

Explaining Inequality in TANF Participation: Immigration and the Politics of Welfare Exclusion¹

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Abstract

The relationship between immigration and welfare generosity is at the heart of welfare politics research. While prior studies have examined how immigration affect welfare generosity, relatively little is known about the distributional consequences of immigration and exclusive welfare policies. In this paper, we offer a systematic examination of how immigration, combined with state immigrant welfare policies affect inequality in welfare participation between citizens and immigrants. Using data across the fifty American states in the past fifteen years, we find evidence that exclusive state welfare policies are a key source of inequality in welfare participation. Moreover, the effect of state immigrant welfare eligibility rules on citizen-immigrant welfare participation gap is conditional upon the size of states' immigrant populations.

Key Words

Immigration, TANF, Welfare Participation, Immigrant Welfare Eligibility, Political Exclusion

INTRODUCTION

How welfare states respond to the immigration challenge remains an unsettled puzzle. Immigration, as a globalizing force, substantially increases ethnic diversity in many welfare states and raises policy concerns about whether these welfare states can balance diverse policy demands and remaining its generosity. Previous studies suggest that a country with large immigrant population can only sustain its welfare system by either reducing welfare benefit levels or by introducing exclusive welfare reforms to protect citizen privilege social policy areas (Borjas, 1994; Hero & Preuhs, 2007), which inevitably would lead to inequality in welfare participation between citizens and immigrants.

Inequality in welfare participation between citizens and immigrants fundamentally challenges the egalitarian views embraced by democracies. United States particularly exemplified the substantial and persistent disparities between citizens and immigrants' participation in various welfare programs. This paper aims to examine the policy determinants of the unequal welfare participation between citizens and immigrants. Focusing on American states' welfare systems, we evaluate how state immigrant welfare eligibility policies play an important role in explaining the disparate welfare participation rates between citizens and immigrants. To be more specific, since 1996 when the Personal Responsibility and Work Opportunity Reconciliation Act (PRWOR) barred immigrants from participating in any federal funded welfare programs for the first five years upon their arrival, states are entitled to provide assistance to immigrants at their own costs. Since 1996, states have embarked on different paths of using their own funds to assist immigrants. We argue that such differences in state policies explain the disparity between immigrants' and citizens' welfare participation. In addition, networking opportunities among immigrant population provides a venue for newly arrived immigrants to gain information on welfare eligibility rules. Therefore, the size of immigrant population should condition the effect of state welfare policies on TANF participation gap.

In order to test our hypothesis, we collect original policy data on state-level immigrant TANF eligibility rules for Temporary Assistance to Needy Families (TANF), the major federal means-tested welfare program, from 1999 to 2008. By using Cross Sectional and Time Series (CSTS) models, we estimate the gap of welfare participation between citizens and immigrants as a function of immigrant welfare eligibility policies, the size of immigration, the interaction of the two, and a full set of control variables.

This paper makes two important contributions to the existing literature. Theoretically, we examine subnational governments' heterogeneous policy arrangements as a source of formal political exclusion of immigrants in a federal system. Prior studies in this area have primarily focused on how national-level political institutions have profound distributional consequences in the areas of income and welfare resources. The focus on welfare eligibility rules and immigrants' formal welfare rights at the subnational-level sheds light on the more complex political processes that lead to social inequality in welfare participation. Empirically, we track and compare welfare participation rates of immigrants and citizens across all fifty American states and over a long-time period after the major federal welfare reform. Our paper adds to the welfare state literature by exploring the political and policy determinants of welfare participation.

IMMIGRATION, WELFARE EXCLUSION AND DISPARITIES IN TANF PARTICIPATION

The increasing number of immigrants in the United States has undoubtedly brought tremendous change onto the American politics, society and economy. One consequence was the growing public concerns regarding immigrants' usage of welfare resources (Burns & Gimpel, 2000; Hainmuller & Hiscox, 2010). Such concerns have led to welfare reforms at both the federal and state level. The 1996 PRWORA was one of the most well known policies that excluded immigrants from participating in various welfare programs. How exactly has such policy exclusion influenced social inequality between

native- and foreign-born individuals in their coverage of the social safety net remains a puzzle. We argue that the immigrant welfare policies and immigrant networking combine to have an effect on the native-foreign welfare participation gap. The nexus between immigration, immigrant policies and social inequality offers a new angle for scholars interested in immigration's implications on social inequality in the United States.

Policy Exclusion of Immigrants' Welfare Participation

Scholars have long associated racial and ethnic diversity with the sustainability of the welfare state in and outside of the United States (Gilens, 1999; Alesina & Glaeser, 2004; Banting & Kymlicka, 2004; Miguel & Gugerty, 2005; Habyarimana, Humphreys, Posner, & Weinstein, 2007; Hero, 2010). Racial and ethnic minorities often create a sense of "us" versus "them" among the racial majority group and therefore make them less enthusiastic about public goods. The newcomers, who often "look," "act," and "sound" different from native-born citizens, are easily recognized as members of an out-group. Their presence therefore could trigger perceived threat from the in-group (i.e. native-born citizens) and reduce their support for an inclusive social welfare system. A large body of literature has documented the negative effect of immigrant-induced diversity on the generosity of various welfare programs in European welfare states (Bay & Pedersen, 2006; Mau & Burkhardt, 2009; Senik, Stichnoth, & Van der Straeten, 2009; Eger, 2010; Larsen, 2011).

As a matter of fact, immigration has had similar effects on the already-slim American welfare states. In 1992, the United States saw the number of immigrant Supplemental Security Income (SSI) recipients increase to over 600,000, doubling the amount from 1982 and accounting for over a quarter of the total number of recipients (U. S. House of Representatives Committee on Ways and Means, 1998). The federal government was concerned that immigrants will not only participate in major welfare programs but also bring their parents to the United States to enjoy welfare benefits (U.

S. House of Representatives Committee on Ways and Means, 1998). Facing the outcry that immigrants' overly welfare participation might threaten the resource pool for low-income citizens, the federal government passed the 1996 PRWORA, which barred most immigrants from major federal-funded welfare programs in the first five years after their entry into the United States. At the same time, the states were granted discretion to provide immigrants welfare assistance by using their own state funds. In the area of TANF, states could make their own policies to fund immigrants TANF assistance by using their own state funds in three areas: (1) whether or not to provide pre-enactment immigrants (immigrants who entered the U.S. before the PRWORA reform) TANF benefits; (2) whether or not to offer post-enactment immigrants (immigrants who arrived to the U.S. after the PRWORA reform) TANF benefits during the five-year bar set by the federal government; and (3) whether or not to give post-enactment immigrants TANF benefits after the five-year bar set by the federal government (Tumlin, Zimmermann, & Ost, 1999; Bitler & Hoynes, 2013).

Unsurprisingly, states have adopted quite different immigrant welfare policies in the area of TANF, with some generously offering state funds to provide immigrants cash assistance and others not providing any additional TANF assistance. For example, right after the 1996 PRWORA, states such as California, Connecticut, Delaware, Georgia, Illinois, Maine, Maryland, Minnesota, Nebraska, New Mexico, Oregon, Vermont, Washington, Wisconsin, and Wyoming immediately decided to provide TANF assistance, by using state funds, to all three immigrant scenarios mentioned above, i.e., pre-enactment immigrants, post-enactment immigrants *during and after* the five-year bar set by the federal government. Instead, states such as Mississippi and Montana refused to provide any TANF assistance to the above-mentioned three immigrant groups. States such as Arkansas, Idaho, and Texas stood in between the two extremes: while agreeing to offer TANF assistance to pre-enactment immigrants TANF assistance, they refused to provide assistance to post-enactment immigrants either during or after their first five-year stay. These varying state welfare policies have made immigrants'

conditions quite different from one another. Immigrants in some states could receive TANF assistance immediately after their arrival, but in other states immigrants will not be able to receive any assistance for years.

Exclusive state welfare policies not only create a legal and policy barrier in preventing immigrants from participating in welfare programs, but also cause a “chilling effect” on eligible immigrants’ welfare participation. Scholars speculate that the chilling effect is caused by immigrants’ vulnerability in their legal status. Especially, hostile immigrant welfare policies will make them distrust the American government and shy away from government provided goods and services (Ellwood, 2000; Bilter, Gelbach, & Hoynes., 2005; Ku, 2009). Hagan et al. (2003) show that eligible immigrants in Texas withdrew from certain welfare programs due to Texas’ exclusive immigrant welfare eligibility rules.

Considering the legal barrier and the chilling effect caused by hostile immigrant welfare policies, we argue that in states with more inclusive immigrant TANF policies, a higher percentage of immigrants will participate in TANF programs compared to states with more stringent immigrant TANF policies. Consequently, the native-foreign TANF participation gap in these states will be smaller. Based on this contention, we develop our first hypothesis.

H₁: Inclusive immigrant TANF policies are negatively associated with native-foreign TANF participation gap.

Immigrant Network as an Important Social Context

In addition to immigrant welfare policies, the networks that connect immigrants with each other play an equally important role in immigrants’ welfare participation. Especially, immigrants who newly arrived to the United States are often unfamiliar with the eligibility requirements for various welfare programs in American states. Especially, we discover that state welfare eligibility rules are quite complex and contain multiple aspects; for example, immigrants’ length of stay, immigration

status, whether they entered the state before or after the 1996 welfare reform could all potentially influence their eligibility for TANF programs. In addition, many states have changed their TANF rules more than once since the 1996 welfare reform and states vary from one another in their immigrant TANF eligibility rules. Therefore, it is a highly challenging task for an immigrant individual to master the information on TANF eligibility rules in different states and track the changes of such a policy within a state. What has made the situation even worse is that the information on immigrant TANF eligibility rules is rarely made public in any state. During our data collection, we discover that state TANF agencies very rarely publicize information on immigrant eligibility rules on their websites. Considering the fact that immigrant TANF eligibility rules are complex and volatile, we argue that the information spillovers through immigrants' networking with other immigrants are crucial for them to gain information and learn about how to participate in various welfare programs.

Simply put, socializing with other immigrants, especially immigrant welfare recipients will not only make individuals less shameful of taking welfare benefits but also more likely to obtain information about various welfare programs and whether or not they are eligible to receive welfare benefits from these welfare programs. Suppose when an immigrant group newly migrates to the United States, it is highly likely that they are not aware of the TANF program eligibility rules. Imagine if two identical immigrant groups migrate to California and Maine; although California and Maine both use state funds to provide immigrants with TANF assistance during and after their first five years of stay, it is likely that the two immigrant groups will have contrasting experience. The immigrant group will have a much better chance to connect with their fellow immigrants in California, learn about the eligibility rules from the existing large immigrant population there, and then sign up for TANF benefits as soon as their condition matures. In contrast, the immigrant group arriving to Maine will find very few immigrants in their context and therefore end up with a

much slimmer chance of gaining information about the eligibility rules for various welfare programs from their fellow immigrants. Without the information gained from socialization with other immigrants, it is much more difficult for newly arrived immigrants to sign up for welfare programs such as TANF. In fact, the importance of immigrant network in their welfare participation has been documented in a few previous studies. For instance, Bertrand, Luttmer and Mullainathan (2000) find that immigrants with more contacts with other immigrants, especially immigrants with knowledge of welfare programs, are much more likely to participate in welfare programs themselves. Aizer and Currie (2003) also find that the use of publicly funded prenatal care in California is highly correlated within the size of racial/ethnic minority populations and neighborhoods.

Based on this contention, we hypothesize that states with a large immigrant population or an increasing body of immigrant population provide newly arrived immigrants with a better network opportunity. On the other hand, states with a small immigrant population or a decreasing immigrant population are shy in the immigrant network opportunity they could provide. States do vary in their immigrant population sizes *from one another* and also see fluctuations in their immigrant population stocks *over time*. Gateway states and some new destination states such as California, New York, New Jersey, Texas, Arizona and Hawaii have been hosting a large immigrant population that is more than 16% of their total populations, but states such as West Virginia, Montana, North and South Dakota, Mississippi, Wyoming and Maine only have less than 2.5% foreign-born population.

Overall, most states have experienced increases in their foreign-born population since the 1996 welfare reform. Only a few states (i.e., New Mexico, Arizona, and California) witnessed decreases in immigration from 1998 to 2009. Some states experienced huge ebbs and flows in their immigrant population size. For example, Oregon witnessed a decrease in its immigrant population from 13.88% to 10.13% in 2002, which was a loss of one third of its total immigration population.

In contrast, Colorado saw an increase in the percentage of their immigrant population from 7.53% in 1999 to 11.56% in 2000, which was more than 50% increase in immigrant population from 1999.

We argue that not only the overall size of the immigrant population but also fluctuations in the size of immigrant population within states over time will influence immigrants' network. We argue that an increase in the immigrant population stock in a state will strengthen the negative effect of generous immigrant TANF policies on native-foreign TANF gap. In contrast, an increase in the immigrant population stock at the state level will alleviate the positive effect of generous immigrant TANF policies on native-foreign TANF gap. Based on this contention, we develop our second hypothesis.

H₂: The negative effect of inclusive immigrant TANF policy on native-foreign TANF participation gap is strengthened in states with a larger or increases in immigrant population, but attenuated in states with a smaller or decreases in immigrant population.

DATA, VARIABLES, AND METHOD

In order to test our hypotheses, we utilize pooled cross sectional and time series data on both the native-foreign TANF participation gap and immigrant TANF eligibility rules in the United States from 1998 to 2009. We estimate the native-foreign TANF participation gap as a function of the size of immigrant population in the state year, immigrant TANF eligibility rule, the interaction of the two, as well as a full set of control variables.

Dependent Variable

Native-Foreign TANF Participation Gap. Our dependent variable native-foreign TANF participation gap is measured by the difference of participation rates for native-born households and foreign-born households. We define foreign-born households as any household that contains one or more than one foreign-born household members. Native-born households are therefore defined as households in which all members were born in the United States. The reason why we use household

as our unit of count is because TANF is a means-tested welfare assistance given to families and households instead of individuals. By using the Census Bureau’s Current Population Survey (CPS) March surveys, we first count the total numbers of native-born households (and foreign-born households) as well as those who participated in TANF in the past 12 months. We then generate the percentages of native-born (or foreign-born) households that participated in TANF in the last 12 months taking into consideration the household weights. We then generate a gap measure based on the following equation:

$$\text{TANF Gap}_{i,t} = \left(\frac{\text{Native Born HH with TANF}_{i,t}}{\text{Total Native Born HH}} - \frac{\text{Foreign Born HH with TANF}_{i,t}}{\text{Total Foreign Born HH}} \right) \times 100$$

Figure 1 below shows the variation of our dependent variable, TANF participation gap between native- and foreign-born households, over time and across states. As one can see, there is a considerable amount of variation in TANF gap within most states, although states such as California, Florida, Massachusetts and Texas did not see much variation in TANF gap over time. There is also noticeable across-state variation in our dependent variable. We use Figure 2 to show the ranking of American states on their average TANF gap from 1998 to 2009. As the figure shows, thirty-eight states have positive average TANF gaps, indicating that a lower percentage of foreign-born households participate in TANF compared to their native-born counterparts. It is also notable that a higher percentage of foreign-born households participated in TANF than their native-born counterparts in states such as Minnesota and Rhode Island.

[Figure 1 about here]

[Figure 2 about here]

Independent Variables

Immigrant TANF Eligibility Score. Our first key explanatory variable measures the level of inclusion of immigrants into state TANF programs. We develop an index that measures whether or not immigrants are eligible for TANF assistance in a certain state year. Following Tumlin, Zimmermann and Ost (1999), we examine the following three aspects of immigrant TANF policy from 1998 to 2009: (1) whether or not states use their own state funds to fund pre-enactment immigrants TANF benefits; (2) whether or not states fund post-enactment immigrants TANF during their first five years upon their arrival; and (3) whether or not states fund post-enactment immigrants TANF benefits after the five-year bar. Depending upon the answer, we code each of the three aspects as 10 (yes to all immigrants), 5 (only to certain immigrant groups) and 0 (no). Then we generate an additive score and a factor score based on the three aspects. These two measures are correlated on a 0.9 level. The Cronbach's Alpha index for the three component variables is 0.49, which passes the scale reliability threshold. We use the factor score as our independent variable.

Immigrant Population Density. Our conditional independent variable immigration population density is measured by the percentage of foreign-born population out of total population in each state year. We have collected data on immigrant population density from the Census Bureau Current Population Surveys Annual Social and Economic supplements.

Immigrant TANF Eligibility Score \times Immigrant Population. In order to capture the conditional effect of immigrant population on the relationship between immigrant TANF eligibility score and native-foreign TANF participation gap, we also include a multiplicative term of the two independent variables.

Control Variables

Socioeconomic Controls. We have included four socioeconomic control variables in our model. The first one is the racial/ethnic diversity of the state population. Previous literature has pointed out that racial and ethnic diversity could influence the generosity of the welfare state, and therefore it

might affect both citizens' and immigrants' participation in social welfare programs such as TANF (Esses, Dovidio, Jackson, & Armstrong, 2001; Hero & Preuhs, 2007). We measure racial and ethnic diversity based on the Blau Index, calculated by the equation below (Blau, 1977; Hero, 1998; Tolbert & Hero, 2001). In this equation, i and t index state and year, j indexes a particular racial/ethnic group, and p denotes the proportion of group j as a share of the total population. We accounted for five racial groups (i.e., white, Black, Hispanic, Asian, and others) and scale the diversity measure from perfect homogeneity (0) to perfect heterogeneity (100).

$$Diversity_{i,t} = [1 - \sum (p_{i,j,t})^2] \times 100$$

The second socioeconomic control variable is union density. Considering union's pro-immigrant attitudes in recent history and the fact that union represents workers and lower class' interest, we argue that union should reduce social inequality between immigrants and native-born citizens. This variable is measured by the percentage of wage and salary employees who are labor union members.

The third and fourth socioeconomic control variables are state-level unemployment rate and poverty. We argue that the unemployed and poor both represent groups with high demands for welfare assistance, therefore they should both influence government redistribution in general. Data on all four socioeconomic variables are drawn from the U.S. Census Bureau's Current Population Survey.

Political Controls. We have included four political contextual variables. First, we control for mass liberalism in that voters' liberal-conservative orientation affects the politics of immigration (Monogan, 2013), welfare generosity toward immigrants (Hero & Preuhs, 2007) and the overall welfare generosity (Erikson, Wright, & McIver, 1993). We include the mass liberalism measure (i.e. the share of voters who identify with a liberal ideology orientation) created by Pacheco (2011).

Second, we consider partisanship of state politicians. Bartels (2008) suggests that partisan control of political executives influences levels of inequality, in the sense that gap between the rich and poor decreases when Democratic presidents are in position, but it increases under Republican presidents. We borrow this thesis to the state level and argue that Democratic governors could depress economic and social inequality, but Republican governors could increase inequality levels. Next, we include the percentage of Democratic state legislators, considering that left-wing partisanship is often connected with more generous welfare spending (Hibbs, 1977; Tufte, 1980; Bradley, Huber, Moller, Nielsen, & Stephens, 2003; Bartels, 2008). We expect that the percentage of Democratic state legislators is negatively associated with the social inequality between native- and foreign-born individuals.

Lastly, we have included the state government ideology measure by Berry et al. (1998) to capture the general left-right ideology of state governments more accurately. Our rationale of including this measure in addition to the two partisan control variables is that Berry et al.'s (1998) measure on the "leftness" of state government is more comparable across states than the simple Democratic-Republican party division. As Kelly and Witko (2010) have pointed out, Democratic politicians in the state of New York is more indicative of left-party power than in Mississippi. Therefore, the state government left-right ideology measure provides another venue to assess the effect of political context on social inequality.

Geographical Location Controls, We have also included three geographical location controls: south, border and port states. We include a dummy variable for southern states because the south has unique historical, social, political and cultural characteristics that are different from other states (Key, 1949). We include a dummy variable for states that share a border with Mexico and another dummy variable for states with major ports, because these states are subject to an immediacy of immigration flows.

STATISTICAL METHOD

The Augmented Dickey-Fuller unit-root test and Phillips-Perron test show that our dependent variable, native-foreign TANF participation gap, is stationary. Following De Boef and Keele (2008)'s suggestion, we start off with a general ECM specification coupled with several joint F tests to determine if our models can be made more parsimonious. The F tests results show that a Partial Adjustment specification of all our control variables generate a restricted model nested in a full ECM. In other words, the coefficients of the first differences of all control variables are not significantly different from zero. However, the same joint-F tests show that we can not use Partial Adjustment specification on the core independent variables. In other words, when we drop first differences of all the core independent variables, the results of this restricted model is not nested in a full ECM, meaning the coefficients of the first differences of the core independent variable are significantly different from zero.

Since we pooled data from twelve years and fifty states, we consider both cross-state heterogeneity and time dependence in the pooled CSTS analysis (Beck & Katz, 1996; Beck, 2001). We use the Panel-Corrected-Standard-Error procedure (PCSE) to correct both cross-state heterogeneity and spatial dependence. In addition, we use an AR(1) error specification to correct for serially autocorrelated disturbance terms. In order to compare results of a static and a dynamic specification of our CSTS data, we report results from two statistical models: (1) a static model, (2) a restricted ECM that is equivalent to a full ECM.

RESULTS

Table 1 shows results from the static model. As one can see, all three key independent variables, immigrant TANF eligibility policy, immigrant population, and the interaction term of the two, have a

significant effect on native-foreign TANF participation gap. Racial and ethnic diversity has a positive and significant effect on the dependent variable.

[Table 1 about here]

Moving to the dynamic ECM in Table 2, one can find that the results largely verify the findings from the static model. The static and dynamic models report consistent signs of all explanatory variables. In the dynamic ECM, the interaction term between Δ *immigrant population* and Δ *immigrant TANF eligibility score* shows a significant and negative effect on the dependent variable. According to Berry, Golder and Milton (2012), interaction terms have a symmetric nature and one should interpret interaction terms from both ways. In our model, the significant coefficient of the interaction term implies that the effect of states' immigrant TANF eligibility score on native-foreign TANF gap is conditional upon the immigrant population in that state. By the same token, the effect of immigrant population on TANF participation gap should also be conditional upon state immigrant TANF policy. In order to interpret the conditional effect, we first generate Figure 3a and 3b to show the marginal effects of each independent variable conditional upon the other independent variable (Brambor, Clark and Golder 2006).

[Table 2 about here]

Figure 3a shows the marginal effects of Δ *Immigrant TANF Eligibility Score* on native-born TANF participation gap conditional upon Δ immigrant population in the state. We find that in states with an increasing immigrant population, a more generous immigrant TANF policy change will decrease the gap. However, in states with a decreasing immigrant population, a more generous TANF policy change will actually increase the gap. The effect of the immigrant TANF eligibility policy is obviously conditional upon the change of immigrant population size in the state.

[Figure 3a and 3b about here]

Figure 3b shows the marginal effect of Δ *Immigrant Population* on native-foreign TANF participation gap conditional upon Δ Immigrant TANF Eligibility Score. We observe that in states that actively adopt a

more generous immigrant TANF policy, immigrant influxes will decrease the native-foreign gap. In contrast, in states that adopt hostile immigrant welfare policies and try to block immigrants from TANF benefits, immigrant influxes will increase the native-foreign gap.

In order to substantively interpret the interactive effects, we also use the *Clarify* program (Tomz, Wittenberg, & King, 2003) to simulate the mean predicted value of Δ *Native-Foreign TANF Participation Gap* holding all control variables constant. Figure 4a depicts the predicted value of the dependent variable across the full range of values of Δ *Immigrant Population* in states experiencing immigrant welfare eligibility expansion and tightening. We observe a negative relationship between Δ *Immigrant Population* and Δ *Native-Foreign TANF Gap* in states that adopt more generous immigrant TANF policies. Conversely, the two variables are positively associated with each other in states that adopt more hostile immigrant TANF policies.

Figure 4b illustrates the predicted value of the dependent variable across the full range of values for Δ *Immigrant TANF Eligibility Score* in states with increasing and decreasing immigrant population. As one can see, in states that sees increases in their immigrant population, Δ *Immigrant TANF Eligibility Score* is negatively associated with Δ *Native-Foreign TANF Gap*. However, in states that experience a loss of immigrant population, Δ *Immigrant TANF Eligibility Score* is positively associated with Δ *Native-Foreign TANF Gap*.

[Figure 4a and 4b about here]

Since our dependent variable, Δ *Native-Foreign TANF Gap*, is composed of two components: TANF participation rates for native-born households, and TANF participation rates for foreign-born households. In order to disentangle the two components and explore which group has been affected more than the other, we decide to run the same analysis by using the TANF participation rates for each group as the dependent variable. Table 3 shows results from a Seemingly Unrelated Regression (SUR) model. According to the SUR results, it turns out that the interaction term between Δ *Immigrant Population* and

Δ *Immigrant Eligibility Score* only has a significant effect on Δ Foreign-born TANF Participation Rate, but not on Δ *Native-born TANF Participation Rate*.

[Table 4 about here]

In Figure 5, we compare how native- and foreign-born households fare under different policy scenarios side by side. In Figure 5a, we show the predicted values of Δ TANF Participation Rates for Native- and Foreign-Born Households in states with a decreasing immigrant population. As one can see, Δ *Immigrant TANF Eligibility Score* does not have a significant effect on Δ *Native-Born TANF Participation Rate* (see grey line and CI), but it has a negative and significant effect on Δ *Foreign-Born TANF Participation Rate* (see dark line and CI). This tells us that when a state experiences a loss in its immigrant population, adopting a more generous immigrant welfare policy will not influence native-born citizens' participation in TANF, but it will decrease foreign-born households' participation in TANF.

On the other hand, for states that experience increases in immigrants, Δ *Immigrant TANF Eligibility Score* has a positive and significant effect on Δ *Foreign -Born TANF Participation Rate* (see dark line and CI in Figure 5b), but it does not have a significant effect on Δ *Native -Born TANF Participation Rate* (see grey line and CI in Figure 5b). It implies that when a state sees increases in its immigrant population, adopting a more generous immigrant welfare policy will, again, not influence native-born citizens' participation in TANF, but will increase foreign-born citizens' participation in TANF.

[Figure 5a and 5b about here]

Conclusion

In this paper, we explore how American states' welfare policies that define immigrants' eligibility for TANF benefits affect the inequality in welfare participation between native- and foreign-born households. Our analysis covers the critical time period after a major welfare retrenchment was initiated at the federal level. Because the American states enjoy a great deal of political discretion in defining their own

welfare rules, the American federal system offers an ideal context to examine policy variations regarding immigrants' formal welfare rights. We show that states' policy arrangements that include or exclude immigrants from their cash-assistance programs have a significant impact on immigrants' participation in these welfare programs. Moreover, these state policies exhibit profound distributional consequences and determine immigrants' relative wellbeing compared with their citizen counterparts. States with more inclusive TANF eligibility rules have lower levels of native-foreign TANF participation gap than states with more exclusive TANF eligibility rules.

Our study also shows that the relationship between states' welfare policies and inequality in welfare participation is not monotonic. Instead, formal rules regarding immigrants' welfare eligibility exhibit a heterogeneous impact on TANF participation gap in American states, depending on the size of foreign-born population in a state. Inclusive welfare policies lead to higher welfare participation among foreign-born households and lower native-foreign participation gap; this effect is strengthened in states with increases in their immigrant population. These key findings, taken together, suggest states are important stakeholders when it comes to inequality in welfare participation.

To conclude, focusing on the social inequality aspect, we have explored the intersection of two problematic domains of the American democracy--immigration and welfare. Our findings point toward a more complex relationship between immigration and social inequality in welfare provision. We show that the relative wellbeing of an vulnerable social group, the immigrants, in a plural society hinges on a complex set of factors including its own group size, policy setups that define who are the deserving constituents, and the connection between socio-economic and political factors. Although providing everyone who is pursuing the "American dream" in the United States equal access to social assistance remains to be an "American struggle," the state-level picture presented here seems to shed some light on a future promise. So far, a few states have adopted inclusive policies that reduce eligibility restrictions to immigrants' access to TANF. These inclusive policies do help close the TANF participation gap between venerable immigrants

and their citizen counterparts. Surprisingly, our research is one of the few systematic studies examining state-level immigrant welfare eligibility rules and its effect on welfare participation. Of course, TANF is only one of many welfare programs that are co-sponsored by the federal and state governments. Given that such policies have important implications on social equity in relation to over 40 million immigrants in the United States, a natural extension of this study would be to explore various state-level immigrant welfare policies and their social and political implications on social inequality in the American democracy.

Figure 1: TANF Participation GAP between Native- and Foreign-Born Households by State and Year

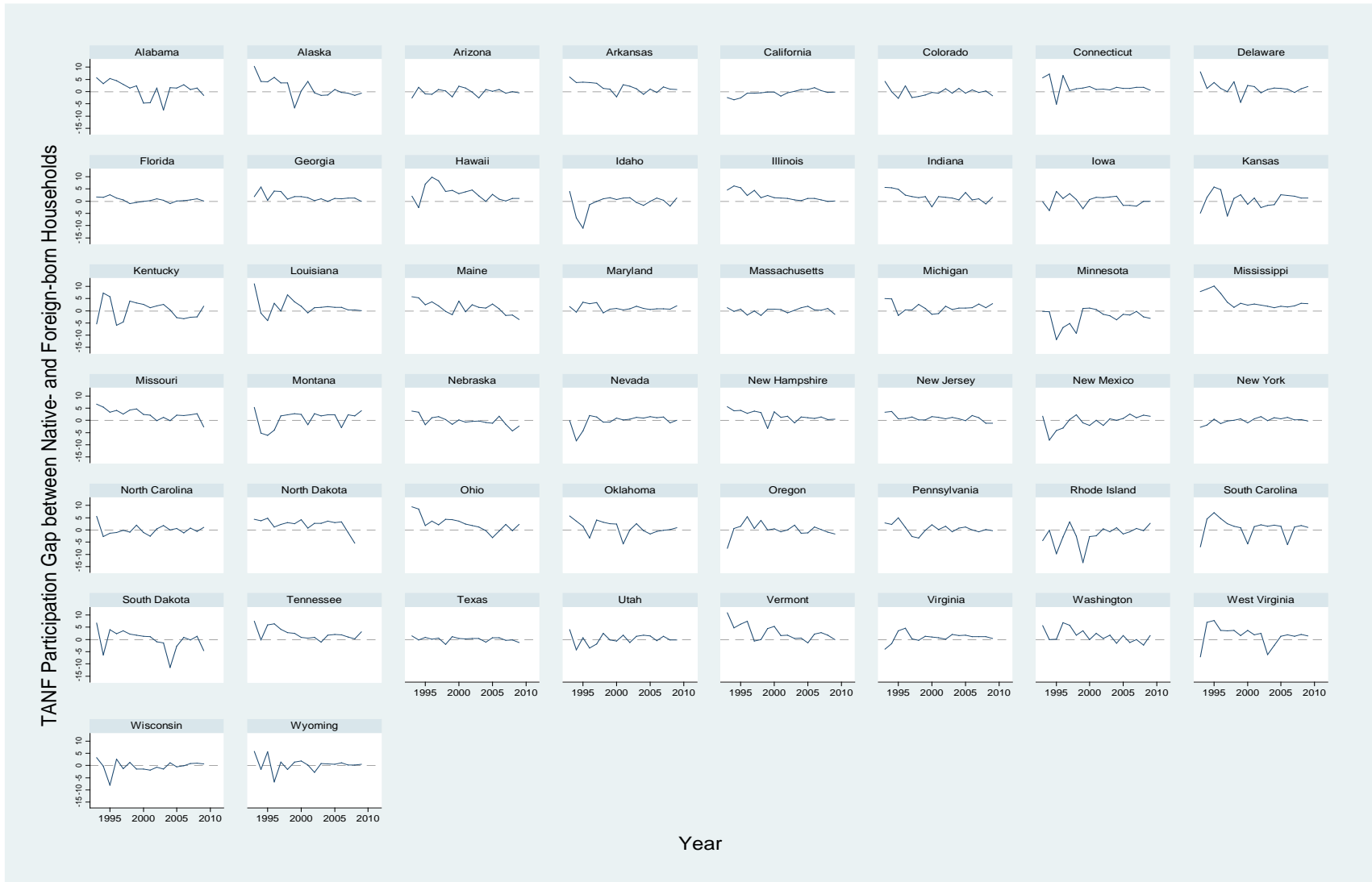


Figure 2: Average TANF Participation GAP between Native- and Foreign-Born Households by State

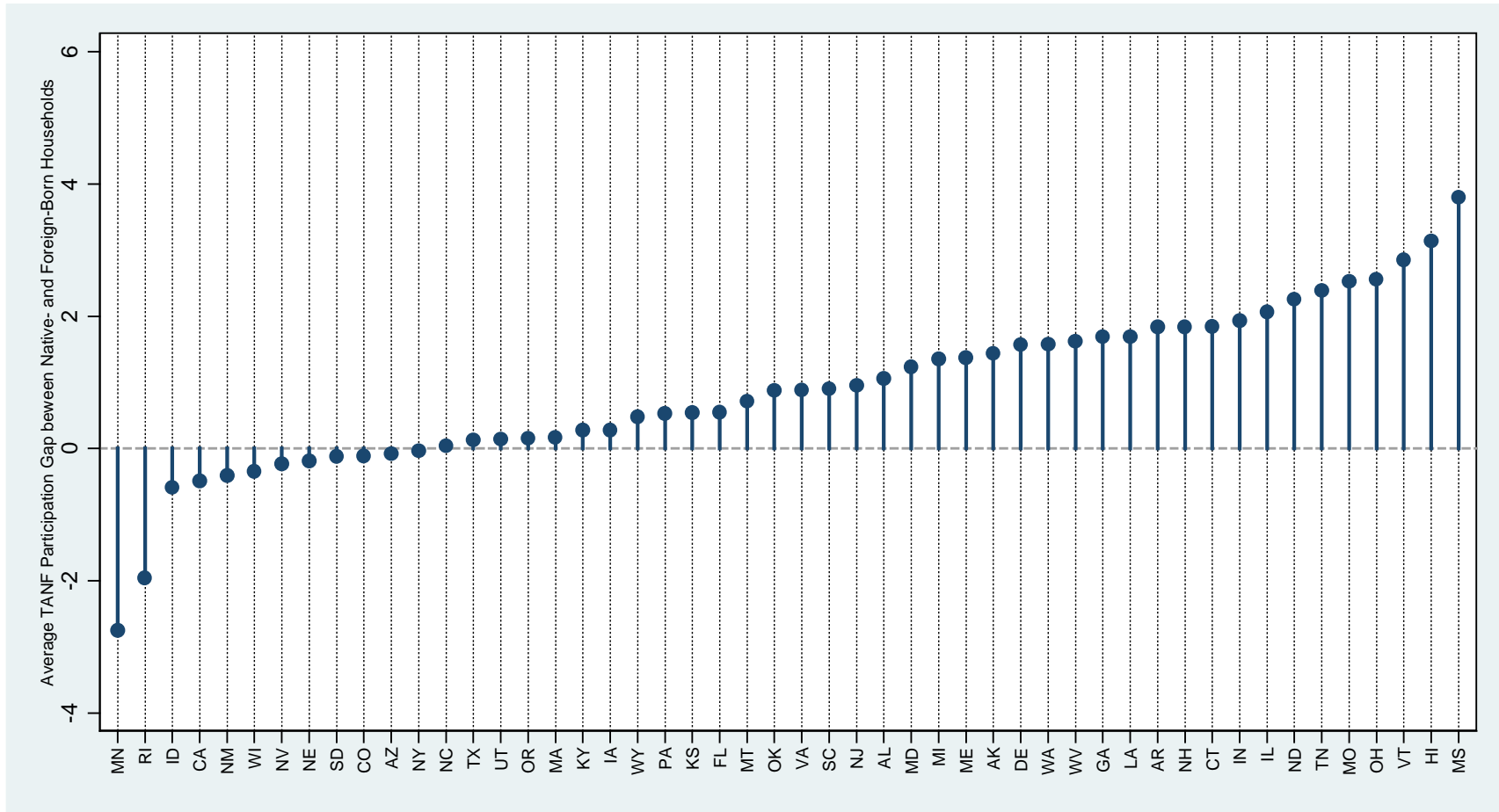
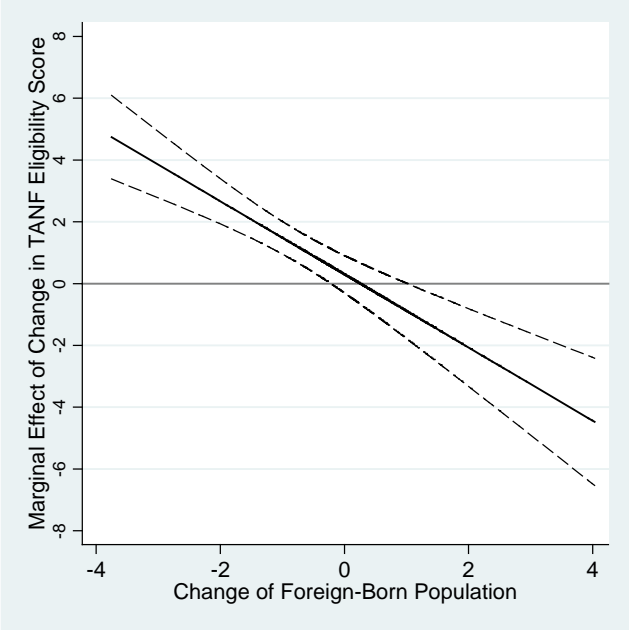


Figure 3: The Interactive Effect of Change in TANF Eligibility Score and Change in Immigration on TANF Participation Gap between Native- and Foreign- Households.

(a) Marginal Effect of Change in TANF Eligibility Score Conditional Upon Change of Foreign-Born Population



(b) Marginal Effect of Change in Foreign-Born Population Conditional Upon Change of TANF Eligibility Score

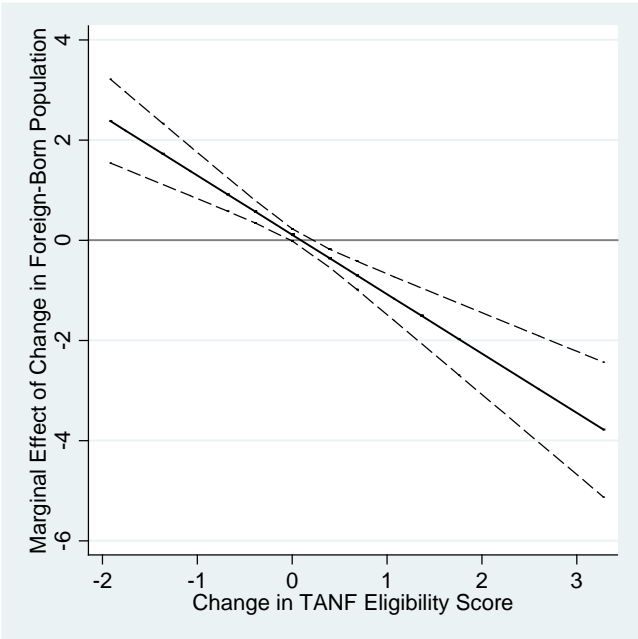
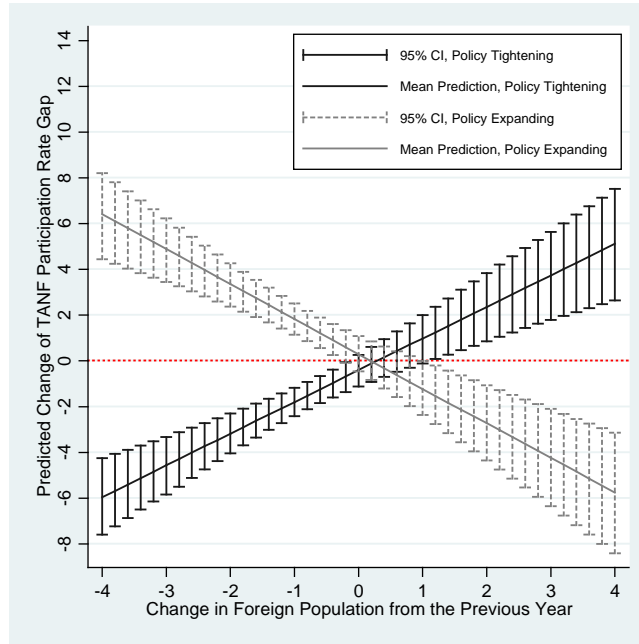


Figure 4: State TANF Policies, Change in Foreign-Born Population, and Predicted Change in TANF Participation Gap

(a) Predicted Changes in TANF Participation Gap in States that Expand or Tighten Immigrant TANF Policy



(b) Predicted Change in TANF Participation Gap in States with Increasing or Decreasing Immigrant Population

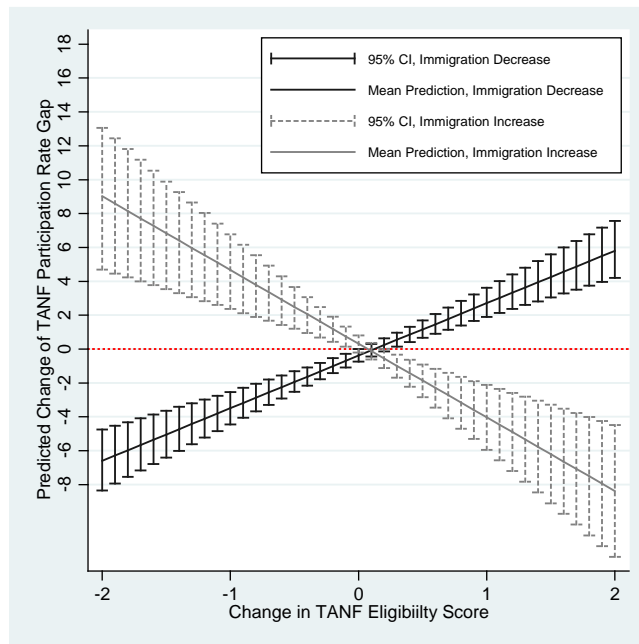
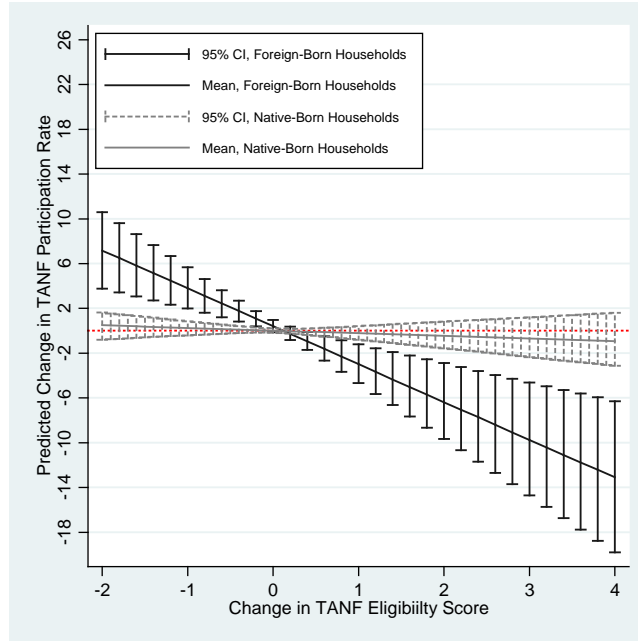


Figure 5. Comparing Changes in Native- and Foreign-Born Households' TANF Participation in States with Different Demographic Changes

(a) Predicted Change in TANF Participation Rates for Native- and Foreign-Born Households in States with Decreasing Immigrant Population



(b) Predicted Change in TANF Participation Rates for Native- and Foreign-Born Households in States with Increasing Immigrant Population.

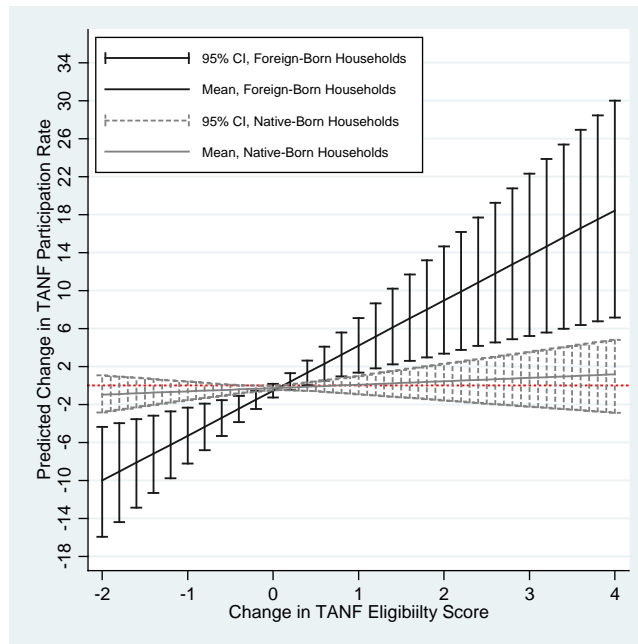


Table 1: Static Model on Native-Foreign TANF Participation Gap, 1998-2009

	Native-Foreign Gap	
	Coeff.	(SE)
Immigration	-0.041**	(0.016)
Immigrant TANF Eligibility	-0.525**	(0.175)
Immigration * TANF Eligibility	0.067***	(0.020)
Diversity	1.668+	(0.863)
Union Density	0.020	(0.020)
Unemployment	-0.122+	(0.072)
Poverty	0.056	(0.047)
Mass Liberalism	3.827	(-3.450)
State Government Ideology	-0.005	(0.007)
% of Democratic State Legislators	-0.411	(1.086)
Gubernatorial Partisanship	0.585*	(0.293)
South	0.213	(0.382)
Port	0.13	(0.191)
Border State	-0.489	(-0.368)
Constant	-0.830	(0.835)
N		499
R-Suare		0.038

Significance levels: + 0.10 level, * 0.05 level, ** 0.01 level, *** 0.001 level

Table 2: Dynamic Models on Native-Foreign TANF Participation Gap, 1998-2009

	Δ Native-Foreign Gap	
	Coeff.	(SE)
Lagged, Native-Foreign TANF Gap	-0.776***	(0.079)
First Difference, Immigrant TANF Eligibility	0.298	(0.309)
First Difference, Immigration	0.108+	(0.062)
First Difference Immigration * First Difference Eligibility	-1.184***	(0.213)
Lagged, Immigrant TANF Eligibility	-0.168	(0.191)
Lagged, Immigration	-0.017	(0.015)
Lagged Immigration * Lagged Eligibility	0.0004	(0.020)
Lagged, Diversity	1.558*	(0.720)
Lagged, Union Density	-0.007	(0.017)
Lagged, Unemployment	0.059	(0.070)
Lagged, Poverty	-0.033	(0.041)
Lagged, Mass Liberalism	5.657+	(2.947)
Lagged, State Government Ideology	-0.001	(0.005)
Lagged, % Democratic State Legislators	0.356	(0.876)
Lagged, Gubernatorial Partisanship	0.425+	(0.239)
Lagged, South	0.194	(0.336)
Lagged, Port	-0.071	(0.145)
Lagged, Border State	-0.348	(0.332)
Constant	-1.419*	(0.699)
<hr/>		
N		509
R-Square		0.432

Significance levels: + 0.10 level, * 0.05 level, ** 0.01 level, *** 0.001 level

Table 3: Dynamic Models on Native-Born TANF Participation Rates and Foreign-Born TANF Participation Rates, 1998-2009

	Δ Native		Δ Foreign	
	Coeff.	(SE)	Coeff.	(SE)
Lagged, Dependent Variable	-0.457***	(0.032)	-0.755***	(0.040)
First Difference, Immigrant TANF Eligibility	0.002	(0.091)	-0.067	(0.274)
First Difference, Immigration	-0.042	(0.032)	-0.144	(0.095)
First Difference Immigration * First Difference Eligibility	0.084	(0.110)	1.247***	(0.333)
Lagged, Immigrant TANF Eligibility	0.101+	(0.061)	0.261	(0.185)
Lagged, Immigration	-0.010	(0.009)	0.009	(0.026)
Lagged Immigration * Lagged Eligibility	0.020*	(0.010)	0.006	(0.031)
Lagged, Diversity	-0.583+	(0.316)	-2.337*	(0.952)
Lagged, Union Density	0.034***	(0.008)	0.064**	(0.024)
Lagged, Unemployment	0.049	(0.032)	0.010	(0.097)
Lagged, Poverty	0.002	(0.016)	0.083+	(0.046)
Lagged, Mass Liberalism	-0.378	(1.278)	-4.137	(3.837)
Lagged, State Government Ideology	0.002	(0.002)	0.002	(0.007)
Lagged, % Democratic State Legislators	0.327	(0.346)	0.282	(1.043)
Lagged, Gubernatorial Partisanship	-0.111	(0.105)	-0.317	(0.317)
Lagged, South	0.002	(0.105)	-0.125	(0.316)
Lagged, Port	-0.025	(0.089)	-0.064	(0.267)
Lagged, Border State	0.553***	(0.155)	0.993*	(0.993)
Constant	0.386	(0.304)	1.001	(1.001)
N	550		550	
R-Square	0.284		0.396	

Significance levels: + 0.10 level, * 0.05 level, ** 0.01 level, *** 0.001 level

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