

Immigrants, Welfare Reform, and the U.S. Safety Net

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Context and research question

- Sweeping changes to the U.S. safety net took place in 1996: Federal welfare reform ended the entitlement to cash welfare for eligible poor families with children
- What is less known is that PRWORA curtailed eligibility for legal immigrants for TANF as well as other safety net programs
 - Subsequent actions reinstated some of these changes
- In the context of these changes, we seek to comprehensively examine the status of the safety net for immigrants with special attention to their well-being in the current recession

Scope of the project

- Our focus is the safety net for *families with children*.
- Safety net = *means tested programs*, anti-poverty programs
- The main programs we cover therefore include:
 - TANF, SNAP, SSI, Medicaid, SCHIP, and EITC
- Welfare reform occurred in 1996; we have a limited pre-period (1994-1995) due to CPS data limitations

Outline for presentation

1. The safety net
2. Policy changes that affect immigrant eligibility for main safety net programs
3. Trends in program participation, income, and poverty for immigrants (and natives)
4. Immigrants in the current recession; explore role played by policy changes

Connections to prior research

- Many prior studies examine these issues:
 - Documenting changes in immigrant use of safety net
 - Examining impacts of federal policies and state fill-in programs
- Given this literature, our study makes 3 contributions:
 1. Update analysis of program participation through 2009
 2. Explore differences in the composition of income between immigrants and natives
 3. Examine trends in poverty and extreme poverty with focus on Great Recession

1. Overview of the Safety Net

Cash and Non-Cash Programs for Low Income Families with Children

- Cash or near-cash programs
 - AFDC, or after welfare reform, TANF (cash)
 - Food stamps or SNAP (covers most food items in grocery)
 - EITC (refundable tax credit)
 - SSI (cash, for disabled and elderly)
- Non-cash programs:
 - Medicaid / SCHIP (health insurance)
 - School lunch and breakfast programs
 - LIHEAP (energy assistance)
 - WIC (targeted nutrition program for pregnant women and children up to age 5)

Snapshot of programs in 2009

	Number of recipients (thousands)	Total payments (millions of 2009\$)	Average monthly benefit	Estimated number of children removed from poverty (millions, in 2005)
<u>Cash or near cash means tested programs</u>				
Temporary Assistance for Needy Families	1,796	\$9,324	\$397	0.8
Food Stamp Program	15,232	\$50,360	\$276	2.2
Federal Earned Income Tax Credit	24,757	\$50,669	\$171	2.6
Supplemental Security Income, non-Disabled	6,407	\$41,023	\$517	n/a
<u>Non cash means tested programs</u>				
Medicaid, Children (2007)	27,527	\$53,716	n/a	n/a
Medicaid, All (2007)	56,821	\$276,246	n/a	n/a
National School Lunch Program, Free and Reduced Price (2009)	19,446	\$7,563	n/a	n/a
School Breakfast Program, Free and Reduced Price (2009)	9,068	\$2,498	n/a	n/a
<u>Other short term income replacement programs</u>				
Unemployment Compensation - Total	5,757	\$131,420	n/a	n/a

2. Welfare Reform and Immigrant Eligibility

2. Welfare Reform and Immigrant Eligibility

- Early 1990s: state waivers for reform of their AFDC programs
- 1996 PRWORA: federal welfare reform; states must replace AFDC with TANF:
 - Lifetime time limits
 - Work requirements
 - Sanctions

Immigrants and Program Eligibility

- Pre-1996 federal welfare reform
 - Citizens (naturalized and U.S. born) and lawful permanent resident (LPR) immigrants were eligible on equal terms for safety net programs
 - Unauthorized (and legal temporary) immigrants not eligible for most programs
 - Exceptions:
 - WIC, school lunch/breakfast, emergency Medicaid, state funded programs: available to all
 - Special rules (in some cases) for refugees / asylum seekers

Immigrants and Program Eligibility (cont)

- PRWORA changes
 - Reduced eligibility for legal immigrants
 - Access (in some cases) depended on whether legal immigrants were pre-enactment (in U.S. prior to PRWORA) or post-enactment
 - Changes varied by program
 - Reinstatement through subsequent legislation also varied by program
 - [No changes to EITC, school lunch/breakfast, citizen children]
- Immigration reform (IIRIRA): devolved responsibility governing immigrant eligibility for public benefits to the states → states could restrict beyond federal law
- Bottom line: confusion; reduction in eligibility; patchwork of eligibility

Key provisions

- What PRWORA did:
 - Pre-enactment (legal) immigrants maintained eligibility for TANF, Medicaid
 - Post-enactment (legal) immigrants not eligible until they had been in US for 5 years
 - Yet for Food Stamps and SSI, immigrants were required to have 10 years of U.S. work history
- Subsequent legislation:
 - 1998 Agricultural bill restored food stamp eligibility for children and elderly/disabled if pre-enactment
 - 2002 Farm bill further restored immigrant eligibility for food stamps (all LPR children and disabled and LPR adults in US for >5 years)
 - 2009 lifted 5 year ban for SCHIP and Medicaid for children and pregnant women

Table 2: Summary of Federal Laws Regarding Immigrant Access

			August 22, 1996	1997	1998	2002	2009
		Prior to PRWORA	Illegal Immigration Reform and Immigrant Responsibility Act (IIRIRA) ¹ Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) ²	Balanced Budget Act ³	Agriculture, Research Extension and Education Reform Act ⁴	Farm Security and Rural Investment Act ⁵	Children's Health Insurance Program Reauthorization Act ⁶
TANF	Pre-Enactment Immigrants						
	Qualified Immigrants	Eligible	Eligible; State option to bar				
	Exempted Groups	40 quarters of work	Eligible				
		Military	Eligible				
		Refugees/Asylees	Eligible	Eligible for first 5 yrs; State option after			
	Post-Enactment Immigrants						
	Qualified Immigrants	Eligible	Barred for first 5 yrs; State option after				
	Exempted Groups	40 quarters of work	Eligible	Barred for first 5 yrs; State option after			
	Military	Eligible	Eligible				
	Refugees/Asylees	Eligible	Eligible for first 5 yrs; State option after				
Medicaid	Pre-Enactment Immigrants						
	Qualified Immigrants	Eligible	Eligible; State option to bar				
	Exempted Groups	40 quarters of work	Eligible				
		Military	Eligible				
		Refugees/Asylees	Eligible	Eligible for first 5 yrs; State option after	Eligible for first 7 yrs; State option after		
	Post-Enactment Immigrants						
	Qualified Immigrants	Eligible	Barred for first 5 yrs; State option after				Eligible; State option to bar
	Exempted Groups	40 quarters of work	Eligible	Barred for first 5 yrs; State option after			
	Military	Eligible	Eligible				
	Refugees/Asylees	Eligible	Eligible for first 5 yrs; State option after	Eligible for first 7 yrs; State option after			
SCHIP	Pre-Enactment Immigrants						
	Qualified Immigrants			[SCHIP enacted in 1997]			
	Exempted Groups	40 quarters of work		Eligible			
		Military		Eligible			
		Refugees/Asylees		Eligible			
	Post-Enactment Immigrants						
	Qualified Immigrants			Barred for first 5 yrs			Eligible; State option to bar
	Exempted Groups	40 quarters of work					
	Military		Eligible				
	Refugees/Asylees		Eligible				
Food Stamps	Pre-Enactment Immigrants						
	Qualified Immigrants	Eligible	Ineligible		Elig restored if as of 8/22/96 are children, disabled, blind, elderly		
	Exempted Groups	40 quarters of work	Eligible				
		Military	Eligible				
		Refugees/Asylees	Eligible	Eligible for first 5 yrs		Eligible for first 7 yrs	
	Post-Enactment Immigrants						
	Qualified Immigrants	Eligible	Ineligible			Eligibility restored to children, disabled; Rest barred first 5 yrs	
	Exempted Groups	40 quarters of work	Eligible	Barred for first 5 yrs			
	Military	Eligible	Eligible				
	Refugees/Asylees	Eligible	Eligible for first 5 yrs		Eligible for first 7 yrs		
SSI	Pre-Enactment Immigrants						
	Qualified Immigrants			Elig extended to SSI recip as of 8/22/96 and those legally residing in US on 8/22/96			
	Exempted Groups	40 quarters of work	Eligible	Eligible			
		Military	Eligible	Eligible			
		Refugees/Asylees	Eligible	Eligible for first 5 yrs	Eligible for first 7 yrs		
	Post-Enactment Immigrants						
	Qualified Immigrants	Eligible	Ineligible				
	Exempted Groups	40 quarters of work	Eligible	Barred for first 5 yrs			
	Military	Eligible	Eligible				
	Refugees/Asylees	Eligible	Eligible for first 5 yrs	Eligible for first 7 yrs			

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TANF	Pre-Enactment Immigrants			
	Qualified Immigrants		Eligible	Eligible; State option to bar
	Exempted Groups	40 quarters of work	Eligible	Eligible
		Military	Eligible	Eligible
		Refugees/Asylees	Eligible	Eligible for first 5 yrs; State option after
	Post-Enactment Immigrants			
	Qualified Immigrants		Eligible	Barred for first 5 yrs; State option after
	Exempted Groups	40 quarters of work	Eligible	Barred for first 5 yrs; State option after
Military		Eligible	Eligible	
Refugees/Asylees		Eligible	Eligible for first 5 yrs; State option after	
Medicaid	Pre-Enactment Immigrants			
	Qualified Immigrants		Eligible	Eligible; State option to bar
	Exempted Groups	40 quarters of work	Eligible	Eligible
		Military	Eligible	Eligible
		Refugees/Asylees	Eligible	Eligible for first 5 yrs; State option after
	Post-Enactment Immigrants			
	Qualified Immigrants		Eligible	Barred for first 5 yrs; State option after
	Exempted Groups	40 quarters of work	Eligible	Barred for first 5 yrs; State option after
Military		Eligible	Eligible	
Refugees/Asylees		Eligible	Eligible for first 5 yrs; State option after	
SCHIP	Pre-Enactment Immigrants			[SCHIP enacted in 1997]
	Qualified Immigrants			Eligible
	Exempted Groups	40 quarters of work		Eligible
		Military		Eligible
		Refugees/Asylees		Eligible
	Post-Enactment Immigrants			
	Qualified Immigrants			Barred for first 5 yrs
	Exempted Groups	40 quarters of work		
Military			Eligible	
Refugees/Asylees			Eligible	

State Policies

- In Appendix Tables 1-5 we document state policies for TANF, Medicaid, SCHIP, Food Stamps and SSI.
- “Fill-in” programs
- State limitations beyond federal law
- *We document these changes but do not use them in our analysis.*

3. Trends in program participation, income, and poverty for immigrants (and natives)

Data and Definitions

- March CPS 1995-2010 (data for calendar years 94-09)
 - Immigrant status starts in 1994 CPS. Following the literature (problems with weighting) we do not use the 1994 CPS.
 - Limit sample to households with children < 18
- Income, program participation and poverty measured at the household level
 - Program participation: AFDC/TANF, food stamps, Medicaid/SCHIP, SSSI, school lunch/breakfast, LIHEAP, subsidized housing

Data and Definitions (cont)

- Immigrant status
 - Natives: born in the U.S. (or outside U.S. to citizens)
 - Immigrants: any foreign-born
- Our immigrant group therefore includes naturalized citizens (as well as LPRs, refugees, temporary legal, unauthorized). We choose this to abstract from changes in naturalization.
- We use “when did you come to the U.S. to stay” to assign individuals to pre- and post-enactment groups.
- Immigrant status is assigned using the head’s status; we also use the child’s status to differentiate between citizen children with immigrant heads vs immigrant children with immigrant heads.

Control groups

- Our analysis is descriptive.
- Yet comparing all immigrants to all natives would be complicated by the fact that immigrants are more disadvantaged than the population as a whole.
- To create better match between the treatment and control groups, we limit the sample to households with income < 200% poverty

Table 2

-- Fairly balanced in
 <=200% poverty

-- Immigrants more
 married & working,
 less educated

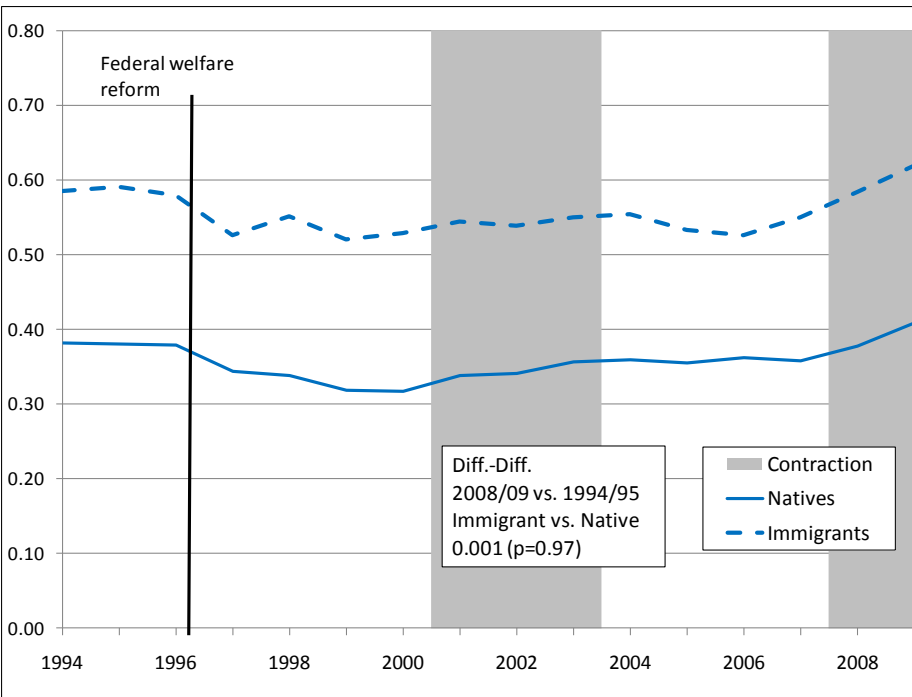
	All households		Households < 200 % pov	
	Natives	Immigrants	Natives	Immigrants
<i>Characteristics of household head (at survey)</i>				
Mean age	40.1	40.5	37.5	39.2
Male	0.467	0.524	0.327	0.470
White, non Hispanic	0.715	0.140	0.550	0.082
Black, non Hispanic	0.156	0.092	0.268	0.095
Hispanic	0.098	0.544	0.149	0.696
Less than high school	0.089	0.319	0.199	0.476
High school	0.285	0.241	0.389	0.281
More than high school	0.625	0.440	0.412	0.242
Married	0.661	0.758	0.410	0.687
Female unmarried head	0.226	0.153	0.435	0.216
Employed	0.725	0.716	0.522	0.611
<i>Characteristics of the household</i>				
Number of children	1.8	2.0	2.1	2.2
Any elderly	0.05	0.07	0.05	0.06
Number of persons	3.9	4.4	4.0	4.5
Household earnings	\$74,210	\$61,938	\$17,894	\$22,913
Household income	\$81,615	\$66,423	\$23,639	\$25,854
Less than 50% FPL	0.058	0.081	0.180	0.161
Less than 100% FPL	0.139	0.222	0.433	0.440
Less then 150% FPL	0.230	0.376	0.715	0.746
Any foreign born	0.058	1.000	0.055	1.000
Any adult born citizen	1.000	0.248	1.000	0.193
Any child born citizen	0.996	0.877	0.998	0.873
Any child foreign born	0.008	0.226	0.004	0.263

Trends in Utilization of Safety Net Programs

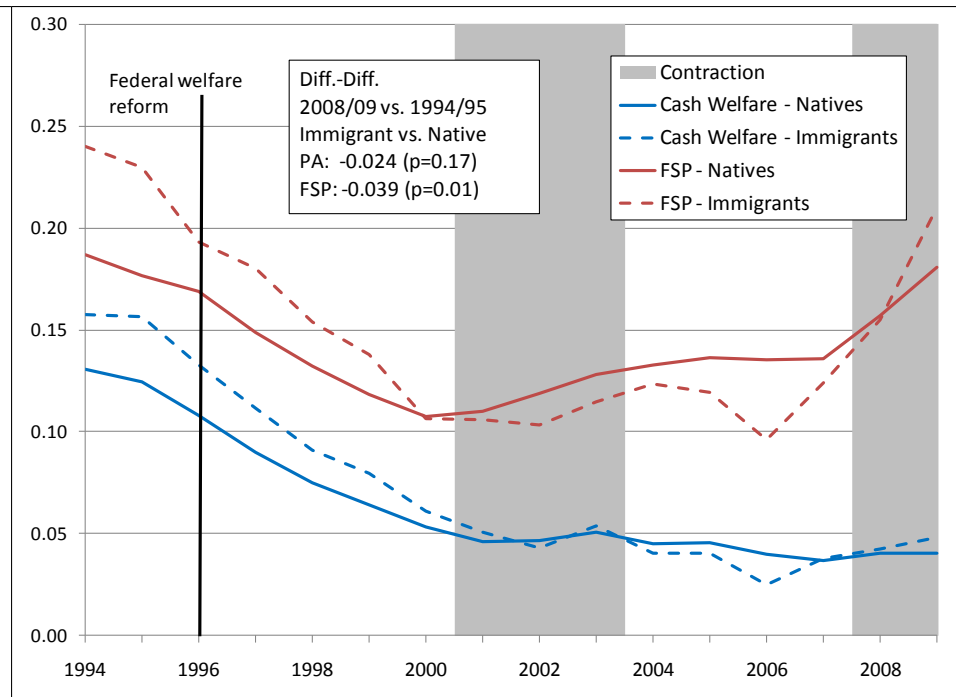
- Covers 1994-2010
- Unit of analysis is the child

All Children, immigrants vs natives

(a) Any safety net participation



(b) AFDC/TANF, Food stamps

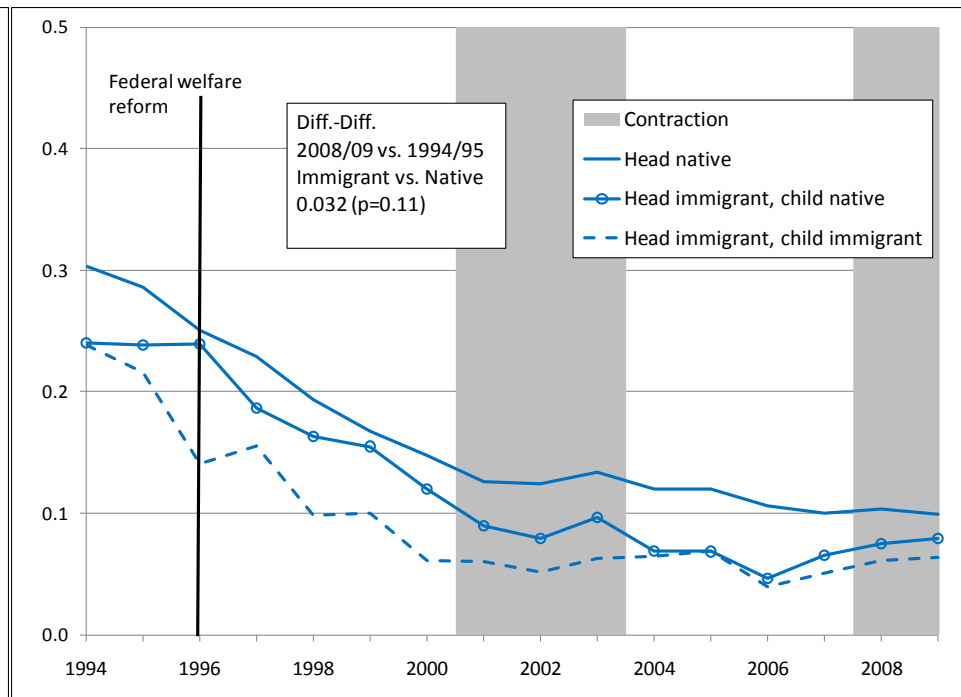
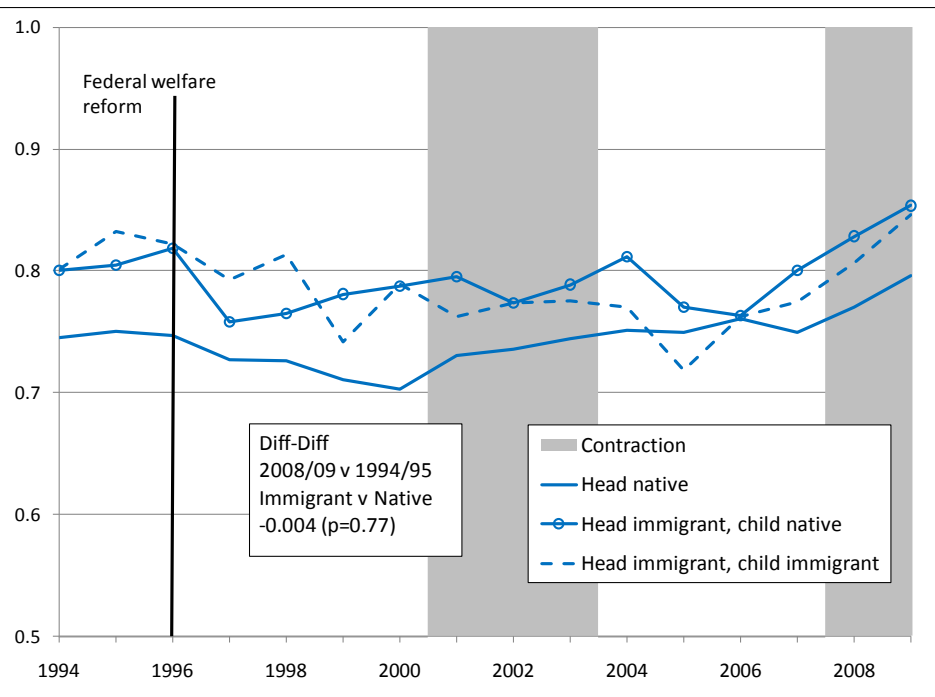


Overall, higher use of safety net for immigrants.
For key programs (AFDC/TANF, Food stamps) immigrant use is higher pre welfare reform, but gap is eliminated.

Children in households <200% poverty

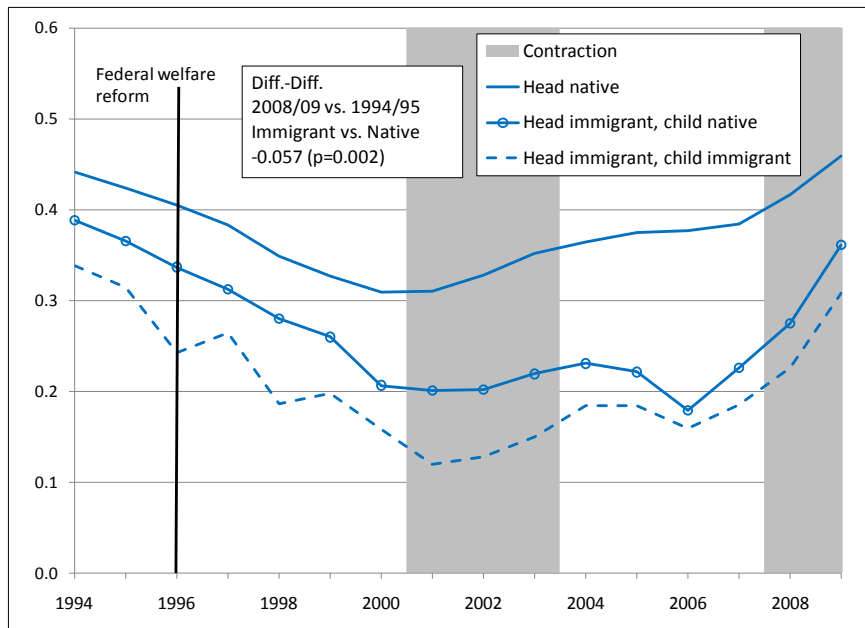
(a) Any safety net participation

(b) AFDC/TANF

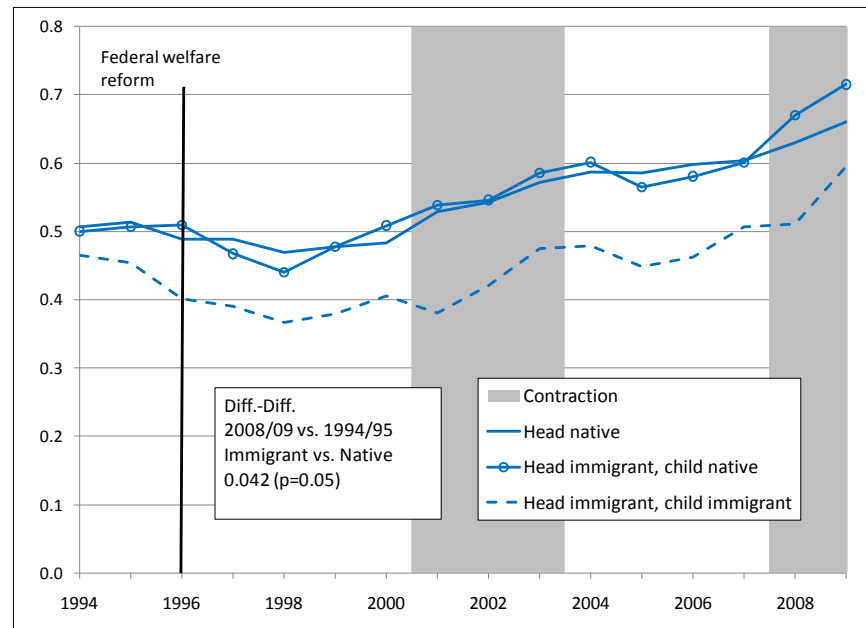


Using “any safety net participation” immigrants use safety net more than natives (in households with income <200% poverty).
 Not true for all programs. Lower use of cash welfare pre and post reform.

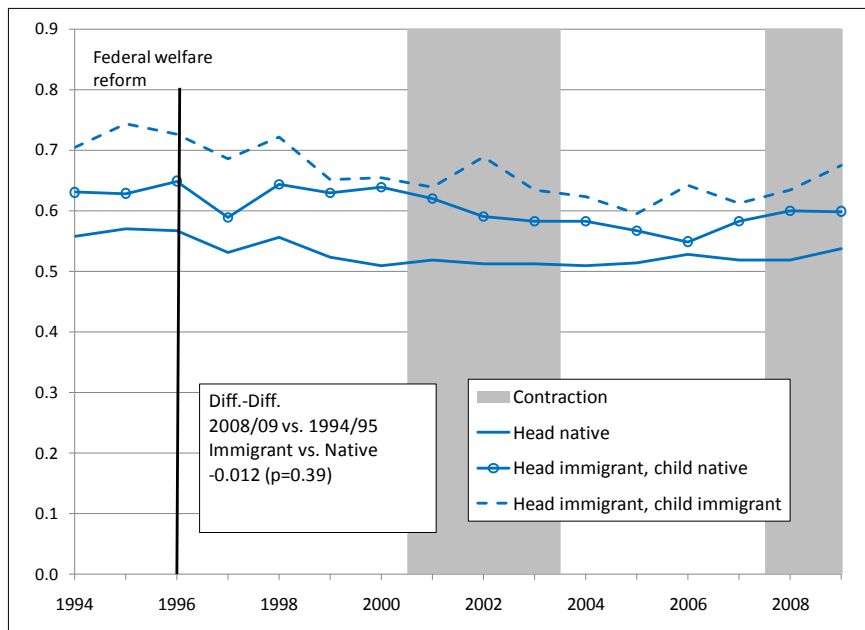
(c) Food stamps



(d) Medicaid/SCHIP



(e) School lunch



(f) SSI

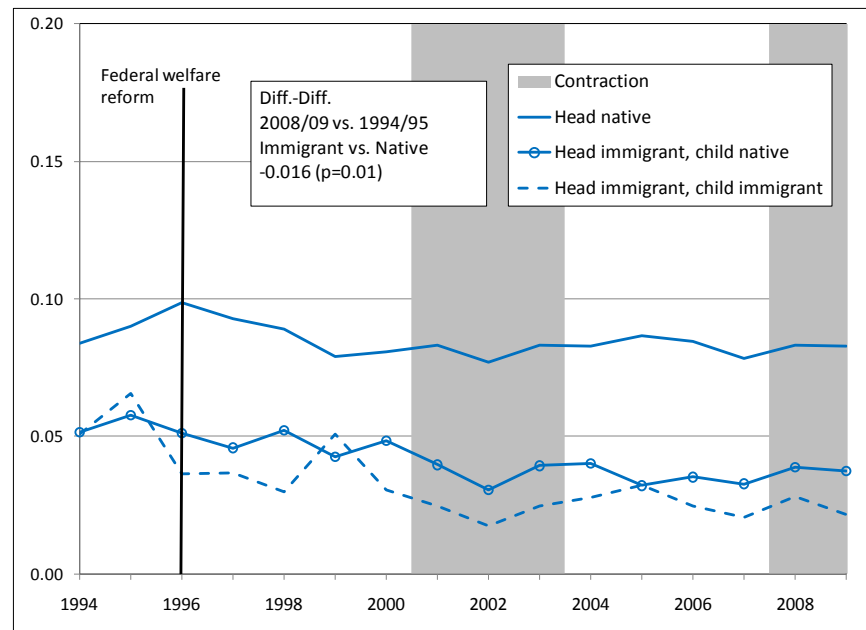
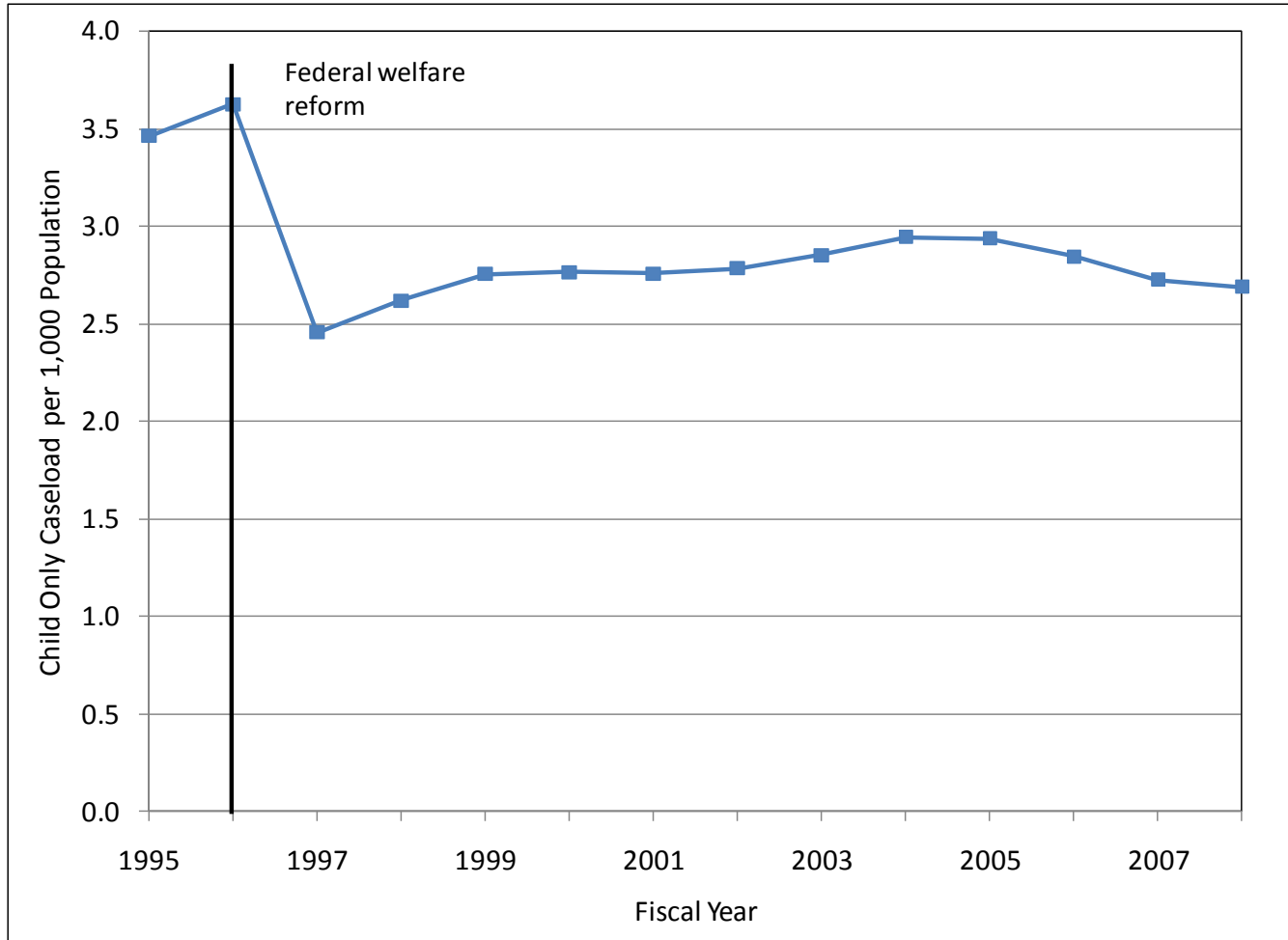


Table 4: Safety Net Participation by Time in U.S.

	Arrived 6 or more years ago			Arrived 5 or fewer years ago		
	Pre-reform	Post-reform	Difference	Pre-reform	Post-reform	Difference
<i>Household program participation</i>						
Any safety net	0.811	0.839	0.028	0.792	0.836	0.044
Public assistance	0.221	0.075	-0.146	0.287	0.073	-0.214
Food stamps	0.353	0.307	-0.046	0.394	0.330	-0.064
Medicaid/SCHIP	0.474	0.673	0.200	0.553	0.645	0.092
School lunch	0.680	0.623	-0.057	0.569	0.532	-0.036
SSI	0.058	0.039	-0.019	0.049	0.018	-0.031

Larger declines in program participation for recent immigrant.
 Consistent with PRWORA changes.

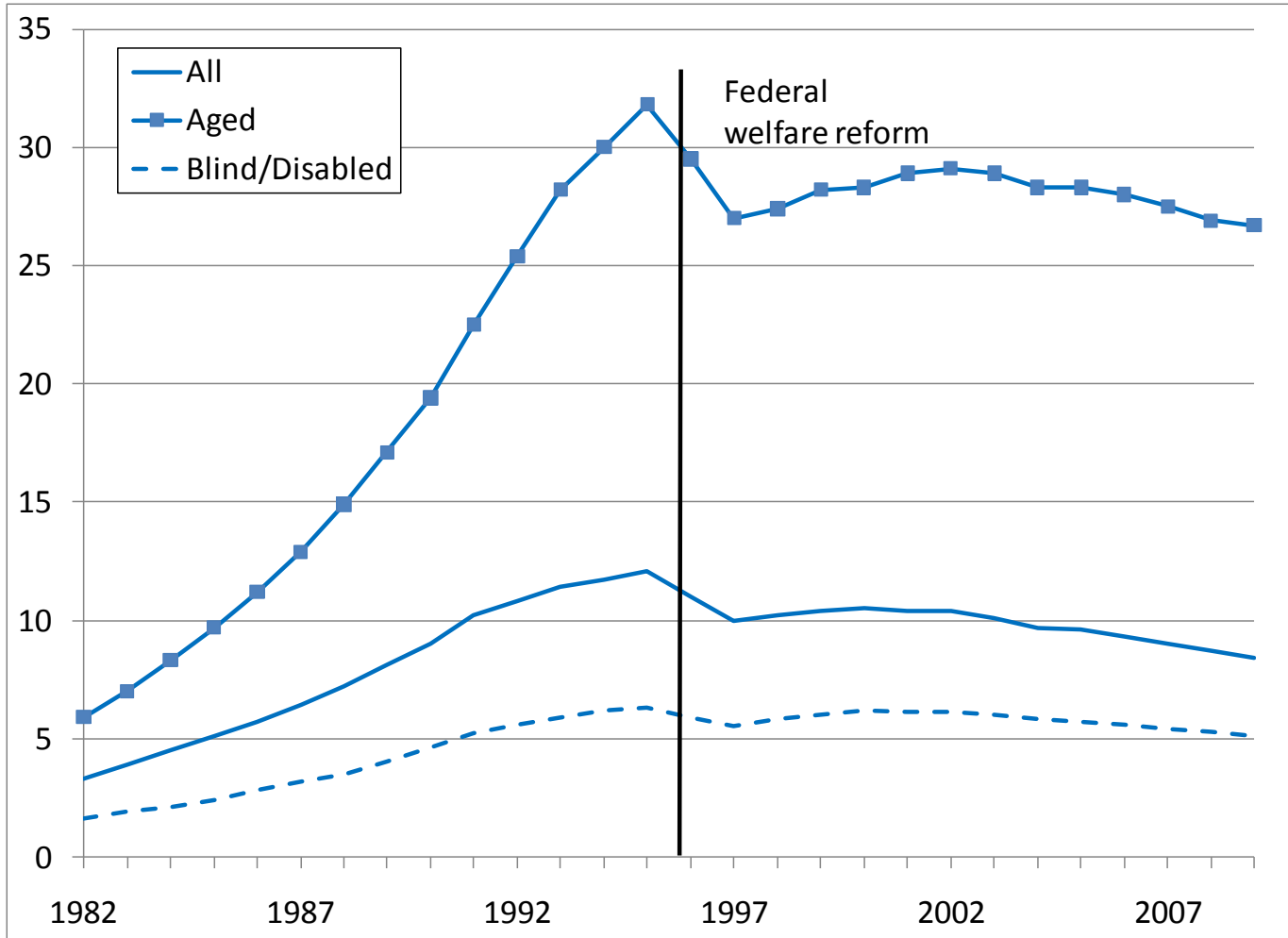
Figure 5: AFDC/TANF Child Only Caseloads



Child only caseload is primarily citizen children and unauthorized parents.

Significant decline that never came back.

Immigrants as share of SSI caseload



SSI administrative data identifies immigrant vs native caseloads.

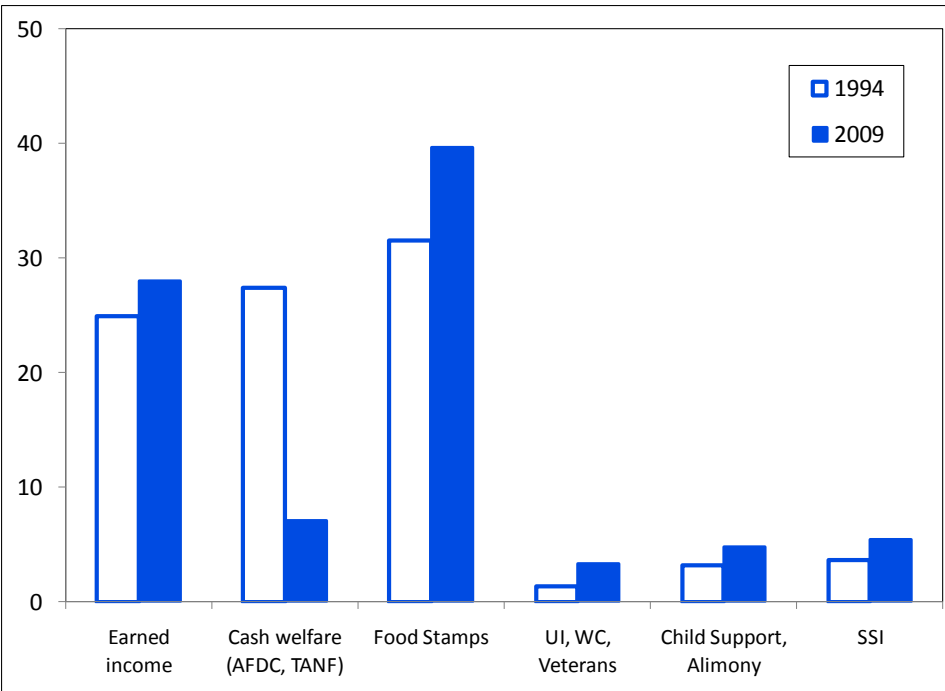
Significant decline that never came back.

Composition of Income: Immigrants vs Natives

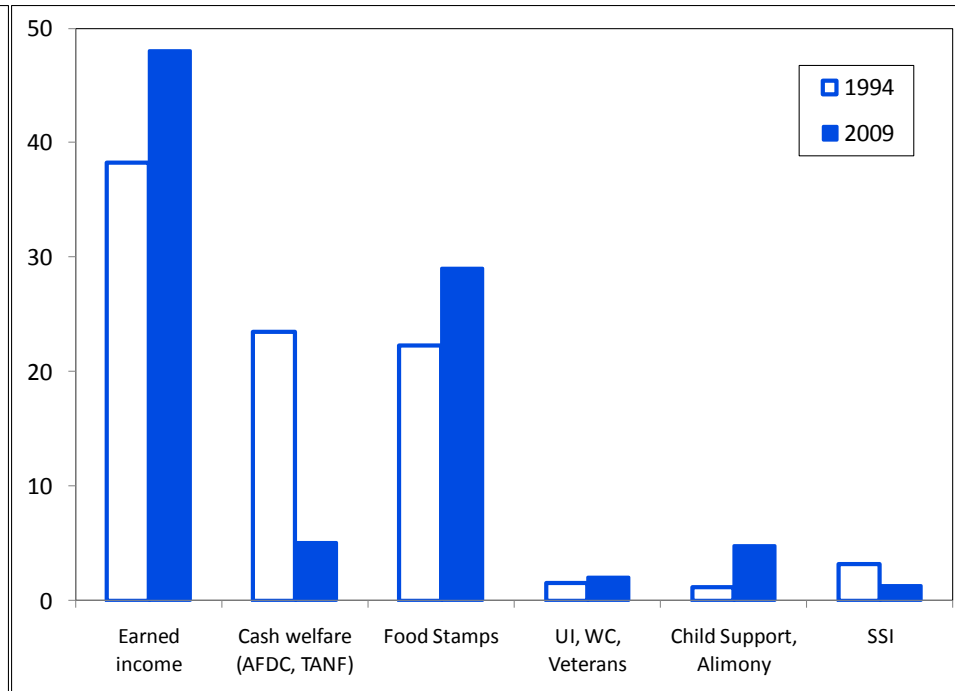
- We compare pre-reform year (1994) to 2009
- Ideally we would compare two years at similar points in the business cycle
- Due to the data limitations in the CPS, that is not possible
- Unemployment rate in 2009 was 9.3% (annual peak of Great Recession) compared to 6.1% in 1994 (peaked in 1992 at 7.5%)
- Unit of observation is the household

Figure 6: Share of income by source, households with income < 50% poverty

Natives



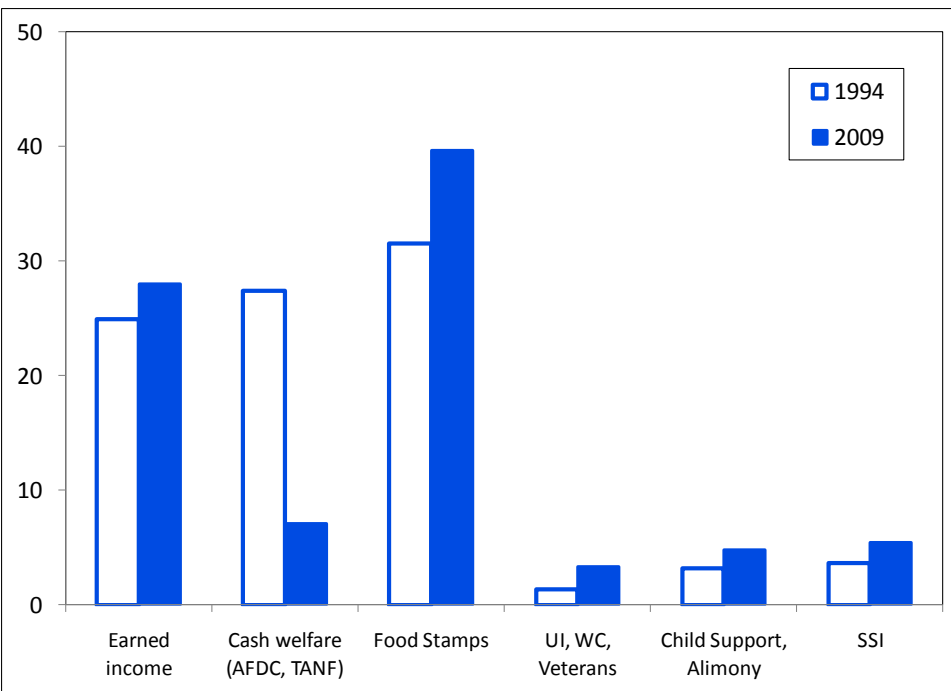
Immigrants



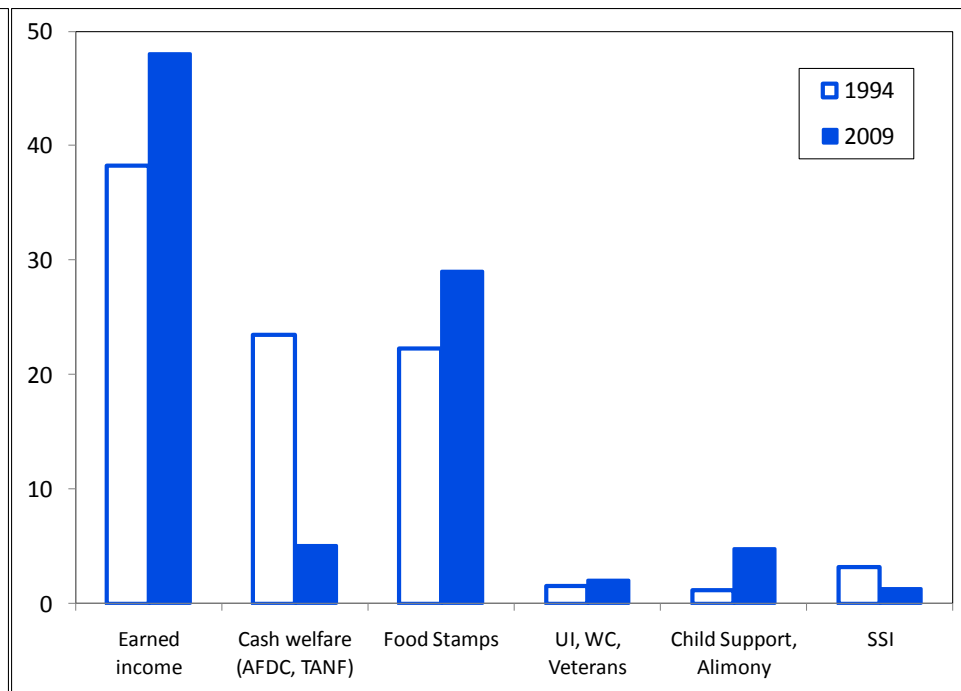
Immigrants rely more on earnings and less on the safety net (compared to natives). These differences grew post welfare reform.

Figure 6: Share of income by source, households with income < 50% poverty

Natives



Immigrants

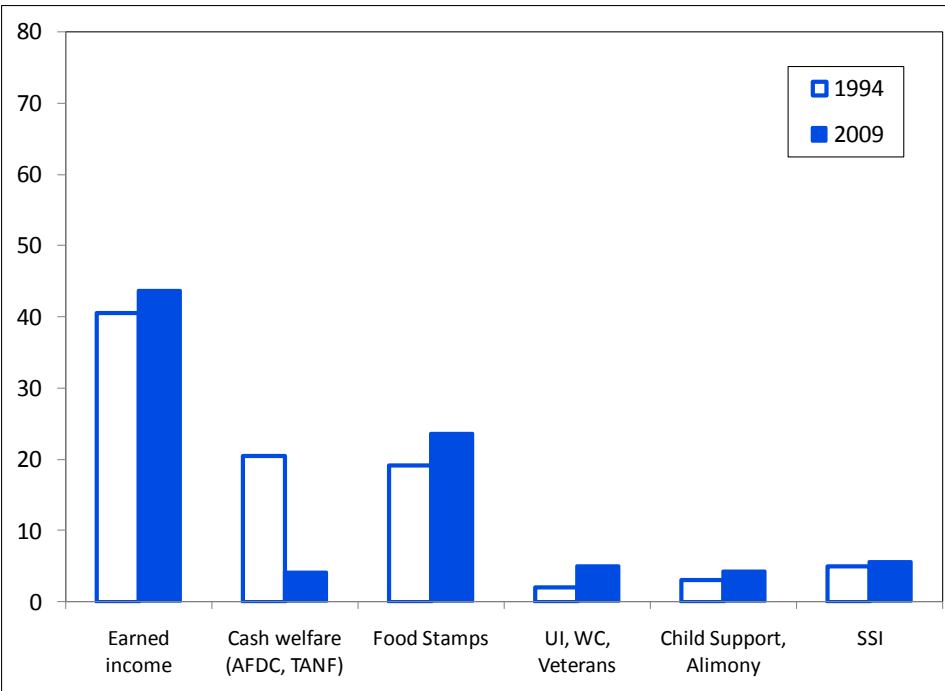


We explored reweighting immigrant to match:

- Income distribution of natives
 - Geographic distribution of immigrants in 1990
- Neither of these changes made much difference

Figure 7: Share of income by source, households with income < 100% poverty

Natives



Immigrants

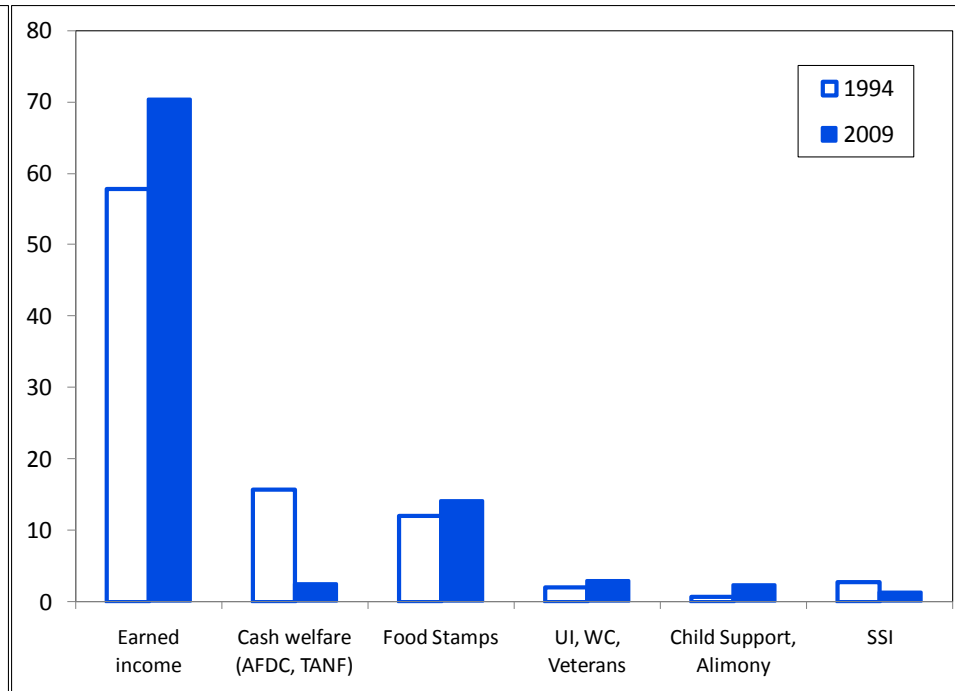
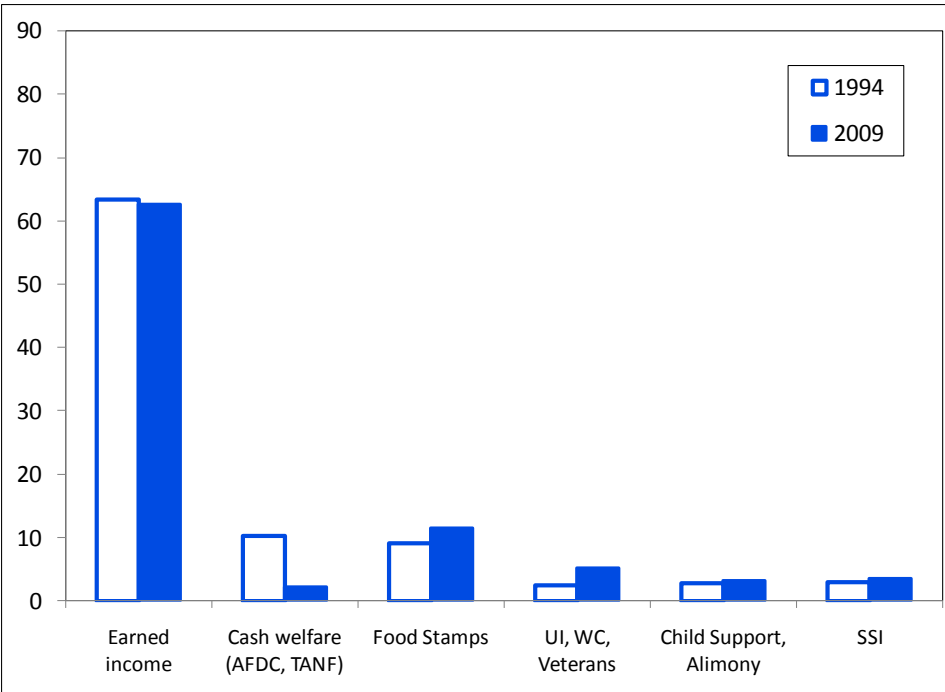
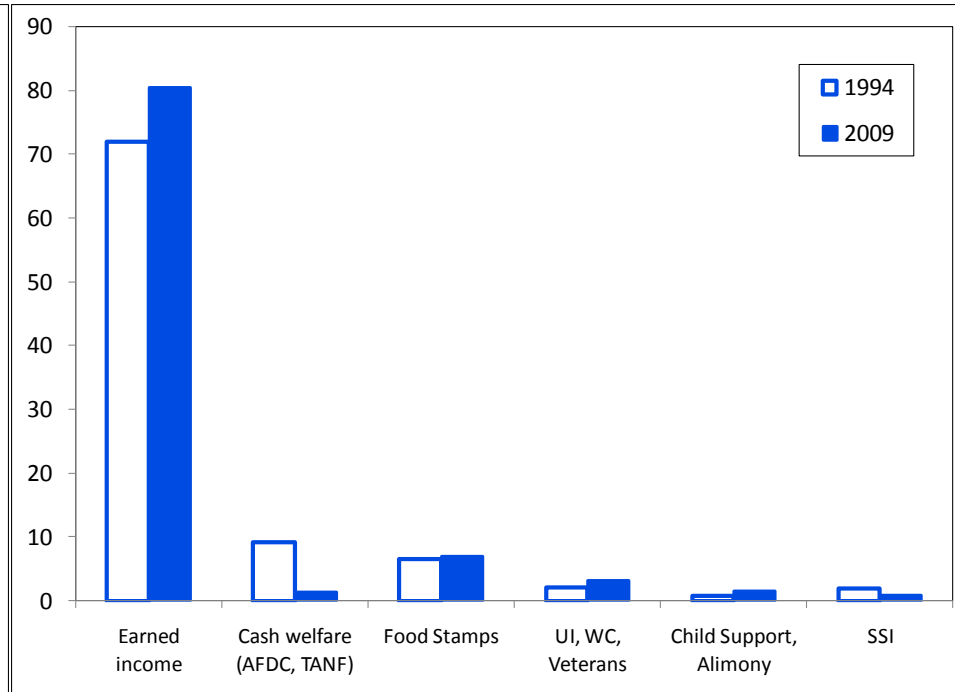


Figure 8: Share of income by source, households with income < 200% poverty

Natives



Immigrants

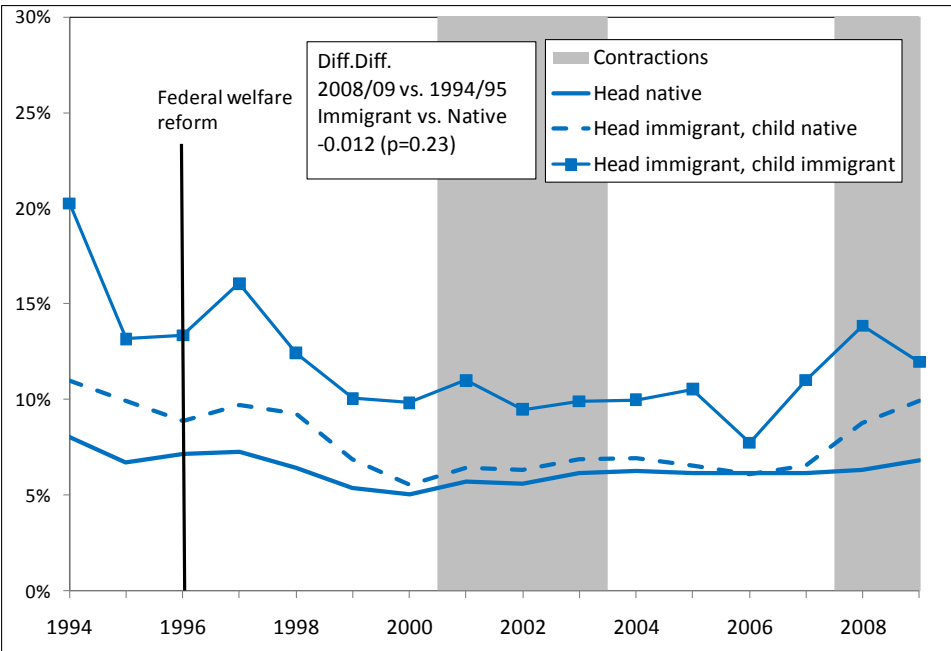


Immigrant vs. Native Poverty Post-welfare

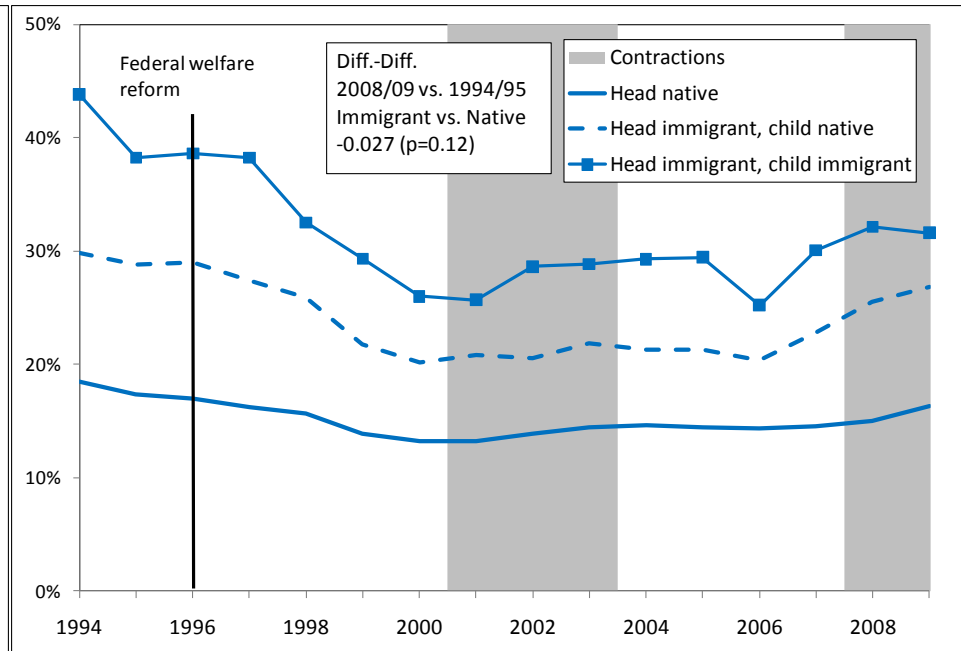
- 1994-2009
- Children are unit of analysis

Figure 9: Percent of Children in Poverty

(a) Extreme Poverty (<50% FPL)



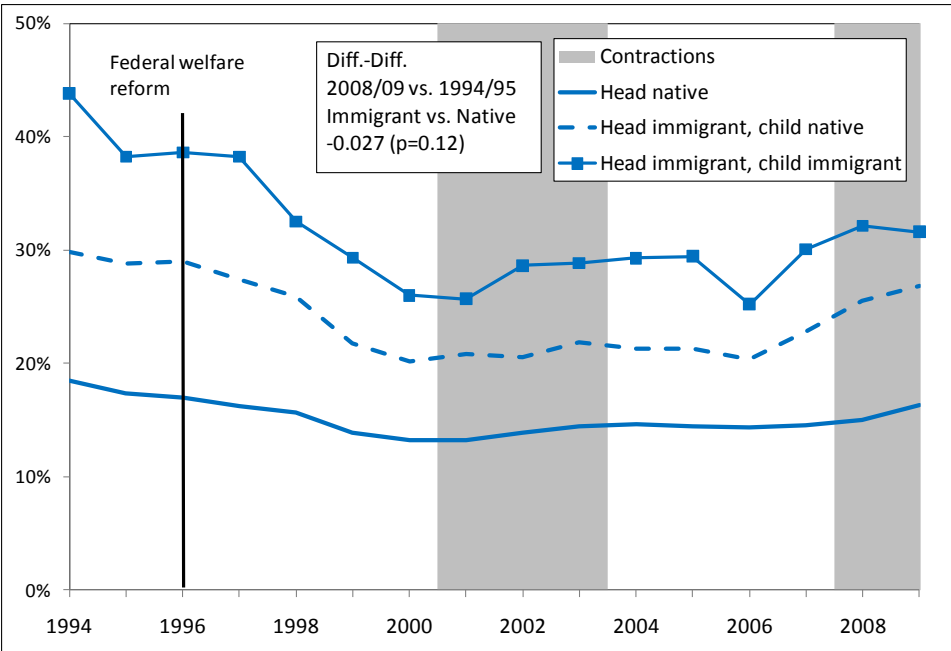
(b) Official Poverty



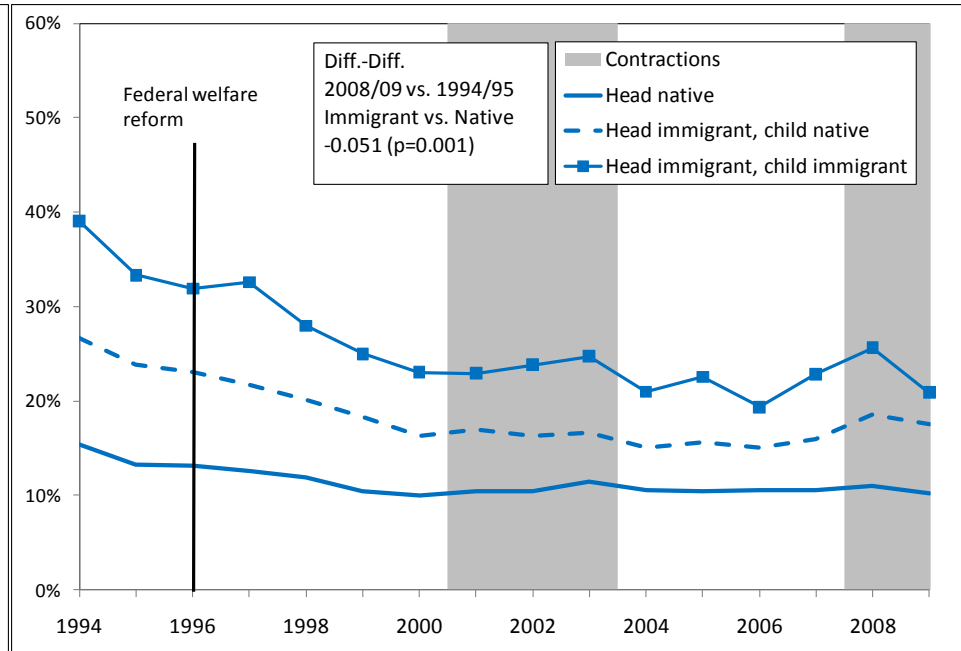
Immigrant poverty rates exceed natives. In the current recession poverty rates for immigrants have risen relative to natives.

Figure 9: Percent of Children in Poverty

(b) Official Poverty



(c) Alternative Poverty



Alternative poverty uses (money income – taxes + near cash benefits).

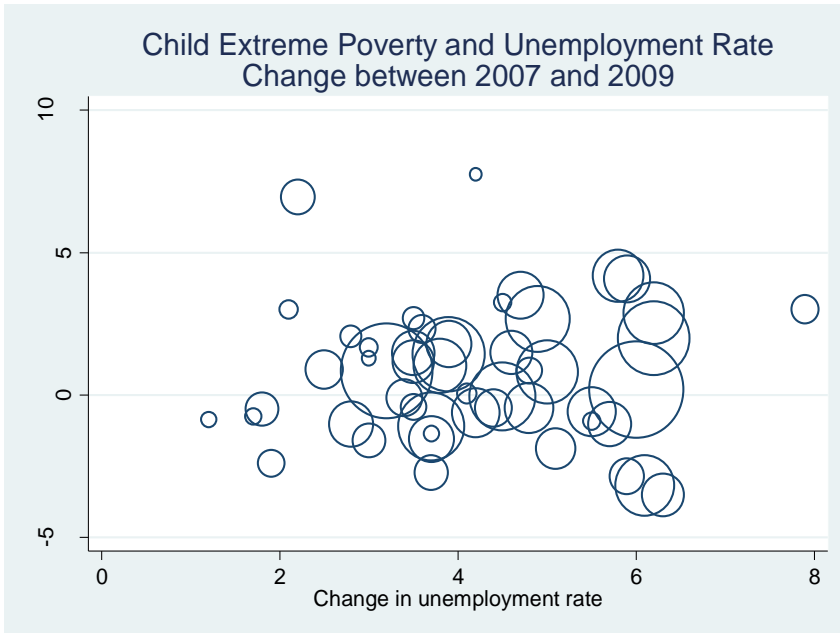
Somewhat surprisingly, the gap narrows in the current recession with the alternative poverty measure.

Labor market fluctuations and poverty

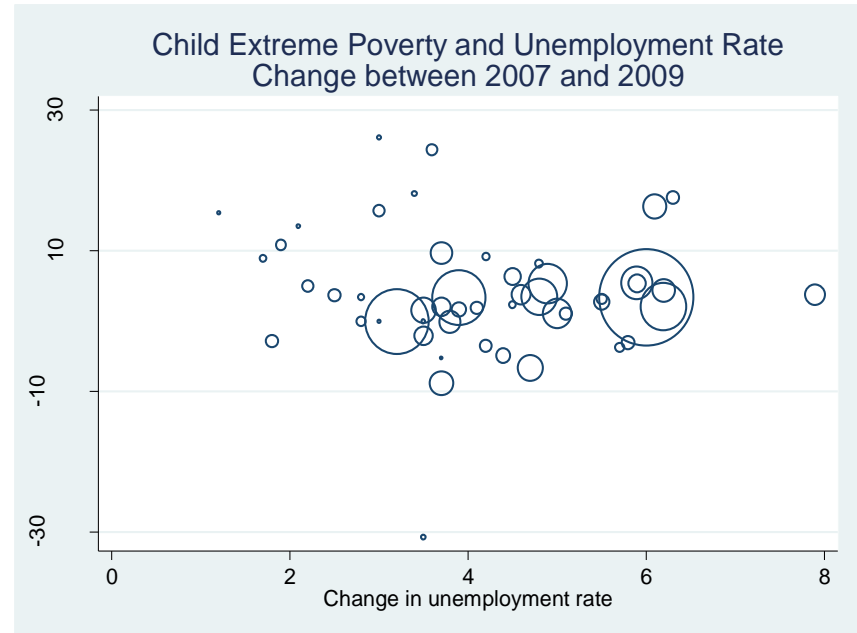
- Use variation across states in the timing and severity of labor market fluctuations.
- Plot state unemployment rate change (2007 – 2009) against change in state child poverty; immigrants vs natives
- This should provide us with some insight into how the safety net is protecting these groups.

Figure 10: Extreme Poverty

Natives

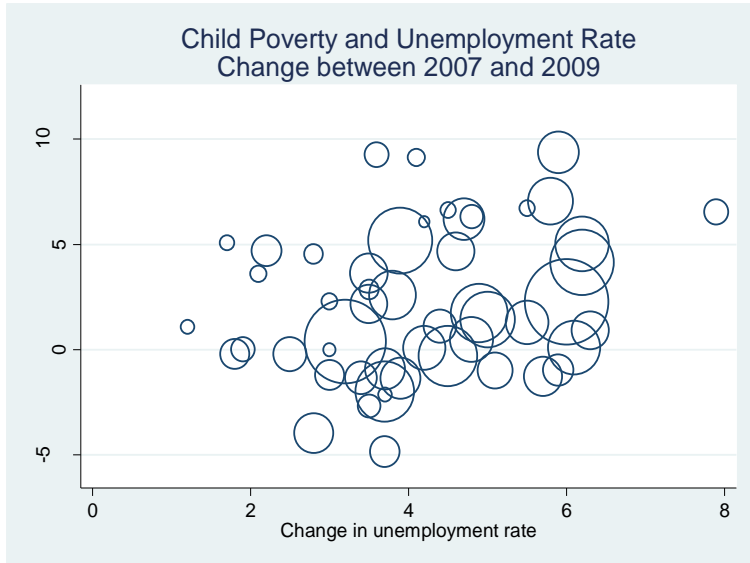


Immigrants

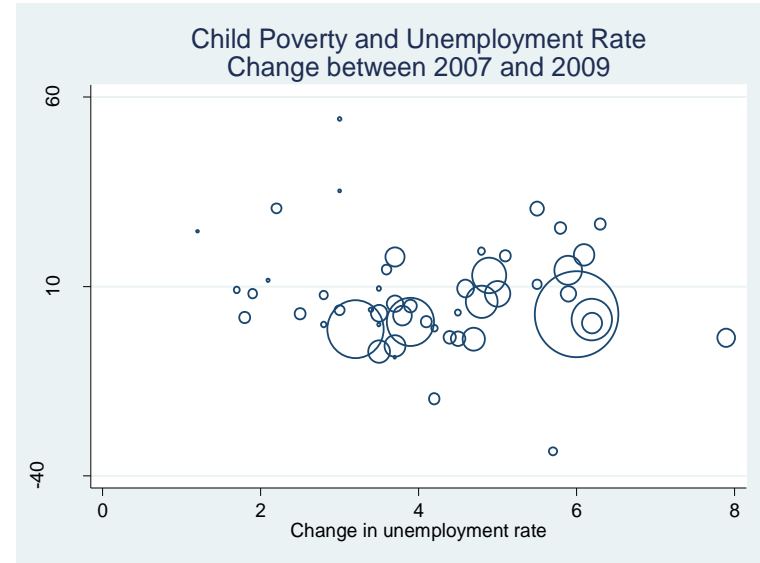


- Increases in child poverty larger for immigrants.
- Steeper slope for immigrants, given unemployment rate change leads to larger increase in extreme poverty for immigrants.
- [Data limitations mean we can not compare to a pre-reform contraction.]

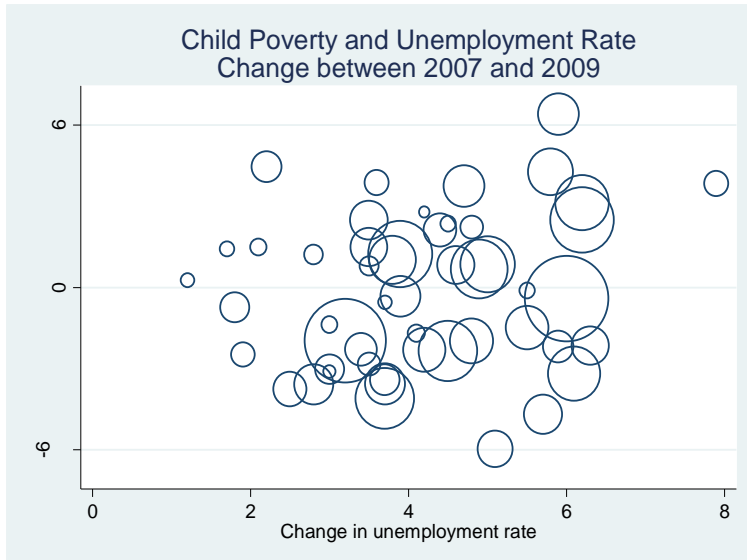
Natives: Official poverty



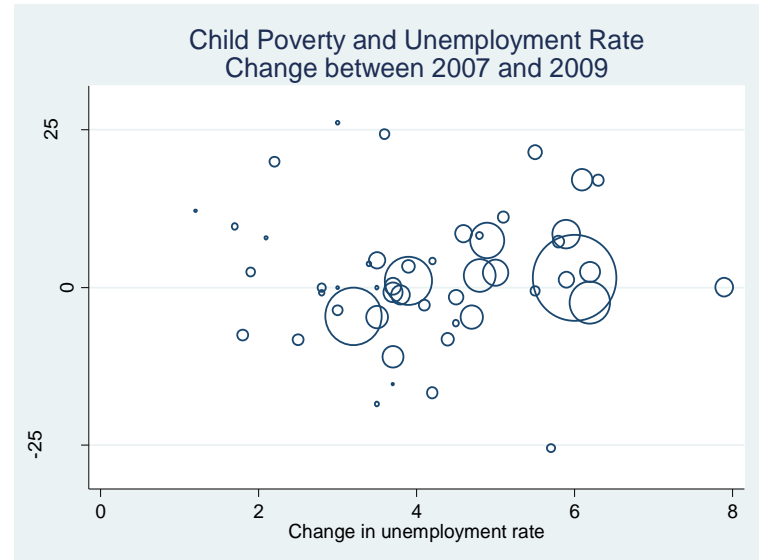
Immigrants: Official poverty



Natives: Alternative poverty



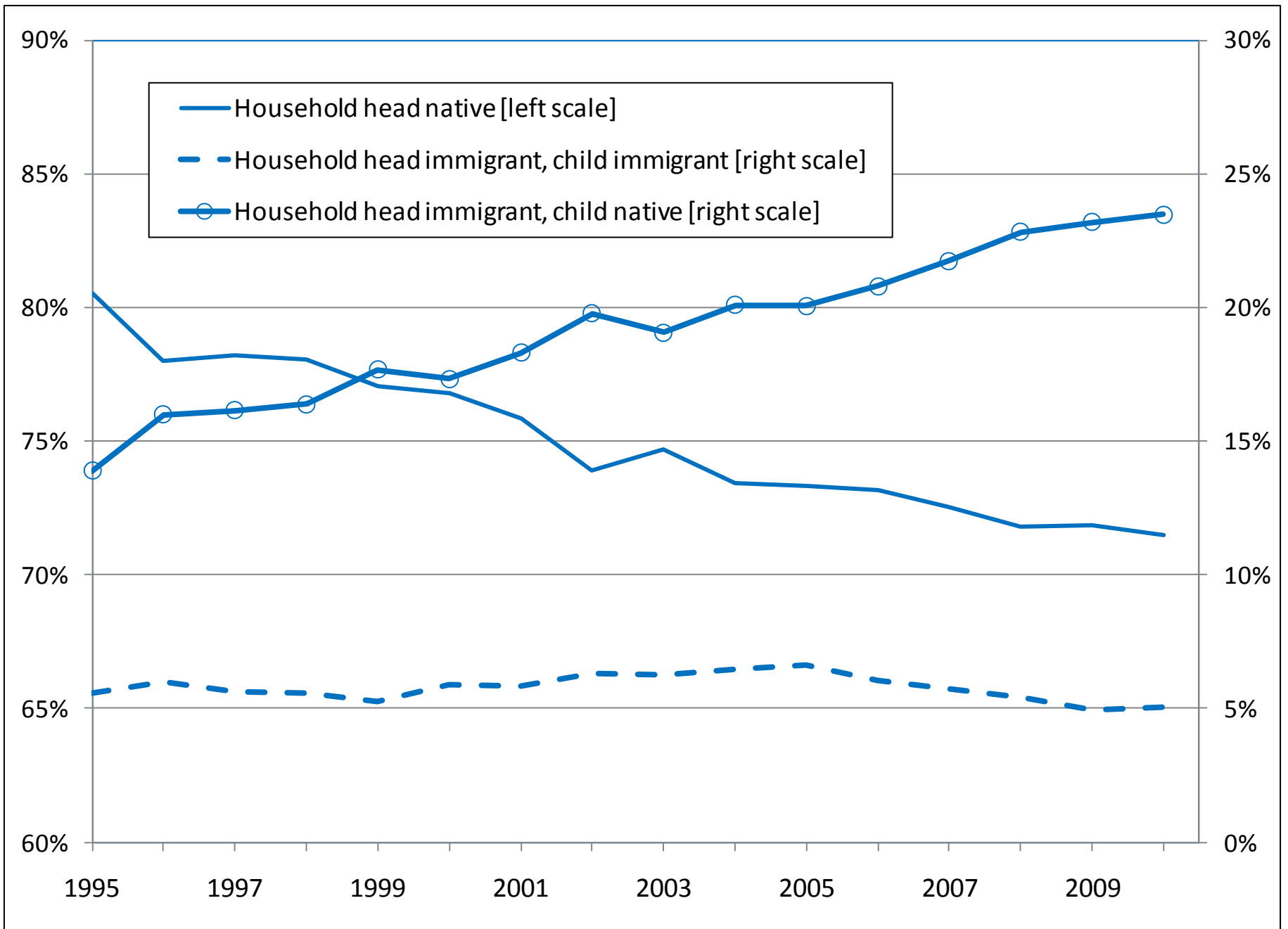
Immigrants: Alternative poverty



Conclusions

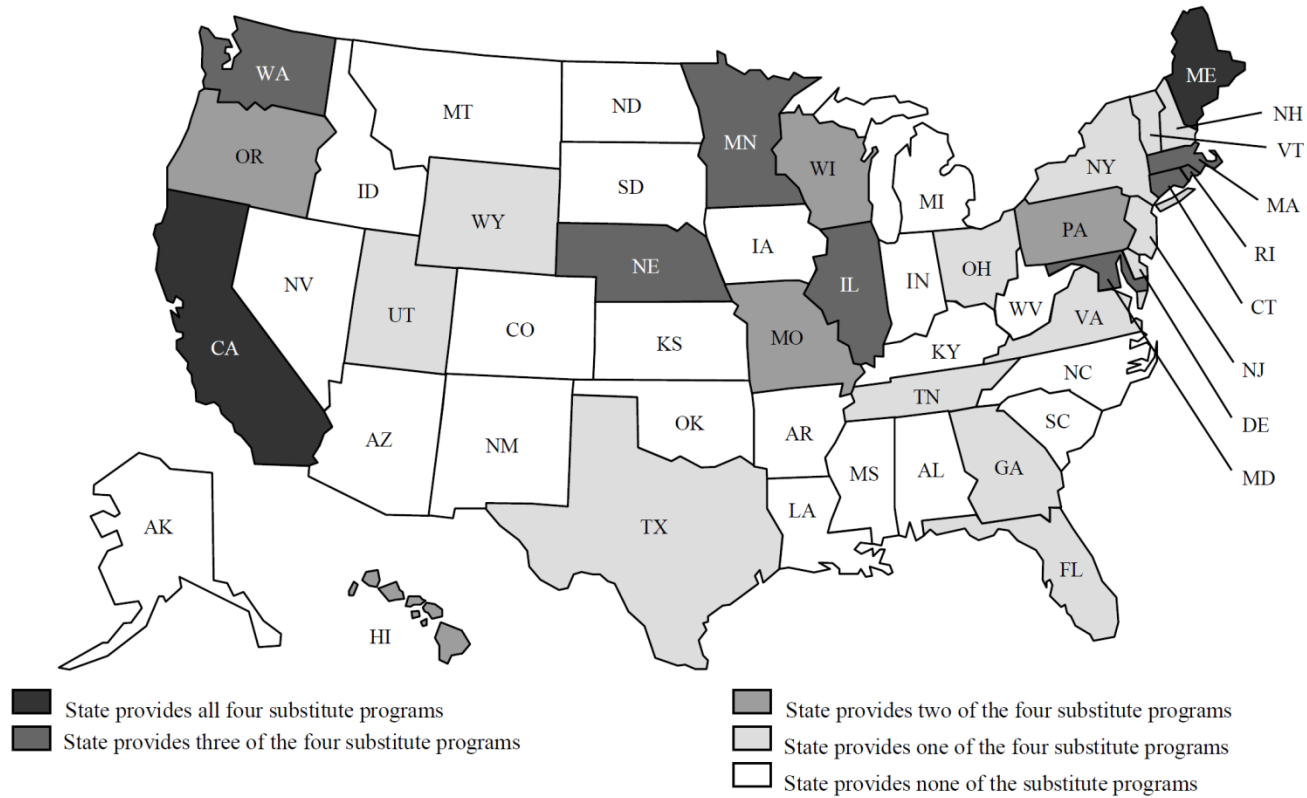
- Participation in the safety net declined for immigrants compared to natives; largest declines for food stamps and SSI
- Medicaid/SCHIP participation gained; and in the recent period food stamp participation has gained
- The analysis of poverty is more nuanced
 - Aggregate statistics suggest that child poverty rates have fallen for immigrants compared to natives.
 - Yet using variation across states in the Great Recession, immigrants' poverty gains exceed natives

Extra Slides



	Arrived 6 or more years ago			Arrived 5 or fewer years ago		
	Pre-reform	Post-reform	Difference	Pre-reform	Post-reform	Difference
Below 50 % poverty	0.103	0.091	-0.012	0.187	0.153	-0.034
Below 100 % poverty	0.296	0.257	-0.039	0.425	0.359	-0.066
Below 50% alternative	0.044	0.049	0.005	0.124	0.079	-0.045
Below 100% alternative	0.256	0.174	-0.082	0.372	0.277	-0.095

Figure 3 *Key State Substitute Programs: State-Funded Food Programs, SSI Substitute Programs, and TANF and Medicaid during the Five-Year Bar*



Source: Zimmerman and Tumlin 1999.