

**PUBLIC ASSISTANCE TO IMMIGRANTS IN THE U.S.:  
A PRIMER ON ELIGIBILITY AND COSTS**

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*The Howard Government plans to restrict new immigrants' access to social welfare programs in Australia. Immigrants' use of social welfare has been a focus of political attention in the United States for some time, especially the use made by illegal migrants. David Simcox outlines the current eligibility of non-citizens to social welfare programs in the United States and provides estimates of the costs.*

Bans on migrants likely to become a public charge' have been part of America's immigration law and policy since the early 19th century. The law has also subjected immigrants who do become public charges to deportation (though this procedure is now rarely invoked). The Department of State denies about 11 per cent of applications for immigrant visas on the grounds that the applicants may become a charge on public funds.<sup>1</sup> Affidavits of support from a U.S. resident sponsor are often used by intending immigrants to overcome this barrier. However, such affidavits have generally been held by the courts to be unenforceable.

Two converging trends during the last sixty years have made immigrants' use of welfare a growing political and legal issue. One is the growth since the 1930s of social safety-net programs for the poor, disabled, aged and unemployed. The second is the resurgence of mass immigration in the mid 1960s after a lull of nearly half a century, much of it poor and under-educated. America faces the task of reconciling a costly and pervasive network of assistance programs with national borders increasingly open to the world's poor and opportunistic. This is a fundamental challenge to universalistic ideals. The slowing of U.S. economic growth since the 1970s and rising taxpayer resistance to welfare sharpen the dilemma.

### **A POLICY CRAZY QUILT**

What welfare programs can newly-arrived and established immigrants access in the United States? This is a difficult question to answer. Public assistance policy in the U.S. is made by Congress, the Courts, state and local legislators, and by the public assistance bureaucracy. Public assistance programs can be exclusively federal, exclusively state, or exclusively local, or a mixture of all three. This means that there is no single national standard for immigrant entitlements. A further complication has been the proliferation of categories of immigrants created by legislative quick fixes, ad hoc exceptions, and court decisions.

The U.S. non-citizen population falls into four basic groupings for the determination of public assistance entitlements:

- First there are legal immigrants, a group which includes those granted refugee or asylum status. These are persons who have met all the requirements to be legal permanent residents. As a rule they are eligible for public assistance (though sometimes a few conditions apply).
- Then there is the PRUCOL' grouping. PRUCOL is an acronym for permanent resident under color of law', a catch-all term for more than 15 different sub-categories of aliens who lack legal-resident status but who are allowed to remain in the U.S. Some PRUCOL sub-categories include aliens waiting for a decision on political asylum claims, persons paroled' temporarily into the country, and persons whose deportation has been suspended. However, aliens in temporary protected status', a short-term humanitarian category, are explicitly denied PRUCOL status as far as the question of public assistance is concerned.
- Third, there are illegal aliens. These are aliens who have entered illegally and remain in the U.S. surreptitiously or who have overstayed legally issued visitors' visas. The U.S. Immigration and Naturalization Service (INS) conservatively estimates the stock of illegal settlers to be about 4.4 million in 1996, growing by about 300,000 yearly.<sup>2</sup> Usually, illegal aliens are ineligible for public assistance, except public education and emergency medical care, though they may receive assistance for their U.S.-born children.
- Finally there are non-immigrants'. This is a somewhat confusing term for non-citizens legally present in a temporary status, such as tourists, students, business persons, journalists, trainees, and temporarily employed specialists. Some 10 million non-immigrants a year enter for stays of a few days up to several years.

## **IMMIGRANT USE OF MAJOR ASSISTANCE PROGRAMS**

The foregoing tangle defies easy summarisation. Immigrant entitlements vary by program, jurisdiction, and immigrant category and circumstance. Even the definition of public assistance is disputed. For example, some argue that outlays for the public education and health care of immigrants are an investment', not a cost to the public. Still others argue that outlays for programs funded by payroll taxes, such as unemployment compensation and Old Age, Survivors and Disability Insurance, are not public costs at all, but rights which the immigrants have earned.

While there are literally hundreds of federal, state and local public assistance programs, fewer than a dozen account for most of the cost. The following summary of current rules and costs in nine major programs may clarify the basic trends of current policy.

### **1. Old Age, Survivors and Disability Insurance (OASDI)**

This is America's largest social security program, providing basic retirement income and protection against disability or covered workers and their survivors. Federally administered, OASDI is financed by payroll taxes on workers and their employers; in 1993 it paid out \$302 billion in retirement and disability benefits.<sup>3</sup> In addition, payroll tax finances basic health insurance (Medicare) for covered persons who are 65 or older, at a cost of \$143 billion

in 1993.

Participation in OASDI and the accompanying Medicare is mandatory for virtually all persons authorised to work in the United States. Because they are not eligible to work, illegal aliens have, since 1972, theoretically, not been able to enrol for this form of social security. However, many who have concealed their illegality now receive benefits in the U.S. or in their countries of origin. Estimates of total OASDI outlays for immigrants in 1993 range from \$1.3 billion to \$18.9 billion.<sup>4</sup>

## **2. Free public education from kindergarten through high school**

All resident school-age immigrants, regardless of their immigration status, are entitled to free public education under a 1982 Supreme Court decision. Non-immigrant aliens may also use the public schools in some circumstances. Total public outlays for public education in 1993 were \$253.8 billion, 90 per cent of which came from state and local taxes. Estimates of the cost of educating immigrant children in 1993 range from \$13.0 billion to \$18.0 billion.

## **3. Aid to Families with Dependent Children (AFDC)**

This program is financed by Washington and the states; it provides \$16 billion a year in cash welfare payments for the families of needy dependent children. Legal immigrants (including refugees and asylees) are eligible for AFDC, though sponsored legal immigrants are subject to a 'deeming' requirement which is a form of means testing. Under 'deeming', if a sponsored immigrant applies for AFDC, the income and resources of the sponsor are deemed to be available for the immigrant's support for five years. The non-enforceability of affidavits of support and the limited use by state administrators of the 'deeming' provision have weakened cost controls. (Refugees and asylees are not subject to any deeming test.)

## **4. Supplemental Security Income (SSI)**

This is a means-tested, federally administered program which provides monthly cash payments to needy aged, blind and disabled persons. SSI is available to immigrants and PRUCOL aliens, but not to illegal aliens and non-immigrants. An estimated \$2.0 billion to \$2.7 billion of total SSI payments of \$25.2 billion in 1993 went to immigrants. While 'deeming' applies, SSI is the assistance program with the most rapid growth of immigrant participation. In large part this is because of family reunification of aged immigrants who do not qualify for OASDI retirement.

## **5. Medicaid**

Medicaid is a \$108 billion a year program of medical assistance for low-income persons who are aged, blind or disabled, or for members of families with needy dependent children. People eligible for AFDC and SSI are normally also entitled to Medicaid. The program is means-tested for all, but 'deeming' is not applied to immigrants. Legal immigrants and PRUCOL aliens are eligible for Medicaid. Illegal aliens receive only emergency medical care, including assistance for pregnancy. Costs of Medicaid for immigrants in 1993 ranged

from an estimated \$8.2 billion to \$9.1 billion.

## **6. Unemployment Compensation**

This is a federal/state program providing income for involuntarily unemployed workers. Legal immigrants and PRUCOL aliens are eligible if they have been employed for a sufficient time in jobs covered by the program. Illegal aliens and other persons not eligible to work in the United States, such as non-immigrants, are excluded. Total outlays to unemployed workers in 1994 were \$21.6 billion. Immigrants' estimated share was from \$1.4 to \$1.3 billion.

## **7. Food Stamps**

The federal Food Stamp program, costing \$28.4 billion in 1993, grants low-income households monthly coupons to purchase more adequate diets. Legal immigrants and PRUCOL aliens such as parolees and those whose deportation has been suspended are eligible. Non-citizens in other PRUCOL categories, illegal aliens and non-immigrants are ineligible. Outlays for immigrants in 1993 were estimated to be between \$840 million and \$2.3 billion.

## **8. Housing assistance**

Federal housing assistance, comprising public housing, rent supplements, and subsidised housing for low-income families, cost \$21.8 billion in 1993. Legal and PRUCOL aliens are eligible. In principle, illegal aliens and non-immigrants are barred. But the Department of Housing and Urban Development has been blocked from implementing this ban since 1980. Estimates of federal housing assistance to immigrants in 1993 run from \$940 million to \$1.8 billion.

## **9. Earned Income Tax Credit**

The Federal Earned Income Tax Credit scheme uses the income tax system to distribute grants of up to \$3000 a year to low-income working families with children. Until 1994, anyone who worked, filed a tax return and met family and income requirements, was eligible. Illegal aliens and non-immigrants are now ineligible, though systems for screening them out are lacking. Grants under this program totalled \$16.5 billion in 1993. The share distributed to immigrants was estimated at \$1.8 billion.

Other sizeable federal and state assistance programs open to legal immigrants and PRUCOL aliens are: public higher education and student loans; general relief (a state welfare program); and an array of health and family services provided by county and city governments. In many states and communities, no attempt is made to exclude illegal aliens from public universities and from local health and family services. The cost of providing these programs to immigrants was estimated at \$13.2 billion in 1992.

## **COUNTING THE COSTS OF IMMIGRANT AID**

Immigrants contribute to public funds as well as drawing from them, but estimates of the overall net costs of public assistance to immigrants vary wildly. Estimates made by immigrant-impacted states and localities show costs are significantly above revenues at those particular geographic levels.<sup>6</sup> But a 1992 study of immigrant costs and taxes nationwide by the Urban Institute concluded that immigrants contributed more than they consumed, finding an overall surplus of \$28.7 billion in the immigrants' favor. In contrast, Carrying Capacity Network, a population group, produced far higher estimates of the 1992 costs. It estimated that the total cost of public assistance to immigrants, and to low-income U.S. workers displaced by them from jobs, minus taxes paid by the immigrants, led to a net deficit. Rather than generating a surplus, the migrants cost \$71.2 billion.<sup>7</sup>

A severe budget squeeze and a conservative drift in U.S. politics in the 1990s has produced a number of proposals to cut the welfare costs of immigrants. These proposals range from shifting more of the costs to sponsors to a blanket ineligibility for all non-citizens. Measures before the Congress in the spring of 1996 would: make affidavits of support binding; extend the deeming period or make it permanent for immigrants with high-income sponsors; and further tighten SAVE, a computer matching system for verifying alien eligibility. General public hostility toward welfare and apprehension about high immigration are likely to continue interacting to keep the issue heated.

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6 See *A Failed Federal Promise*, California Health and Welfare Agency, Sacramento, CA January, 1993; *The Unfair Burden: Immigration's Impact on Florida*, Executive Office of the Governor, Tallahassee, FL, March 1994; *Our Teeming Shore: A Legislative Report on the Impact of U.S. Immigration Policy on New York State*, New York State Senate Committee

on Cities, Albany, NY, January 1994.

7 See Fix and Passell, *op. cit.*, Passell, *op. cit.*, and Huddle, *op. cit.*

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