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Authors

Brady, Henry E.
Clune, Michael S.
Nayeri, Kamran
et al.

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California's Immigrant Households and Public-Assistance Participation in the 1990s

Henry E. Brady, Michael S. Clune, Laurel Elms, Anita K. Mathur,
Kamran Nayeri, Jon Stiles, and Jeffrey W. Weinstein

In 1996, Congress passed two major bills that together severely restricted legal immigrants' access to federally funded public-assistance programs: the Personal Responsibility and Work Opportunity Reconciliation Act and the Illegal Immigration Reform and Immigrant Responsibility Act. California's CalWORKs legislation, effective January 1998, permitted state monies to be used to provide substitute benefits for those immigrants no longer qualified for federal assistance. However, CalWORKs legislation also specified new sponsorship rules that made a substantial portion of immigrants ineligible for these state-funded benefits.

We are conducting a three-year study that addresses public-policy concerns regarding the impact of welfare reform on California immigrants. Our state has the largest share of immigrants in the nation, and they play an increasingly important role in its economy. At mid-decade, California was home to 35% of the nation's legal permanent residents and 40% of its estimated five million undocumented immigrants.

In this *Brief*, which offers an overview of our first year's findings, we examine how changes in welfare rules and/or perceptions of those rules affected California immigrant-household public-assistance participation in the 1990s. Changes in these patterns have clear implications for both the well-being of the affected households and the fiscal obligations of state and local governments.

Our analysis draws on the Census Bureau's annual Current Population Survey (CPS) and Surveys of Income and Program Participation (SIPP) from several years to describe the characteristics of native

and immigrant households, their participation in major public-assistance programs, and changes in these characteristics and participation over time. The major public-assistance programs we considered were Aid to Families with Dependent Children (AFDC)/California Work Opportunity and Responsibility to Kids (CalWORKs), Food Stamps, Supplemental Security Income (SSI), and Medi-Cal.

We also compared the participation rates of noncitizen immigrant households with those of households headed by naturalized citizens and the native-born population. Households are classified as native or immigrant based on the birthplace of the household head. Immigrant household heads may be either naturalized citizens or noncitizens, and such households often include the native-born children of foreign-born parents or other household members.

Our ability to consider issues of welfare dynamics—what determines a family's decision and ability to begin receiving public assistance or not and to continue or discontinue receiving it—is limited by the length of time households were followed in the CPS and SIPP surveys and the number of households that could not be recontacted for follow-up interviews. Nevertheless, we were able to obtain a detailed view of changes and trends over the decade.

Demographic and Public-Assistance Trends

Immigrant households represent an increasing proportion of all California households and make up a significant proportion of the California population



receiving public assistance. Throughout the decade, immigrant households constituted about 40% of state households participating in AFDC/ CalWORKs programs. Immigrant households as a whole are more likely than natives to use public assistance. However, naturalized-citizen households report lower rates of assistance than native households, and immigrant households' rates of program participation have declined faster than those of native households.

Demographic Trends

- ▶ The proportion of California immigrant households has risen rapidly since the early 1990s. In 1990, immigrant households represented 22% of all California households; by the year 2000, the figure was 28%.
- ▶ Of all households containing a child, the proportion headed by an immigrant climbed from 32% in 1990 to 38% in 2000.
- ▶ Less than a third of foreign-born household heads were naturalized citizens in the early 1990s; by 2000, 45% were.

Trends in Public-Assistance Participation

- ▶ Immigrant households were more likely than native households to receive public assistance. Enrollment in each of the four major programs peaked in the mid-1990s, and in each one immigrant households were about twice as likely as native households to participate.
- ▶ Higher participation rates among immigrant households were concentrated in noncitizen households. For example, in 1993, 13.6% of noncitizen households received AFDC, compared to 4.5% of naturalized-citizen households. In 1999, CalWORKs participation had declined to 7.0% for noncitizen households and 2.6% for naturalized-citizen households. With respect to AFDC/CalWORKs and Food Stamp program participation rates, naturalized-citizen households more closely resembled native households than they did noncitizen immigrant households.
- ▶ Naturalized-citizen households reported lower rates of assistance than native households. In 1999, for example, 2.6% of naturalized-citizen households participated in CalWORKs compared to 3.1% of native households.
- ▶ AFDC/CalWORKs and Food Stamp participation rates declined substantially among both native and

immigrant households after caseloads peaked in mid-decade. However, the decline was steeper for immigrant households (10.8% in 1993 to 5.0% in 1999) than for native households (from 5.5% to 3.1% for those years). Similarly, immigrant participation in the Food Stamp program declined from 13.5% in 1993 to 6.2% in 1999, while native participation dropped from 6.1% to 3.8%. Medi-Cal and SSI participation showed no substantive decline.

- ▶ Although immigrant-household participation rates in public-assistance programs declined in the 1990s, the significant increase in the absolute number of immigrant households in California's population offset that decline. As a result, the percentage of the welfare caseloads comprising immigrant households remained relatively constant throughout the decade (approximately 40% in each of the four major programs).

General Characteristics of Participant Households

Participation in public-assistance programs, whether by immigrants or native-born, was associated with household heads whose characteristics generally make consistent labor-force participation more difficult.

- ▶ A household had a greater likelihood of participating if the household head was young, female, unmarried, less educated, and had more than two children.
- ▶ Conversely, a household had a lower likelihood of participating if the household head was older, male, married, better educated, had no more than two children, and if there were other adults in the household.

Nevertheless, there were anomalies. Some characteristics associated with lower participation rates among native households did not seem to have as pronounced an effect among immigrant households. These characteristics are described in the next two sections.

Characteristics Associated with Higher Participation Rates Were More Prevalent Among Immigrant Households

Some characteristics associated with higher participation rates were more prevalent among immigrant households than among native households. For example:

- ▶ *Lack of a high school diploma.* Failure to graduate from high school roughly doubled the likelihood of receiving assistance and was four times as common in immigrant households as in native households.

► *Having more children.* Households with three or more children were twice as likely to participate in public-assistance programs as households with two or fewer children. Immigrant households were three times more likely than native households to have three or more children.

► *Low income.* Although immigrant and native households with similar income levels reported roughly equivalent rates of public-assistance participation, immigrant households were twice as likely as native households to be below 200% of the federal poverty line.

Characteristics Associated with Lower Participation Rates Were Common Among Assisted Immigrant Households

Immigrant households were more likely than native households to have certain characteristics typically associated with a lower rate of public-assistance participation, yet they remained more likely than native households to receive assistance. For example:

► *Married head of household.* Being a recipient of public assistance was over three times more common among immigrant households headed by married couples than native households headed by married couples. Half of immigrant households receiving public assistance were headed by married couples, compared to only one in five native households.

► *Multiple earners in household.* The proportion of households with two or more earners was higher among immigrants (51%) than natives (44%). Yet participation rates among immigrant households were double those of native households with the same number of earners.

These anomalies suggest that, among immigrant households, other factors overshadowed characteristics that were associated with a lower likelihood of participation. For example, the relation between educational background and wages may offset the presence of multiple adult earners in a household: The combined earnings of two or more adult earners in an immigrant household may be insufficient to support the family if the adults can find only low-wage, part-time work.

Explaining the Decline in Immigrant Participation Rates

Three factors could have contributed to declining participation rates in public-assistance programs among immigrant households: (1) changes in the demo-

graphic characteristics of immigrant and native households, (2) shifts in the economy, and (3) changes in welfare and immigration policies.

► *Demographic changes.* While there was a slight decline in the proportion of immigrant households with characteristics associated with higher participation rates, changes in household composition, marital status, and education were minimal for both native and immigrant households. Therefore, such changes could not have contributed substantially to the decline in immigrant participation rates.

► *Economic changes.* In the latter half of the 1990s, as the California economy improved, immigrants' labor-force participation and earnings also improved, while their reliance on public assistance decreased.

► Immigrant public-assistance participants became more likely to report earnings. In 1993, immigrant AFDC participants were less likely than natives to report receiving any income from earnings, but by 1995 this relationship had reversed. This change predated both the enactment and implementation of new welfare law and programs. By 1999, 83% of immigrant households on cash assistance reported some income from earnings, compared to 77% of native households on cash assistance. Similar patterns were found among Food Stamp and Medi-Cal beneficiaries.

► There were increases in labor-force participation among poor households (under 200% of the poverty line) who did not receive cash assistance. Between 1993 and 1999, the proportion of poor immigrant households who received all of their income from earnings rose by 10 percentage points (from 44% to 54%). The proportion of comparable native households rose six points (from 21% to 27%).

► *Welfare and immigration policy changes.* After controlling for demographic and economic characteristics, immigrants still experienced sharper declines in public-assistance participation than natives. This suggests that other factors, such as changes in welfare and immigration policies, contributed to the decline in participation among immigrant households.

In the mid-1990s, changes in federal immigration and welfare rules specifically denied federally funded welfare benefits to most noncitizen immigrant households and immigrant households residing in the U.S.

for less than five years. Subsequently, these immigrant households' program participation rates declined far more dramatically than those of native households. Changes in federal welfare and immigration policies are key factors in explaining this steep decline.

Impact of Welfare Reform on Immigrant-Household Well-Being

An issue of great concern is whether immigrant households have been adversely affected in a disproportionate way by actual and/or perceived changes in welfare rules. We estimated potential effects on households leaving assistance programs by examining poverty rates and hunger and food insufficiency among poor, nonassisted native and immigrant households.

► Immigrant households experienced a greater decline in poverty than native households. Although immigrant households were much more likely to be impoverished than native households, their poverty rate declined substantially (from 25% in 1993 to 17% in 1999), while the poverty rate among native households remained stable (about 10% over the same period).

► In every year between 1995 and 1999 for which CPS data were available, immigrant households were more likely to be food-insecure than native households, partly because they were more likely to be poor. However, poor immigrant households who had left public assistance or never received it did not appear to become more food-insecure over time, either absolutely or relative to native households. Nor is there any indication that immigrants forgo assistance at the cost of heightened food insecurity. (However, these latter findings are not borne out by other credible studies, for example, the California Food Policy Advocates' 1997-98 surveys of immigrant households receiving food stamps.)

Next Steps

This *Brief* reflects initial findings from a three-year WPRP study on California immigrant families and welfare reform. In the next stages of the study, we will

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California Policy Research Center

1950 Addison Street, Suite 202

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conduct additional analyses to estimate the likelihood of immigrant families entering and exiting public assistance, and to examine how CalWORKs time limits will affect these families.

Henry E. Brady is director of UC DATA and the Survey Research Center and a professor of political science and of public policy, UC Berkeley; Michael S. Clune is a former administrator at the California Census Research Data Center, UC Berkeley; Kamran Nayeri is a research economist and Jon Stiles a research analyst at UC DATA; Laurel Elms (political science), Anita K. Mathur (sociology), and Jeffrey W. Weinstein (economics) are UC DATA graduate student researchers.

WPRP is a program of the California Policy Research Center in the University of California, Office of the President. Among its legislatively mandated activities, WPRP administers a research grants program to answer welfare-related questions posed by state and local officials. This summary was drawn from one of several current studies; the full study will be available as a PDF file in February at www.welfarepolicy-ca.org or may be ordered at (510) 642-7083.

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