Immigration Status and Public Benefits

Several bills filed this session make use of two strategies (or a combination) to address concerns about the use of public benefits by undocumented immigrants:

1. Mandate verification of immigration status when applying for a public welfare program (H.B. 474, H.B. 1553)

2. Mandate public agencies to provide an annual report that estimates the cost of services to undocumented immigrants (H.B. 21, H.B. 608, H.B. 1553)

H.B. 1257 amends provisions that affect HHSC eligibility systems for federally funded public benefits. These changes create automated controls to ensure compliance with third party verification of immigration status.

Proponents argue legislation relating to immigration status and public benefits is a response to the social and economic costs associated with the onslaught of undocumented immigrants.¹

Opponents argue that this legislation turns public officials into immigration officers, which is beyond their training and conflicts with the duties and priorities of their job. Further, such legislation hinders eligible immigrants from accessing benefits for fear of being reported to ICE.

Background

Prior to the mid-1990’s, U.S. lawmakers paid little attention to the relationship between the use of publicly funded benefits and legal status. Generally, any individual who could claim “color of law” status (living here without evidence of a removal order) were considered U.S. legal residents for the purposes of public benefit programs.²

The Immigration Reform and Control Act (IRCA) of 1986 marked the shift in U.S. policy regarding immigration status and public benefit use. IRCA required the affirmative proof of legal status rather than the absence of a removal order. The 1996 welfare reform, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) further cemented the backlash against the use of public benefits among immigrants.³ PRWORA limited the access to means-tested federal public benefits and

³ The dual purpose of PRWORA was the introduction of benefit restriction as immigration policy and emphasis on the value of self-sufficiency in U.S. immigration policy. PRWORA sought to ensure that “aliens within the Nation's borders not depend on public resources to meet their needs, but rather rely on their own capabilities and the resources of their families, their sponsors, and private organizations” Further, PRWORA’s restriction sought to ensure that benefits do “not constitute an incentive for immigration.” Some analysts of PRWORA have characterized the restriction of benefits to immigrants as the use of health care as a “tool in immigration policy.” See Marc Berk, et. al. July/August 2000. “Health Care Use Among Undocumented Latino Immigrants.” Health Affairs. and Jacqueline Hagan, et. al.
imposed restrictions on most otherwise eligible noncitizen children and adults who are undocumented, in the U.S. less than 5 years or fail to fall within a recognized eligibility category.\textsuperscript{4} The Congressional Budget Office projected that PRWORA would save an estimated $54.1 billion over the period 1996-2002. Of this $54.1 billion, 44\% (or $23.8 billion) came from the restriction of benefits to immigrants.\textsuperscript{5}

By and large, states implemented the status verification mandate by accepting oral statements of immigration status. In the summer of 2005, these techniques came under scrutiny. In response, Congress included an amendment to the deficit reduction requiring states to obtain proof of citizenship from citizens who applied for Medicaid.

**Concerns with Verification**

- **Lack of research to suggest that benefit fraud is significant or widespread:** Verification policies are framed as a means to reduce the fraud by undocumented immigrants. However, no research confirms that fraud remains a major issue.\textsuperscript{6}

- **Chilling effect:** Verifying immigration status may deter eligible individuals from applying for benefits for fear of being reported to ICE. Mixed status households would be particularly vulnerable to this threat, as undocumented parents may elect not to apply for benefits for their eligible citizen children.

- **Criteria used for verification:** The 2006 Medicaid mandate resulted in the loss of coverage for many noncitizen children and reduced coverage among eligible citizens. Several studies suggest that the reduction in Medicaid rolls was a result of the disqualification of eligible citizens who could not secure the documents to prove immigration status or identity, rather than a reduction in the number of non-eligible adults unlawfully accessing benefits.\textsuperscript{7,8}

**Concerns with Documentation and Reporting**

- **Fiscal impact on agencies:** The implementation of these policies would increase the burden on public agencies as it would require additional training to make determinations and additional

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\textsuperscript{5} Hyejung Janet Shin. July 2006 “All Children are Not Created Equal: PRWORA’s Unconstitutional Restriction on Immigrant Children’s Access to Federal Health Care Programs.” Family Court Review


administrative costs to consolidate information and estimates for reporting. Similar legislation passed in other states suggests that the cost of implementation would outweigh the potential cost savings.

- House Bill 1023, passed in Colorado in 2006, prohibited the spending of taxpayer money on undocumented immigrants, except in cases required by the federal government. In 2007, the state estimated that implementation of the law cost taxpayers $2 million. No state department reported a cost savings.\(^9\)

- The Federal House Committee on Oversight and Government Reform reviewed information about the Medicaid verification mandate from six states and found the states spent $16 million on implementation and identified eight undocumented immigrants. The committee estimated that for every $100 in administrative costs, the federal government saves 14 cents in benefits.\(^10\)

- **Incomplete financial analysis:** Documentation is justified as a means to understand and measure the economic impact of undocumented immigration. However, the analysis considers state expenditures for undocumented immigrants to the exclusion of the fiscal contribution of undocumented immigrants.

  - A 2006 study by the Texas State Comptroller concluded that “the absence of the estimated 1.4 million undocumented immigrants in Texas in fiscal year 2005 would have been a loss to our gross state product of $17.7 billion. Undocumented immigrants produced $1.58 billion in state revenues, which exceeded the $1.16 billion in state services they received.”\(^11\)

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