intention of enforcing it. Other noncitizens in similar circumstances, as defined in section 1614(a)(1)(B) of the Social Security Act, are also classified as PRUCOL.

CHAPTER II
ELIGIBILITY OF LEGAL IMMIGRANTS
FOR WELFARE PROGRAMS

The federal government supports many welfare programs, but this paper focuses on the four--the Food Stamp program, Aid to Families with Dependent Children, Supplemental Security Income, and Medicaid--that accounted for about 85 percent of total federal spending for means-tested entitlement programs in 1994.¹ (A means-tested entitlement program pays benefits only to otherwise eligible people whose income and other financial resources fall below specific thresholds.) Because those programs contain many complex provisions, the sections that follow briefly explain each program before addressing the eligibility of noncitizens for benefits.

In general, most legal immigrants are eligible for all welfare programs that are available to citizens, although sponsored immigrants must meet a more restrictive means test involving the means of their sponsor as well. Other noncitizens classified as people residing under color of law are eligible only for certain programs. Illegal aliens, however, are generally not eligible for most welfare programs. Only in special cases, such as emergency medical assistance, are illegal aliens allowed to receive benefits.

FOOD STAMPS

The Food Stamp program provides households with coupons to purchase food, basing assistance on the household's income and the number of eligible recipients it has. Administered by the Department of Agriculture, the program is the largest of all federal food subsidies. Each month, eligible households receive coupons that they can exchange at most retail stores for all food items except alcoholic beverages, tobacco, and food that is hot and ready to eat.²

All legal immigrants--except nearly all of those who are classified as PRUCOL but are not parolees or refugees--are eligible for food stamps. Illegal aliens are not eligible for that assistance. However, any child born to a

1. Congressional Budget Office, *The Economic and Budget Outlook: Fiscal Years 1996-2000* (January 1995), Table 2-7.

2. For a detailed description of this program and all other entitlement programs discussed here, see House Committee on Ways and Means, *1994 Greenbook: Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means*, Publication No. 103-27 (July 1994).

noncitizen residing in the United States is a citizen and thus eligible for food stamps, even if the child's parent is an illegal alien.³ The value of the food stamps issued to a household is based on the number of eligible recipients in it, not its size.

Formerly illegal aliens who were granted legal status under the Immigration Reform and Control Act may not participate in the Food Stamp program for five years. They are similarly prohibited from participating in other welfare programs.

Before receiving food stamps, immigrants who needed affidavits of support from a sponsor to enter the country face one more eligibility restriction known as deeming. Under that requirement, the means test for sponsored immigrants who apply for food stamps must include not only their own income and resources but part of their sponsor's as well. The deeming period lasts for three years from the time of an immigrant's entry into the country, even if the sponsor provides no resources to the immigrant.

AID TO FAMILIES WITH DEPENDENT CHILDREN

Aid to Families with Dependent Children (AFDC) is a joint federal/state program that provides means-tested cash benefits primarily to families with an absent parent. Two-parent families who are in need of aid because of an unemployed or disabled principal wage earner may also receive AFDC. Families qualifying for AFDC are eligible for Medicaid as well. States administer their AFDC programs, including setting benefit levels, subject to federal laws and regulations. The federal government funds half of each state's administrative costs and, on average, 55 percent of all benefits.

Legal permanent residents and noncitizens classified as PRUCOL are eligible for AFDC. (Among the latter are some people with PRUCOL status who are not eligible for food stamps.) Again, although illegal aliens are not eligible for AFDC, children born to them while they are residing in the United States are eligible. As with food stamps, the level of AFDC that a family receives is based on the number of eligible recipients in the family. For example, if a mother entered the country illegally with one child and had two children born in the United States, her family's payment would be based on a family size of two.

3. Children born in the United States to illegal aliens are potentially eligible for all programs because of their citizenship. A number of proposals have been made in recent years to alter the conditions under which children of noncitizens would be granted citizenship. See M.M. Lee, *U.S. Citizenship of Persons Born in the United States to Alien Parents*, CRS Publication 94-664 A (Congressional Research Service, August 1994).

Deeming procedures for AFDC are similar to those for the Food Stamp program. Sponsors' income and resources are subject to deeming for three years from the time of the immigrant's entry into the United States.

SUPPLEMENTAL SECURITY INCOME

The Supplemental Security Income (SSI) program is a federally administered, means-tested program that provides cash benefits to aged, blind, or disabled people who are economically disadvantaged. In most states, people qualifying for SSI automatically qualify for Medicaid as well. A sizable number of states also give SSI recipients a supplemental payment in addition to the federal benefit. In many cases, the state supplement is administered by the federal government at the state's discretion.

Legal immigrants are eligible for SSI under the same rules as those for AFDC. Also like AFDC, the SSI program requires a deeming period, but if the disability that qualifies the immigrant for SSI benefits began after the date of immigration, deeming does not apply. The Congress temporarily increased the deeming period for SSI from three years to five years with passage of the Unemployment Compensation Amendments of 1993. That extension expires on October 1, 1996.

MEDICAID

Medicaid is a state-administered program that operates under federal guidelines to provide medical care to certain low-income populations. The program is jointly funded by the federal and state governments, with the federal rate of financial participation ranging from 50 percent to 80 percent. The states have considerable discretion in establishing criteria for program eligibility based on income and resources; in determining the amount, duration, and scope of covered services; and in determining methods of reimbursing providers.

Eligibility for Medicaid is tied to categorical eligibility for welfare. In other words, qualifying for welfare programs that are targeted toward particular groups generally also qualifies a welfare recipient for Medicaid. Therefore, the primary groups that the program serves are people receiving AFDC and SSI. Medicaid recipients who also receive benefits from those other welfare programs are referred to as cash recipients. States may opt to provide Medicaid coverage to "noncash" populations that include the medically needy. However, federal law requires states to provide coverage for certain pregnant women and children.

Legal immigrants are eligible for Medicaid under the same rules that apply to AFDC and SSI. All noncitizens, including illegal aliens, are eligible for emergency medical assistance. That assistance includes payments for the cost of childbirth.

Medicaid has no deeming period for sponsored immigrants per se, but a similar procedure applies to all Medicaid recipients. Spouses' or parents' income and resources for recipients under age 21--but not the income and resources of any other sponsors--are used in calculating the eligibility of potential recipients.

OTHER WELFARE PROGRAMS

All of the proposals that have been put forth to change the eligibility of noncitizens for welfare benefits address the Food Stamp program, AFDC, SSI, and Medicaid. But more than 50 other welfare programs are mentioned as well in one or more of the proposals dealing with federal welfare payments to noncitizens. Some of those programs are targeted toward children; they include the Maternal and Child Health Services Block Grant, child welfare services, foster care and adoption assistance, the school lunch program, and the Special Supplemental Food Program for Women, Infants, and Children (WIC). Other programs provide a wide variety of services, such as low-income rental, energy, and legal assistance.

Uncertainty arises at times about which welfare programs immigrants are eligible for. In some cases--for example, WIC and the school lunch program--even illegal aliens receive benefits. Estimating utilization rates--and thus expenditures--for legal immigrants or illegal aliens is quite difficult. However, the amount of money spent on benefits for immigrants in these programs is much less than for the four major programs discussed earlier.

Legal immigrants and illegal aliens are also eligible to attend public schools and may be placed in a penal institution. Funding for those purposes, however, is provided primarily by states and localities.

CHAPTER III
PARTICIPATION OF LEGAL IMMIGRANTS
IN WELFARE PROGRAMS

The rates of participation of legal immigrants with different characteristics vary among the four major welfare programs. Furthermore, participation rates may differ within the same program depending on whether recipients are counted as individuals, families, or households.¹ Overall, the rate of participation of legal immigrants in the Food Stamp program and Aid to Families with Dependent Children is about the same as their representation in the general population. Legal immigrants are overrepresented, however, among recipients of Supplemental Security Income, constituting at least 10 percent of all recipients.

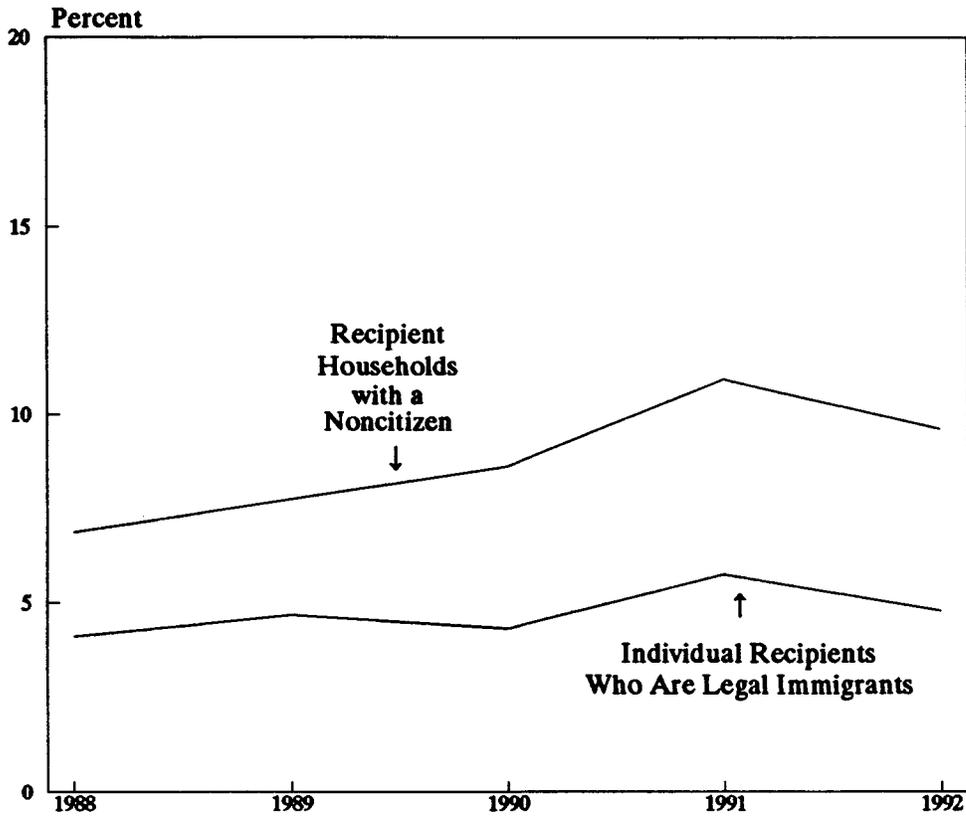
The Congressional Budget Office (CBO) estimates that, under current law, the federal government would pay benefits to legal immigrants in 1996 in the following amounts: \$1.6 billion for the Food Stamp program, \$1.3 billion for AFDC, and \$2.4 billion for SSI. Many legal immigrants receive assistance from more than one program.

FOOD STAMPS

Legal immigrants are represented among those individuals living in households that receive food stamps in about the same proportion as their share of the general population. In 1992, 4.8 percent of food stamp recipients were legal immigrants; between 4 percent and 5 percent of the people permanently living in the United States were estimated to be noncitizens. The percentage of food stamp recipients in 1992 who were not citizens was up from 4.1 percent in 1988 but down from a high of 5.7 percent in 1991 (see Figure 3). An average of over 1.2 million recipients each month in 1992 were not citizens. The Department of Agriculture collects information on the immigration status of noncitizen recipients, and its data show that in 1992, about three-fourths of those recipients were legal permanent residents; the rest were refugees (see Table 2).

1. The distinction between what share of individual recipients and what share of cases are legal immigrants (cases being households for the Food Stamp program and families for the AFDC program) is important in estimating savings. Eliminating the eligibility of legal immigrants for welfare programs will save more if it decreases the number of cases that consist only of legal immigrants, rather than reducing the size of existing cases that consist of both immigrants and citizens.

FIGURE 3.
PERCENTAGE OF HOUSEHOLDS RECEIVING FOOD STAMPS WHO HAVE AT LEAST ONE NONCITIZEN, AND PERCENTAGE OF INDIVIDUAL RECIPIENTS WHO ARE LEGAL IMMIGRANTS, 1988-1992



SOURCE: Congressional Budget Office using data from the Food Stamp program.

TABLE 2. AVERAGE NUMBER OF MONTHLY FOOD STAMP RECIPIENTS, BY CITIZENSHIP STATUS AND HOUSEHOLD TYPE, JULY AND AUGUST 1992 (In millions)

Household Type	Citizen	Legal Permanent Resident	Refugee	All Recipients
All Households	24.6	0.9	0.3	25.9
All-citizen	23.4	0	0	23.4
Mixed	1.3	0.5	0.1	1.8
All-noncitizen	0	0.4	0.2	0.7
Percentage of All Recipients	95	4	1	100

SOURCE: Congressional Budget Office using monthly averages from the Food Stamp program for July and August 1992.

However, mixed households--those with at least one noncitizen--constitute a significantly higher percentage of all households receiving food stamps than the share of individual recipients accounted for by noncitizens. In 1992, about 9.6 percent (or about 1 million in all) of the roughly 10.3 million households receiving food stamps each month had at least one member who was not a citizen. In 1988, there were only about 500,000 such households, or about 6.9 percent of the total. However, as Figure 3 shows, the 1992 figures are lower than those for 1991.

There are some major differences in the characteristics of recipient households with and without noncitizens (see Table 3). During the 1988-1992 period, households composed totally of noncitizens received food stamps for a slightly longer average length of time compared with mixed households or households with all citizens.² In terms of size, mixed households were larger than households composed only of citizens, although that characteristic might be the result of poorer immigrants moving in with relatives. The average size of recipient households with all noncitizens was actually smaller than households with all citizens.

The percentage of legal immigrants who receive food stamps may be rising because of the Immigration Reform and Control Act of 1986. Before the act was passed, the fear of being discovered most likely deterred some illegal aliens from applying for food stamps to which their children were entitled. After starting the legalization process under IRCA beginning in May 1987, illegal aliens could apply for benefits for their children with no fear of deportation. Five years after legalization, the parents themselves would have become eligible for food stamps, but that outcome in most cases would fall largely outside the 1988-1992 period covered by the table.

IRCA cannot explain the whole increase in reciprocity rates, however. If it could, one would expect to see the number of mixed households rising but not the number of households composed totally of noncitizens, because IRCA prohibited aliens who had been legalized from receiving benefits for five years. However, the phenomenon of legalized aliens obtaining benefits for their children who are citizens may help to explain the growth in the gap between the percentage of individual recipients who are noncitizens and the percentage of households with at least one noncitizen. (The reason is that legalized aliens do not contribute to the number of individual recipients before 1993--only their children who are citizens do.) In addition, because of IRCA's five-year restriction on the eligibility of legalized aliens for participation in the Food

2. All members of a household and not just those who are food stamp recipients are included in determining whether a household is "all-citizen," "mixed," or "all-noncitizen."

TABLE 3. CHARACTERISTICS OF CITIZEN AND IMMIGRANT HOUSEHOLDS RECEIVING FOOD STAMPS, 1988-1992

Household Type	1988	1989	1990	1991	1992
All-Citizen					
Number (Thousands)	6,400	6,500	7,100	8,000	9,100
Average monthly benefit (Dollars)	128	130	149	162	170
Average years receiving benefits	a	1.8	1.8	1.9	1.9
Average number of household members	2.6	2.6	2.6	2.6	2.6
Mixed					
Number (Thousands)	310	310	460	640	610
Average monthly benefit (Dollars)	162	164	178	195	185
Average years receiving benefits	a	1.6	2.0	1.7	1.6
Average number of household members	4.0	3.7	3.5	3.3	3.0
All-Noncitizen					
Number (Thousands)	150	240	210	340	350
Average monthly benefit (Dollars)	81	85	95	122	131
Average years receiving benefits	a	2.1	2.3	2.4	1.7
Average number of household members	1.9	1.9	1.7	2.0	1.9
Unknown					
Number (Thousands)	200	170	210	230	220
Average monthly benefit (Dollars)	93	98	117	119	131
Average years receiving benefits	a	1.8	1.3	1.3	1.9
Average number of household members	2.0	2.1	2.0	2.0	1.9

SOURCE: Congressional Budget Office based on monthly averages for the Food Stamp program in July and August of each year.

NOTE: All members of a household and not just those who are recipients are included in determining whether a household is "all-citizen," "mixed," or "all-noncitizen."

a. Not available.

Stamp program, the growth in the number of noncitizen recipients cannot be attributed to IRCA.

AID TO FAMILIES WITH DEPENDENT CHILDREN

The participation rate of legal immigrants in AFDC is similar to their rate of participation in the Food Stamp program. In 1992, 4.7 percent of recipients of AFDC were legal immigrants--about 620,000 people (see Table 4). Again, that figure is approximately the same as the percentage of the U.S. population who are legal immigrants. However, the percentage of AFDC recipients who are not citizens has been increasing since 1984 (see Figure 4).

The growth in the number of families receiving AFDC who have at least one member who is not a citizen has been more substantial. In 1992, over 500,000 families from the total AFDC caseload--roughly 11 percent--included a noncitizen (see Table 5).³ In 1984, there were only 240,000 families with a noncitizen, or about 6.5 percent of the caseload. Most of the increase in families with noncitizens receiving AFDC benefits, however, has occurred since 1989 (see Figure 4). In that year there were almost 290,000 families, constituting 7.6 percent of the caseload.

In four-fifths of the families with noncitizens receiving AFDC payments in 1992, the noncitizens were legal permanent residents or refugees. The other one-fifth comprised about 100,000 families with illegal aliens and their children who were citizens. Families with noncitizens receiving AFDC when the data were collected in 1992 had been receiving AFDC for a shorter period than families composed only of citizens--an average of 2.6 years compared with 3.1 years, respectively.

Families with noncitizens, however, received larger AFDC payments--\$504 a month, on average, which is about 41 percent higher than the average for families without noncitizens. The larger average AFDC payments came about primarily because noncitizens lived mainly in states with higher-than-average benefits (for example, New York and California).

The growing gap between the percentage of individual recipients who are noncitizens and the percentage of cases with at least one noncitizen is more apparent in the AFDC program than in the Food Stamp program. A possible explanation for that larger disparity is that the children of legalizing aliens have

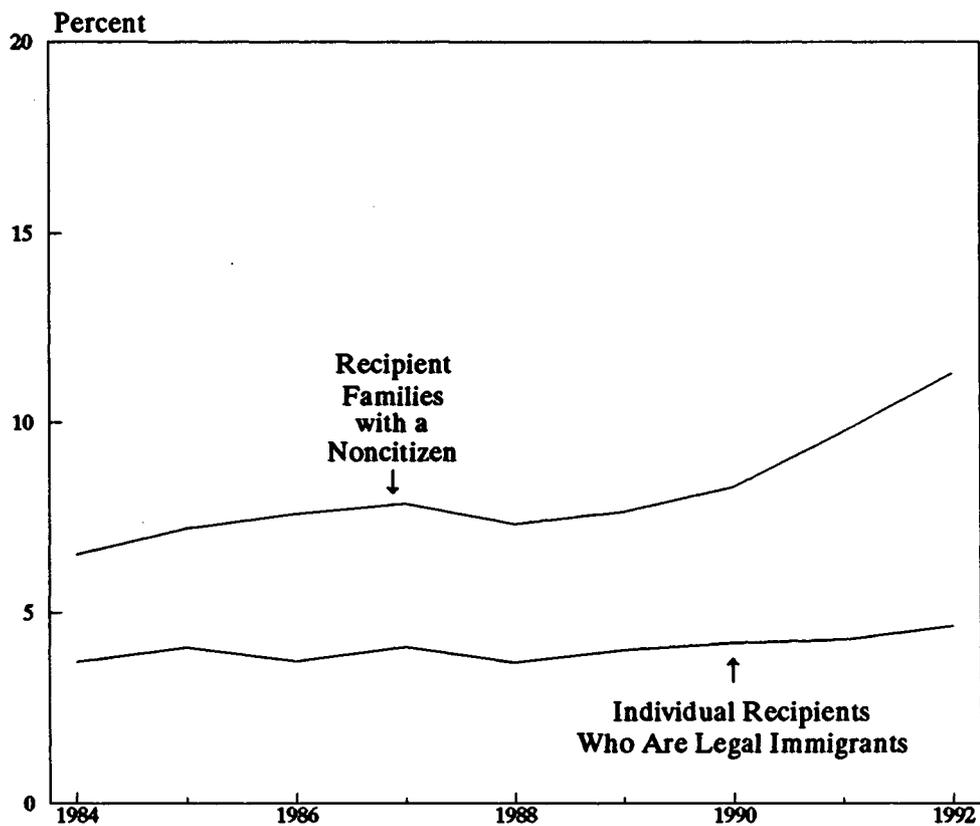
3. As is true of the Food Stamp program, all members of a family and not just those who are AFDC recipients are included in determining whether a family is "all-citizen," "mixed," or "all-noncitizen."

TABLE 4. NUMBER OF RECIPIENTS OF AID TO FAMILIES WITH DEPENDENT CHILDREN, BY CITIZENSHIP STATUS AND FAMILY TYPE, 1992 (In millions)

Family Type	Citizen	Legal Permanent Resident	Refugee	All Recipients
All Families	12.9	0.4	0.2	13.5
All-citizen	12.0	0	0	12.0
Mixed	0.9	0.3	0.1	1.3
All-noncitizen	0	0.1	0.1	0.2
Percentage of All Recipients	95	3	1	100

SOURCE: Congressional Budget Office based on data from the AFDC program.

FIGURE 4.
PERCENTAGE OF FAMILIES RECEIVING AFDC WHO
HAVE AT LEAST ONE NONCITIZEN, AND PERCENTAGE OF
INDIVIDUAL RECIPIENTS WHO ARE LEGAL IMMIGRANTS,
1984–1992



SOURCE: Congressional Budget Office using data from the AFDC program.

NOTE: AFDC = Aid to Families with Dependent Children.

TABLE 5. CHARACTERISTICS OF CITIZEN AND IMMIGRANT FAMILIES RECEIVING AFDC, 1992

Family Type	1992
All-Citizen	
Number (Thousands)	4,230
Average monthly benefit (Dollars)	358
Average years	3.11
Average number in family	2.87
Mixed	
Number (Thousands)	450
Average monthly benefit (Dollars)	500
Average years	2.62
Average number in family	2.93
All-Noncitizen	
Number (Thousands)	90
Average monthly benefit (Dollars)	523
Average years	2.32
Average number in family	3.06
Unknown	
Number (Thousands)	20
Average monthly benefit (Dollars)	345
Average years	2.32
Average number in family	2.67

SOURCE: Congressional Budget Office based on data from the AFDC program.

NOTES: All members of a family and not just those who are recipients are included in determining whether a family is "all-citizen," "mixed," or "all-noncitizen."

AFDC = Aid to Families with Dependent Children.

a higher rate of receipt of AFDC than of food stamps compared with the general population.

For the reasons given earlier, the increase in and the widening gap between the two measures of AFDC reciprocity by noncitizens arise in part from the effects of IRCA. The influence of IRCA might also be seen in the slight dip in 1988 in the percentage of families with at least one noncitizen. Illegal aliens who under IRCA could apply for legalization between May 1987 and April 1988 increased their chances for a successful application by not being on AFDC. That circumstance may have led to a decrease in AFDC families before the number started rising.⁴

Roughly one-half of the rise in the percentage of families with noncitizens receiving AFDC can be attributed to IRCA. CBO obtained that estimate by projecting to 1992 the pre-IRCA trend in the growth of the percentage of families with noncitizens receiving AFDC. If the pre-IRCA trend had continued, that percentage would have been 10.1 percent, compared with an actual percentage of 11.3 percent. Therefore, roughly 1.2 percentage points of the 3.5 percentage-point increase between 1987 and 1992 in the share of families with a noncitizen might be attributed to the effects of IRCA.

The provision of IRCA prohibiting legalized aliens from receiving AFDC for five years after legalization could have influenced the trend starting in mid-1992 in the receipt of welfare by noncitizens. In the near future, as legalized aliens come onto the welfare rolls, the percentage of individual recipients who are noncitizens is projected to grow. Indeed, the recent increase in the percentage of AFDC recipients who are noncitizens from 4.7 percent in 1992 to 5.1 percent in 1993 was in large part caused by aliens being given legal status under IRCA. (In 1993, more than 30,000 permanent residents who had gained legal status under IRCA were receiving benefits compared with less than 5,000 in 1992.)

Yet despite their increasing numbers, legalized aliens coming onto the AFDC rolls will have a more limited effect on costs than might appear at first glance. Many of them already have citizen children who are recipients. In fact, about 75 percent of the legalized aliens entering the AFDC system in 1993 were adults. Therefore, the parents' entry might not generate many new cases of families receiving AFDC benefits, although it would increase the average family size per case for the purpose of computing benefits. Because the additional expense of a new family member is less than the expense of the

2. A similar dip in cases with a subsequent increase can be found in data from Los Angeles County documenting the number of AFDC recipients who were citizen children of illegal or legalized parents during the same period. That information was provided by reports compiled by Los Angeles County.

children already on welfare, AFDC costs should increase significantly less than the percentage increase in recipients.

Some of those legalized aliens, however, will become citizens, decreasing the number of families with a noncitizen. The end result should be a narrowing of the gap between the percentage of families with a noncitizen member receiving AFDC and the percentage of AFDC recipients who are noncitizens. At the least, the future should see a lessening of the rate at which they diverge.

SUPPLEMENTAL SECURITY INCOME

As noted earlier, the rate of participation of legal immigrants in SSI is higher than in the other three major welfare programs. When the category of legal immigrants receiving SSI is broken down further by reason of eligibility, for example, large differences are apparent among the subgroups in the percentage of recipients who are not citizens.

Approximately 12 percent of the 5.9 million SSI recipients in 1993 were legal immigrants (see Table 6). However, about 29 percent of the over 1.4 million of those recipients in the program for the aged were noncitizens compared with 6 percent of noncitizen recipients in the program for the blind and disabled. The percentage of recipients in the program for the blind and disabled who were legal immigrants was slightly larger than that same percentage for either the Food Stamp or AFDC program.

The percentage of SSI recipients who were legal immigrants but were not also receiving Social Security payments was higher still. Elderly immigrants are much less likely to qualify for Social Security than the native-born population because they have much less work experience in the United States. As a result, at the end of 1993, legal immigrants made up only about 10 percent of the SSI recipients in the program for the aged who were receiving Social Security benefits, but they constituted 63 percent of the aged SSI recipients who did not qualify for Social Security. Because SSI payments for the aged, on average, are more than twice as high for people who are not receiving Social Security benefits, immigrants accounted for over 45 percent of all SSI payments under the program for the aged in August 1994.

The percentage of legal immigrants in the program for the aged is increasing, especially among those who are not receiving Social Security benefits and who are more likely to be eligible for SSI (see Figure 5). That increase is the result, in part, of a rise in the number of native-born citizens receiving Social Security. From 1989 to 1993, the number of citizens receiving SSI under the aged program decreased from 1.2 million to 1 million; at the

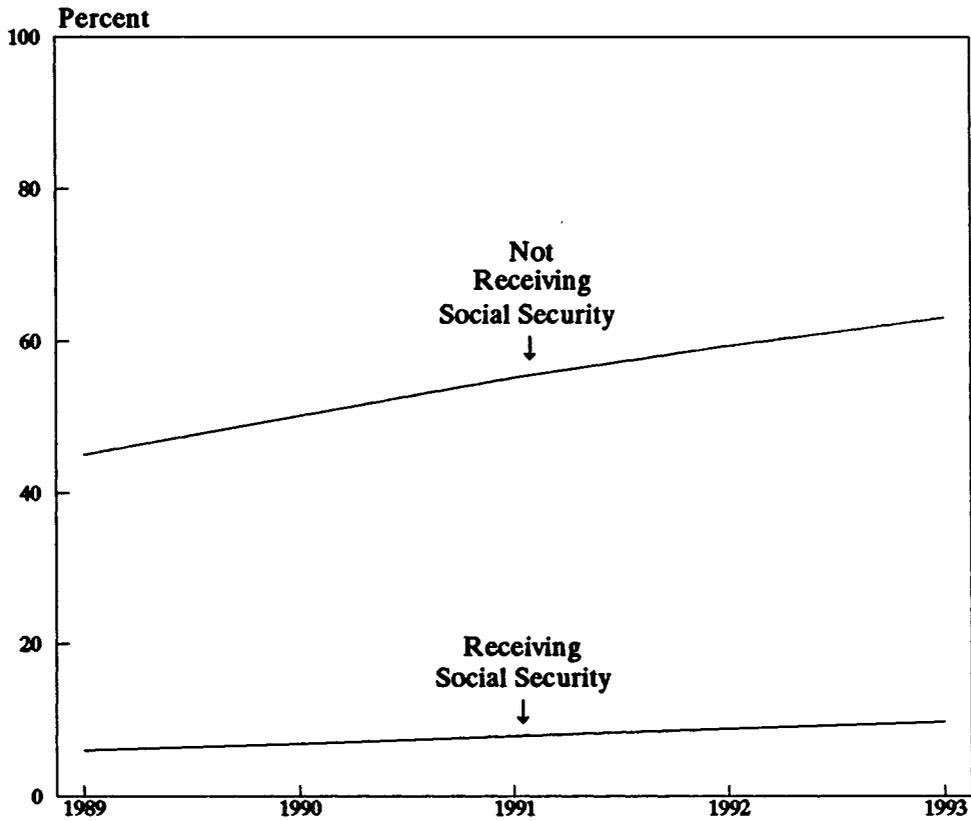
TABLE 6. NUMBER OF SSI RECIPIENTS, BY PROGRAM CATEGORY, CITIZENSHIP STATUS, AND RECEIPT OF SOCIAL SECURITY, 1993 (In thousands)

Social Security Status	Aged			Blind and Disabled			Total, Both Categories		
	Citizen	Legal Immigrant	Percentage Immigrant	Citizen	Legal Immigrant	Percentage Immigrant	Citizen	Legal Immigrant	Percentage Immigrant
All SSI Recipients									
Total	1,040	420	29	4,210	270	6	5,250	680	12
Under age 65	n.a.	n.a.	n.a.	3,630	210	6	3,630	210	6
65 and over	1,040	420	29	580	50	9	1,620	470	22
Recipients Getting Social Security									
Total	850	90	10	1,380	50	4	2,240	140	6
Under age 65	n.a.	n.a.	n.a.	1,000	40	4	1,000	40	4
65 and over	850	90	10	390	10	3	1,240	100	8
Recipients Not Getting Social Security									
Total	190	330	63	2,820	210	7	3,010	540	15
Under age 65	n.a.	n.a.	n.a.	2,630	170	6	2,630	170	6
65 and over	190	330	63	190	40	18	380	370	49

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

NOTE: SSI = Supplemental Security Income; n.a. = not applicable.

FIGURE 5.
PERCENTAGE OF SSI RECIPIENTS IN THE PROGRAM
FOR THE AGED WHO ARE LEGAL IMMIGRANTS,
BY RECEIPT OF SOCIAL SECURITY, 1989-1993



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

NOTE: SSI = Supplemental Security Income.

same time, the number of noncitizens in a similar situation increased from 250,000 to 420,000.

The percentage of all SSI recipients who are legal immigrants has been increasing as well, a trend that is expected to continue. Applications for SSI among the population of legal immigrants are increasing significantly. In the first half of the 1980s, legal immigrants filed, on average, about 60,000 applications per year; in contrast, they filed an estimated 162,000 applications in 1993 (see Table 7). Approximately one-half of all applications for the program for the blind and disabled are eventually rejected. The rejection rate for the program for the aged is about 28 percent.

Legal immigrants applying for SSI tend to arrive in this country when they are beyond or near the end of their working years, which is why in many cases they do not qualify for Social Security benefits. Among those nondisabled immigrants who arrived after January 1974 who were receiving SSI from the aged program, about 79 percent were age 60 or over when they entered the United States (see Table 8). For immigrants receiving assistance under the blind and disabled program, that figure was just over 8 percent. In fact, almost 40 percent of the blind and disabled recipients who were legal immigrants came to the United States when they were under 40 years of age. The available data did not allow CBO to determine the age at residency for noncitizen recipients of SSI immigrating before 1974. Therefore, the table excludes approximately 20 percent of immigrant recipients. That exclusion serves to overstate the degree to which noncitizen SSI recipients enter the country when they are already elderly.

MEDICAID

All legal immigrants who receive AFDC and most legal immigrants who receive SSI are also eligible for Medicaid. However, data on immigration status do not exist for Medicaid recipients who do not receive cash benefits and thus are not participants in those programs. By comparing the demographic characteristics of people receiving cash and noncash benefits, however, it is possible to estimate how many noncash recipients are not citizens. Combining the data for people receiving cash benefits with the estimates for noncash recipients leads to an estimate of 6.5 percent of all Medicaid recipients being legal immigrants. In 1996, that percentage will translate into approximately 2.4 million people.

In addition, some legal immigrants receive emergency medical assistance. There are no data on the citizenship status of those recipients.

TABLE 7. NUMBER OF SSI APPLICATIONS FILED BY LEGAL IMMIGRANTS, BY PROGRAM CATEGORY, 1982-1993 (In thousands)

Year	Blind and Disabled	Aged	Total, Both Categories	Percentage Change from Preceding Year
1982	30.2	21.3	51.5	n.a.
1983	31.7	23.9	55.6	8.0
1984	30.8	31.1	61.9	11.3
1985	38.4	30.8	69.2	11.8
1986	39.4	32.5	71.9	3.9
1987	38.7	38.2	76.9	7.0
1988	40.9	46.2	87.1	13.3
1989	52.2	49.4	101.6	16.7
1990	59.6	58.9	118.5	16.6
1991	68.0	67.9	135.9	14.7
1992	87.1	67.0	154.1	13.4
1993 ^a	85.3	76.8	162.1	5.2

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

NOTE: SSI = Supplemental Security Income; n.a. = not applicable.

a. Figures for this year are estimated.

TABLE 8. DISTRIBUTION OF SSI RECIPIENTS WHO ARE LEGAL IMMIGRANTS AND WHO ENTERED THE UNITED STATES AFTER JANUARY 1974, BY AGE AT ENTRY, PROGRAM CATEGORY, AND RECEIPT OF SOCIAL SECURITY, AUGUST 1994

Age at Entry	Aged		Blind and Disabled		Total, Both Categories	
	Number	Percentage	Number	Percentage	Number	Percentage
Receiving Social Security						
Under 40	0	0	11,750	50	11,750	21
40-44	10	a	2,830	12	2,840	5
45-49	1,920	6	3,370	14	5,290	9
50-54	8,280	25	3,020	13	11,300	20
55-59	9,660	29	2,160	9	11,820	21
60-64	8,280	25	560	2	8,840	16
65-69	3,750	11	0	0	3,750	7
70 and over	<u>1,360</u>	<u>4</u>	<u>10</u>	<u>a</u>	<u>1,370</u>	<u>2</u>
Subtotal	33,260	100	23,700	100	56,960	100
Not Receiving Social Security						
Under 40	0	0	76,360	39	76,360	15
40-44	0	0	17,600	9	17,600	3
45-49	1,620	1	23,180	12	24,800	5
50-54	11,080	4	30,590	15	41,670	8
55-59	39,820	13	32,400	16	72,220	14
60-64	94,330	30	16,390	8	110,720	22
65-69	88,720	28	670	a	89,390	17
70 and over	<u>78,280</u>	<u>25</u>	<u>960</u>	<u>a</u>	<u>79,240</u>	<u>15</u>
Subtotal	313,850	100	198,180	100	512,030	100
Total						
Under 40	0	0	88,110	40	88,110	15
40-44	10	a	20,430	9	20,440	4
45-49	3,540	1	26,550	12	30,090	5
50-54	19,360	6	33,610	15	52,970	9
55-59	49,480	14	34,560	16	84,040	15
60-64	102,610	30	16,950	8	119,560	21
65-69	92,470	27	670	a	93,140	16
70 and over	<u>79,640</u>	<u>23</u>	<u>970</u>	<u>a</u>	<u>80,610</u>	<u>14</u>
Total	347,110	100	221,880	100	568,990	100

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

NOTE: SSI = Supplemental Security Income.

a. Less than 0.5 percent.

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).

Extending Deeming Periods

One way to limit the eligibility of legal immigrants is to permanently increase the deeming period for AFDC, SSI, and the Food Stamp program, during which the income and resources of both legal immigrants and their sponsors are considered in determining eligibility for welfare. The Administration's plan (H.R. 4605/S. 2224), introduced in the 103rd Congress, would extend the deeming period for those programs to five years after an immigrant's entry into the United States. (The plan has other provisions, too, as explained below.)

CBO estimates that the reductions in federal outlays for SSI from extending the deeming period would be \$560 million over the 1997-2000 period. For food stamps and AFDC, the savings would be \$175 million and \$60 million, respectively. Since most immigrants cannot become citizens during the five years in which the income of their sponsor is being deemed, the reductions in SSI, food stamps, and AFDC expenditures could not be significantly offset by an increase in the rate at which immigrants became citizens.

An alternative version of this proposal would extend the deeming period until sponsored immigrants became citizens. CBO estimates that the reductions in federal outlays for SSI, food stamps, and the AFDC program resulting from that proposal would be, respectively, about \$4.1 billion, \$480 million, and \$145 million over the 1997-2000 period. Those estimates, however, would be affected by changes in the naturalization rate that could result from immigrants' becoming citizens in response to this change in policy.

These measures would increase the responsibility of sponsors for immigrants. That outcome in turn might dissuade potential sponsors from sponsoring immigrants who might be at risk of becoming public charges. Extending the deeming period of programs would also lessen cost shifting to the states, compared with eliminating the eligibility of legal immigrants altogether. In addition, in the case of the proposal that would enforce deeming until citizenship was obtained, that approach would reward immigrants who made a commitment to the United States by becoming a citizen.

Some opponents of extending deeming periods believe that these measures do not go far enough. Extensions, for no matter how long, would save less money than denying eligibility. Compared with the denial options, extending deeming periods would also dissuade fewer low-skilled workers from immigrating, promote less responsibility among sponsors, and, by continuing to foster dependence on the government, be a barrier to immigrants' full integration into the economy.

**Denying Eligibility to Long-Term Legal Immigrants
Whose Sponsors' Income Exceeds the Median Family Income**

The Administration's welfare proposal in the 103rd Congress would also continue to deny eligibility after five years to sponsored immigrants if the sponsor's income exceeded the national family median income for families of similar size. In essence, that proposal is a mixture of extending deeming to five years and deeming until citizenship is obtained. Immigrants with sponsors who had income below the national median would be subject to deeming for five years; immigrants with sponsors whose income exceeded the median family income would be subject to deeming until they became citizens.

CBO estimates that eliminating eligibility for SSI for immigrants with sponsors whose income exceeds the national family median income, combined with permanently extending the deeming period to five years, would reduce federal outlays by \$2.3 billion over the 1996-2000 period. The savings from the other three programs over the same period would be \$600 million. Again, that estimate could change under different assumptions about how likely immigrants are to become citizens as a result of this shift in policy. Because older people are less likely than younger ones to become citizens, most of the savings would come from the SSI program rather than from the Food Stamp program or AFDC.

For several reasons, some people prefer this proposal to the one denying eligibility for all legal immigrants. First, it would lessen the potential for increasing poverty among immigrants since it would deny benefits only to those who had sponsors whose family income was above the national median. Second, by providing federal assistance to the legal immigrants who had the smallest amount of available resources, it would lessen any adverse impact on the states. Third, it would not increase the financial hardship of those sponsors and their families whose income was below the median.

Opponents of this proposal note its potential to reduce incentives to work. Because SSI, AFDC, and food stamps would be cut off completely when a sponsor's family income exceeded the median income, some sponsors might reduce the amount they worked so that their family members who were immigrants could receive benefits. That group, however, would probably be small. Working less to qualify for benefits might seem an attractive option only for families who were very close to the median. Reinforcing that judgment is the fact that many immigrants, whose sponsors are not their spouses or parents, could still qualify for Medicaid regardless of their sponsor's income, since in those cases their sponsor's income would not be deemed.

Making a Sponsor's Affidavit of Support a Legally Binding Pledge

The Commission on Immigration Reform has recommended making affidavits of support signed by financial sponsors of immigrants legally enforceable documents.⁶ They propose creating procedures that would allow states to recover support from sponsors who did not fulfill their financial responsibilities.

Changing the legal character of such affidavits would make a strong statement about the seriousness with which the United States views sponsors' responsibilities to immigrants. The length of time that the affidavit of support would be legally enforceable could be extended to coincide with the length of the deeming periods for welfare programs, if those periods were extended.

Opponents of making the affidavit of support legally enforceable claim that the reduction in spending it would bring would be minimal at best. Moreover, accrued savings would probably be offset by the costs associated with enforcing a legally binding affidavit of support. It is unclear how expensive and successful such enforcement would be.

Some proponents argue that the lack of savings is irrelevant and that the moral statement made by this measure is sufficient justification. Critics claim that if enforcing such a measure is not financially expedient, the measure would not be enforced and thus would not be a meaningful signal.

EFFECTS ON STATE AND LOCAL SPENDING OF ELIMINATING OR RESTRICTING ELIGIBILITY

Eliminating the eligibility of legal immigrants for federal welfare programs could increase or decrease state and local spending, depending on a variety of factors. Increased participation by legal immigrants in states' and localities' general assistance (GA) and general medical assistance (GMA) programs would boost expenditures for such immigrants by state and local governments. State and local spending for immigrants would be reduced, however, by eliminating the nonfederal shares of AFDC and Medicaid costs and the state supplemental payments to SSI that had been going to legal immigrants.

The net effects would vary significantly among the states. Under current law, many states, including those with large numbers of immigrants, might experience no increase in spending for legal immigrants, or might reduce their total spending. In fact, a preliminary analysis suggests that even in states with large immigrant populations, it is unclear how passage of H.R. 4, as introduced,

6. See Commission on Immigration Reform, *U.S. Immigration Policy: Restoring Credibility* (September 1994).

would affect total net state and local spending for legal immigrants. Moreover, the chances would increase that state and local governments would spend less if they curtailed their GA or GMA programs in response to such a change in federal law.

In some cases, however, state and local governments would be likely to spend more if eligibility of legal immigrants for federal welfare programs was eliminated. Costs would be higher if a state or locality had broad eligibility and high levels of benefits for its GA and GMA programs combined with low AFDC and Medicaid benefits, low payment shares in those programs, and low state supplemental payments for SSI. Under those circumstances, the increased cost of state and local programs could outweigh the decreased costs of participation in federal programs. A state with the opposite combination--namely, small GA and GMA programs but larger AFDC and Medicaid benefits as well as large state supplements to SSI--would be more likely to experience a decrease in costs. The separate effects on state versus local spending would differ among the states because the way state and local governments divide the cost of GA and GMA programs varies widely.

Effects on Cash Assistance

The net effect on state and local cash assistance of eliminating the eligibility of legal immigrants for federal welfare programs would vary among the states. States and localities with GA programs would experience a rise in expenditures for those programs. States with supplemental payments to SSI would recoup at least some of that spending. In addition, all of the states would spend less for their AFDC programs, as would some localities that are required by their state governments to contribute to the nonfederal share of AFDC payments.

For illustrative purposes, the sections that follow examine in more detail three states--California, New York, and Illinois--that have relatively large numbers of legal immigrants receiving benefits. Texas and Florida, the other two states with the most legal immigrants receiving benefits, do not have statewide GA programs or state supplemental payments for SSI.

General Assistance Programs. State and local expenditures for legal immigrants would increase most in states and localities with GA programs that provide benefits to low-income people who do not qualify for federally funded programs. Eligibility requirements and benefits of GA programs vary significantly among states and localities having such programs.

California law requires all counties to have a GA program. Those programs, called General Relief, are funded and administered by the individual counties subject to statewide eligibility rules. In Los Angeles County, for example, all needy people (except for illegal aliens) who do not qualify for federally funded cash assistance programs can receive GA benefits; the average monthly expenditure per recipient in July 1994 was \$198. For all California counties, the average monthly expenditure per recipient was \$222.

The GA programs in Illinois are administered by local governments, except for the city of Chicago, in which the GA program is administered for the city by the state. In most localities, the program is financed from local funds, although some jurisdictions receive state funds if a required local tax is insufficient to cover the program's costs.

Illinois has GA programs for people awaiting determination of their eligibility for SSI and for families not qualifying for AFDC, provided they are legal residents. In 1994, people in the first group received payments ranging from \$144 to \$154 per month. Monthly payments for a mother with two children ranged from \$349 to \$377, or \$116 to \$126 per recipient. Since eligibility requirements are usually stricter for families seeking general assistance than for families wanting AFDC, only a portion of the people cut from the AFDC program in Illinois could apply successfully for state relief.

New York's GA program is jointly administered and funded by the state and the counties. The state sets eligibility rules and benefit levels that vary depending on the heating costs in a recipient's county of residence. In 1994, recipients received the difference between their gross income minus a fixed amount (usually \$90) and the sum of the statewide grant and the local shelter allowance. The statewide grant for a family of four was about \$376, and the local shelter allowances ranged from \$210 to \$449. The limit on cash assets that is a requirement for reciprocity is the same as for AFDC.

Most states and localities with GA programs do not consider the income of sponsors in determining eligibility. California, however, subjects spouses' income to a deeming period during an immigrant's first three years in the country but only if the sponsors are actually willing to pay the money they promised in their affidavits of support. In fact, in California, if sponsors withhold support during the deeming period for federally funded programs, immigrants are allowed to apply to GA programs.

CBO estimates that under H.R. 4, GA payments would be \$4.5 billion higher in California, New York, and Illinois from 1997 through 2000. (In fact, California's GA program would approximately triple in size relative to its expected spending under current law.) CBO developed its figures by using

administrative data from the three states to estimate how many legal immigrants would be denied AFDC and SSI benefits if H.R. 4 was enacted. Administrative records indicate that immigrants who would be affected by H.R. 4 have very small amounts of outside income and assets, making a large majority of them eligible for the GA program. CBO estimated how many of those people would qualify for general assistance in their home state and assumed that roughly 90 percent of the people dropped from SSI and AFDC would participate in their state's GA program. The average GA payment in a state was then used to determine by how much those new qualifiers would increase the cost of the programs. Under those assumptions, legal immigrants dropped from the SSI program in those states would receive \$2.4 billion, and former AFDC recipients would receive \$2 billion, during the 1997-2000 period. CBO estimates that those jurisdictions would spend an additional \$440 million in administering benefits over the same period.

Although CBO assumed that states and localities would not alter their GA programs in response to the enactment of H.R. 4, the magnitude of the GA expansions combined with the current political climate could lead states and localities to scale back their GA programs. If eligibility for GA programs became more restrictive or benefit levels decreased, or if a smaller-than-expected number of newly eligible legal immigrants applied for benefits, the increase in GA payments from enacting H.R. 4 would be less than CBO has estimated.

State Supplements to SSI. Most states provide a supplement to people receiving federal SSI payments, but localities do not. Supplements are intended to meet needs that are not covered by the federal program, and they vary by state. Supplements are directly tied to federal SSI eligibility. If legal immigrants were removed from the SSI program, states would not have to pay them supplements.

Applicants qualifying for federal SSI benefits in California automatically qualify for supplemental payments, which vary according to the living arrangements of the recipient. For an individual in 1994, they ranged from \$12 per month for people residing in a Medicaid facility to over \$300 per month for people receiving care in their home. Elderly people who lived independently and had their own cooking facilities received supplements of \$157 per month. The average monthly payment in August 1994 was \$168.

In Illinois, a supplement is paid to every SSI recipient. Supplements in that state equal the difference between the monthly SSI benefit plus other income and a state-defined level of income maintenance, which is determined individually. The average monthly payment in July 1994 was \$57.

New York pays a supplement to all SSI recipients except those in certain group residences. As in California, payment levels depend on living arrangements. For an individual recipient, payments in 1994 ranged from \$5 per month for a person residing in a Medicaid facility to almost \$500 for someone living in certain types of congregate care facilities. The average monthly payment in 1994 was \$77.

CBO estimates that California, New York, and Illinois would save \$1.8 billion from reduced state supplemental payments for SSI over the 1997-2000 period. Using administrative data, CBO estimated the number of SSI recipients who would no longer be covered under H.R. 4 in each of the four years. Multiplying that number by the average state supplement paid to legal immigrants in those states produced the estimate of \$1.8 billion. The savings from eliminating state supplements to SSI for legal immigrants would accrue to the states, not to localities.

AFDC Payments. CBO also estimates that the state and local governments of California, New York, and Illinois would pay about \$1.3 billion less in AFDC between 1997 and 2000 if H.R. 4 was enacted.⁷ That estimate was calculated by multiplying the nonfederal share of AFDC expenses by the expected reduction in benefits. Since some families receiving AFDC are composed of both citizens and legal immigrants, not every legal immigrant's loss of eligibility would result in one fewer AFDC case. However, the benefits going to families with legal immigrants would be reduced because legal immigrants would no longer be included in the determination of benefits.

Net Effect on Cash Assistance. Combining the extra GA expenditures for benefits and administration with the savings from state supplemental payments for SSI and lowered costs of AFDC would lead to a net spending increase of \$1.8 billion in the 1997-2000 period for California, New York, and Illinois if H.R. 4 was enacted as introduced. Because state supplements to SSI are typically less, on average, than GA payments, states' savings from eliminating supplemental SSI payments to legal immigrants, if they were made ineligible, would be more than offset if those same noncitizens transferred to GA programs. The fact that some legal immigrants who were dropped from SSI would not qualify for GA programs in their states keeps costs from rising even further. As noted earlier, however, the increased costs of GA programs are typically shared by states and localities, whereas the savings from reduced state supplemental payments for SSI accrue only to the states.

7. In California and New York, localities pay some of the benefits and administrative costs of AFDC; Illinois pays all of those costs.

The net \$1.8 billion increase in state and local costs does not include increases in other programs that might result from H.R. 4, such as foster care, whose costs are estimated to increase by \$360 million over the same period. Moreover, this estimate does not include effects on health expenditures (discussed below), nor does it factor in state policy changes that the enactment of H.R. 4 might bring.

Effects on State and Local Health Expenditures

The effects on state and local governments of eliminating the eligibility of legal immigrants for Medicaid are unclear. Some states could have lower expenditures for health care, but others could pay more. States would not be obligated to pay their share of immigrants' Medicaid costs except for emergency service. If states with GMA programs did not change their eligibility requirements or benefit levels, many immigrants dropped from the Medicaid program would probably be eligible for those programs. Such states would pay the full cost of the GMA programs, but in some cases those costs would be lower than the states' costs for Medicaid because the benefit levels for many GMA programs are lower and the programs in many instances are less comprehensive. Also, long-term care services are not included in many states' medical assistance programs. Nevertheless, a number of states with GMA programs provide coverage that is the same or similar to the coverage available through their Medicaid programs. Those states could pay more because they would no longer receive federal matching payments under Medicaid for legal immigrants.

Complicating any attempts to estimate savings and costs for the states is the great uncertainty that exists about future benefit levels, coverage, and eligibility requirements for GMA programs. Not only is the health care sector complex and changing rapidly, but in addition, some states with generous GMA benefits might opt to scale them back.

Being dropped from the Medicaid program would probably lessen the use of health care services by legal immigrants. At present, legal immigrants who participate in AFDC and SSI receive Medicaid cards and are thus aware that providers will treat them. In contrast, many people who qualify for GMA programs do not apply in advance and therefore do not receive proof of coverage; instead, they are determined to be eligible for medical assistance when they seek treatment from a provider. Therefore, individuals who would not be Medicaid cash beneficiaries if H.R. 4 was enacted would probably seek less treatment after its passage. In other words, their tendency to seek treatment would be similar to that of people who are uninsured, which would result in fewer services being provided. That tendency is a particular worry of

public health officials, who fear that decreased treatment in the early stages of infectious diseases, such as tuberculosis, could pose a health risk not only to those immigrants but to the general population.

Eliminating immigrants' Medicaid eligibility could affect health expenditures by local governments more than it affected state spending. Legal immigrants dropped from the Medicaid program would most likely seek treatment from public hospitals and other local health facilities. Since many public hospitals are funded at the local level, those costs generally are not paid by states. In fact, states recently have been shifting the financial responsibility for the health care of their indigent population not only to the federal government but to local governments as well. At the same time, federal money for community health centers and migrant health centers could no longer be used to treat legal immigrants under H.R. 4.

Restricting State and Local Welfare Payments for Immigrants

Some proponents of restricting eligibility have argued that it is possible to construct legislation that would enable the states and localities not to pay benefits to legal immigrants at all. Under the Administration's proposal in the 103rd Congress, the Congress would delegate authority to the states and local governments to modify their assistance programs in a way that would make legal immigrants who were ineligible for federal assistance ineligible for state assistance as well. Some question exists, however, about the constitutionality of the federal government's delegating its power to regulate immigrants. Under the Immigration Reform and Control Act of 1986, the Congress delegated to the states the power to set eligibility requirements for noncitizens for participation in social programs, but that provision of IRCA has never been challenged in court and may or may not be upheld.⁸

Some proponents of extending the deeming periods for SSI and AFDC argue that doing so would have less of an adverse financial effect on states than would eliminating the eligibility of legal immigrants for welfare altogether. In California, there is evidence that an increase in applications to its GA programs resulting from the temporary extension of the SSI deeming period from three to five years does not occur until after sponsored citizens' affidavits of support have expired (after three years). That apparent hesitance to apply for assistance until after the affidavit's expiration leads some analysts to believe that increasing both the deeming periods and the length of time covered by the affidavit (possibly until a person gains citizenship) might significantly lessen the

8. See L. Eig, "Whether Congress May Authorize the States to Deny State-Funded Public Benefits to Legal Aliens" (Congressional Research Service, March 25, 1994).

increased spending for welfare benefits for the legal immigrant population at the state and local level that might result if federal eligibility for legal immigrants was eliminated.

