



United States
General Accounting Office
Washington, D.C. 20548

Health, Education, and
Human Services Division

B-275806

August 13, 1997

The Honorable Daniel R. Glickman
Secretary of Agriculture

Dear Mr. Secretary:

Enclosed are 16 copies of our proposed report, Illegal Aliens: Extent of Welfare Benefits Received on Behalf of U.S.-Citizen Children (GAO/HEHS-97-182). We are providing the draft for your review and comment before it is issued in final form.

Your written comments, which will be included in whole or in part in our final version, should be provided to us no later than September 15, 1997. If you cannot meet the deadline, please contact Gale Harris, Assistant Director, on (202) 512-7235 immediately.

As indicated on the draft report cover, the draft and all of its copies belong, and must be returned on demand, to the General Accounting Office. Also, the report's use is restricted, and its publication or other improper disclosure should be prevented. We appreciate your cooperation and assistance in this matter.

Sincerely yours,

Mark V. Nadel
Associate Director,
Income Security Issues

Enclosures - 16

WR - Illegal Immigs.

B.R.

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about this Report*

GAO

Draft Report to Congressional
Committees

ILLEGAL ALIENS

Extent of Welfare
Benefits Received on
Behalf of U.S.-Citizen
Children

Notice:

This draft is restricted to official use.

This draft report is being provided to obtain advance review and comment from those with responsibility for the subjects it discusses. It has not been fully reviewed within GAO and is, therefore, subject to revision.

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The Honorable Orrin G. Hatch
The Honorable Patrick J. Leahy
Committee on the Judiciary
United States Senate

The Honorable Henry J. Hyde
The Honorable John Conyers, Jr.
Committee on the Judiciary
House of Representatives

In recent years, public concern about illegal immigration has often focused on the costs associated with illegal aliens' use of public benefits and the extent to which these benefits serve as an incentive for immigration.¹ In 1996, the Congress took steps to address these concerns through welfare and immigration reform legislation. In welfare reform legislation—the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193)—the Congress further restricted the already limited access of illegal aliens to federal public benefits and limited their access to state and local public benefits. In addition, this legislation established requirements for states and selected federal agencies to report information to the Immigration and Naturalization Service (INS) on any individual they know is unlawfully in the United States. In the Illegal Immigration Reform

¹An illegal alien is a person who is in the United States in violation of U.S. immigration laws. Such a person may have entered (1) illegally, that is without the Immigration and Naturalization Service inspection (undocumented) or by using fraudulent documentation or (2) legally, under a nonimmigrant visa or other temporary condition but subsequently violated the terms of the visa or other terms of entry.

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and Immigrant Responsibility Act (P.L. 104-208), the Congress addressed several enforcement issues, including the need for improved border control and better ways of deterring the use of fraudulent documents. In this act, the Congress also required that we report on the extent to which means-tested public benefits are provided to illegal aliens for the use of eligible individuals. This is most likely to occur when illegal alien parents--not eligible for aid themselves--receive benefits on behalf of their U.S.-citizen children.

A child born in the United States to illegal alien parents obtains U.S. citizenship at birth regardless of the parents' unlawful immigration status, and, as any other citizen in need, may receive welfare and other benefits for which he or she is eligible. When such a child receives assistance, aid is--in effect--helping to support that child's family, raising concerns about the use of public assistance by those illegally in the United States. This report responds to the mandate for information on the extent to which this occurs, and, as agreed with your offices, discusses (1) how much and at what locations selected federal means-tested benefits are being provided to illegal aliens for the use of their U.S.-citizen children and (2) the nature and extent of fraud or misrepresentation detected in connection with these benefits.

Of the more than 80 federal means-tested programs, we focused on the four largest programs--Aid to Families with Dependent Children (AFDC),² Food Stamps, Supplemental Security Income (SSI), and Department of Housing and Urban Development (HUD) rental

²Welfare reform legislation (P.L. 104-193) ended the AFDC program for all states as of July 1997 and instead provides states with funds through Temporary Assistance for Needy Families (TANF) block grants.

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housing assistance³—likely to provide benefits through an ineligible parent which may benefit an entire household rather than providing benefits or services directly to a recipient as is the case with Medicaid. We conducted fieldwork in three states—California, New York, and Texas—that our preliminary work showed were the principal locations where these benefits were being provided. In addition, we used the most recent AFDC and Food Stamp administrative data available to develop national estimates of the number of households with illegal alien parents receiving benefits for their U.S.-citizen children. We also identified some cases of illegal aliens receiving SSI benefits for their U.S.-citizen children using data from the Social Security Administration. To determine the extent of fraud or misrepresentation detected, we spoke with officials at the national level for each program and in the three states and reviewed available studies.⁴ Appendix I provides more details on our methodology.

³HUD housing programs generally do not provide payments directly to recipients, but do subsidize the rent a household pays.

⁴For the purposes of this study, we use the term "misrepresentation or fraud" to discuss fraud as described in three studies of the AFDC caseload conducted in California counties. These studies consider fraud to exist when previously unreported information that should have been used to evaluate eligibility is discovered during the investigation. More specifically, fraud is said to occur when an individual willfully misrepresents information even though there is no immediate impact on the benefit amount. Further, a finding of fraud occurs when a recipient's willful misrepresentation results in an overpayment of aid or total ineligibility. Lastly, fraud is found to exist if a household voluntarily withdraws from aid or aid is terminated due to failure to cooperate with the study and it is believed reasonable to conclude that fraud existed. We recognize, however, as do the California studies, that the legal definition of fraud requires an offender to be successfully prosecuted and convicted. Only a small number of cases are prosecuted, in part because it is a very time and labor intensive process.

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RESULTS IN BRIEF

Although illegal aliens are not eligible for AFDC and food stamps, in fiscal year 1995 about \$1.1 billion in AFDC and Food Stamp benefits were received by illegal alien parents on behalf of their citizen children. This amount accounted for about 3 percent of AFDC and 2 percent of Food Stamp benefit costs. A vast majority of the households receiving these benefits resided in a few states--85 percent of the AFDC households were in California, New York, Texas, and Arizona and 81 percent of Food Stamp households were in California, Texas, and Arizona. California households alone accounted for \$720 million of the combined AFDC and Food Stamp benefit costs, with such households representing about 10 percent of the state's AFDC and Food Stamp caseloads. Although illegal aliens also receive SSI and HUD housing assistance for their citizen children, data to develop estimates for these two programs were not available.

Comprehensive national statistics on any misrepresentation or fraud perpetrated by illegal aliens acting as payees on behalf of their citizen children are not available. However, a few California counties' studies of AFDC households indicate that the rates and types of potential misrepresentation or fraud are similar both for households headed by illegal aliens and for the general welfare population. In these studies, one of the most commonly cited types of misrepresentation or fraud was the underreporting of income. Income is a key factor in determining program eligibility and benefit amounts, and when misreported can result in overpayment of benefits. The states we visited had procedures in place to verify income; however, officials said that verifying individuals' income from earnings obtained through the underground economy was very difficult--for both illegal aliens and citizens--in part because these earnings are not documented nor reported to state or federal databases used to verify employment and earnings.

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BACKGROUND

An estimated 5 million illegal aliens resided in the United States in 1996, according to the INS. Official estimates, however, are not available on the number of children born to illegal aliens in the United States.⁵ A household composed of illegal alien parents and citizen children gains access to many of the major federal welfare programs by virtue of the child's eligibility. Though it is the child and not the parent in such cases who qualifies for assistance, the benefits help support the child's family.

The AFDC, Food Stamp, and SSI programs generally do not provide direct payment of benefits to minors—children under 18—requiring that their benefits be paid through an authorized representative payee, typically the custodial parent. In such case, the citizenship status of the parent is not a consideration in deciding whom the payee should be.⁶ The rationale is that the parents of eligible children are in the best position to make decisions on how benefits should be spent on behalf of their children. For housing assistance, HUD provides funds to a public housing authority or owner of a housing unit to subsidize the rent for an eligible household. Under HUD rental programs, a household

⁵We recently reported that in 1995 undocumented alien mothers received Medicaid benefits for 78,386 births in California and 24,549 births in Texas. These births respectively represent 14 and 8 percent of all births for these states for the year. See Undocumented Aliens: Medicaid-Funded Births in California and Texas (GAO/HEHS-97-124R, May 30, 1997).

⁶Before P.L. 104-193, the AFDC, SSI, and housing assistance programs were generally not required to report the presence of someone residing in the United States illegally. Food Stamp program regulations require reporting of illegal aliens to INS. In the states we visited, such reporting often focused on those illegal aliens issued a final order of deportation by INS.

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comprised of an illegal alien and a citizen would be eligible for assistance if the citizen met eligibility criteria and assistance was available.⁷

Although parents who are illegal aliens are not eligible for assistance themselves, their incomes and assets are taken into account when determining the eligibility of and benefit amounts for their citizen children. In table 1, the benefit amounts for one child under the various programs are shown. Recipients often receive assistance from more than one program. In fiscal year 1995, about 87 percent of AFDC households also received Food Stamps and 31 percent received housing assistance.⁸ No individual may receive both AFDC and SSI benefits.

⁷Housing benefits are limited by budgetary constraints to about one-fourth of those who are eligible.

⁸Almost all AFDC recipients—97 percent—also received Medicaid. In fiscal year 1994, the average annual Medicaid expenditure for a child on AFDC was \$1,039. Under welfare reform legislation, individuals who meet the eligibility requirements that existed as of July 16, 1996, of their states' now terminated AFDC programs will remain eligible for Medicaid.

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Table 1: Major Federal Welfare Programs with Benefit Amounts for One Child

Program	Maximum monthly benefit amount for one child in fiscal year 1996
Aid to Families With Dependent Children—provides cash assistance to needy families with dependent children who meet states' eligibility criteria	ranges from \$60 to \$514, depending on the state
Food Stamps—provides food assistance for needy individuals who meet federal eligibility criteria	\$119
Supplemental Security Income Program—provides cash assistance to needy blind, disabled, or aged individuals who meet federal eligibility criteria	\$470
Housing and Urban Development Rental Housing Assistance Programs—provide public housing, tenant-based certificates or vouchers, or project-based rental subsidies for private market housing	varies depending on income and rent ^a

^aThe amount of assistance for a household comprised of an illegal alien parent with an eligible child would be prorated based on the number of eligible persons in the household. In this case, the household would receive one-half as much rental assistance as it would if both household members were eligible.

The 1996 welfare reform legislation (P.L. 104-193) made sweeping changes to welfare programs for needy families, but did not directly affect the eligibility of illegal aliens' citizen children. The Temporary Assistance for Needy Families (TANF) block grants that replace AFDC will allow states more flexibility in structuring individual programs.

Federal and state officials stated, however, that U.S.-citizen children of illegal aliens will remain eligible for assistance.

The welfare reform provision that requires reporting of illegal aliens to the INS, however, may have an impact in the longer term. P.L. 104-193 requires that states operating TANF programs, the Commissioner of SSA, and the Secretary of Housing and Urban Development (HUD) periodically provide information to the INS on any individual they

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know is unlawfully in the United States. Federal officials stated that an interagency workgroup is presently determining what level of evidence will be required to establish that someone is known to be unlawfully present in the United States, as well as reporting procedures. No timeframe, however, was available for when agencies and states are to begin reporting known illegal aliens to the INS. If the final regulations for this reporting affect illegal aliens acting as payees for their U.S. citizen children, this could discourage some from seeking benefits for their U.S.-citizen children. Also, the Congress is considering legislation that would deny citizenship to children born in the United States to parents who are not citizens or lawful permanent residents.

AN ESTIMATED \$1.1 BILLION PROVIDED IN AFDC AND FOOD STAMP BENEFITS

An estimated \$1.1 billion—\$700 million under the AFDC program and \$430 million in Food Stamp benefits—was provided to households headed by illegal aliens in fiscal year 1995.⁹ These benefits were provided to illegal alien parents for the well-being of their U.S.-citizen children. The payments represent about 3 percent of total AFDC benefit costs and about 2 percent of total Food Stamp benefit costs.¹⁰ Approximately 153,000 AFDC households—with 309,000 citizen children—had an illegal alien as the head of household or spouse of the head of household. About 224,000 Food Stamp households—with 446,000 citizen children—had an illegal alien as the head of household or the spouse of the head of

⁹We previously reported that for fiscal year 1992 about \$479 million annually, or 2% of federal, state and local AFDC benefits, was provided to the citizen children of illegal aliens. See Benefits for Illegal Aliens: Some Program Costs Increasing, But Total Costs Unknown (GAO/T-HRD-93-33, Sept. 29, 1993).

¹⁰AFDC benefit costs were shared between the federal government and the states, with the federal share being about 55 percent nationally. Food Stamp benefit costs are fully federally funded.

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household. In many cases, these estimates reflect the same households and citizen children, since 94 percent of the AFDC illegal alien-headed households also received Food Stamps, and 65 percent of the Food Stamp households with illegal aliens acting as payees for their citizen children were also receiving AFDC assistance. A summary of estimated benefits provided to these households in fiscal year 1995, by program, is shown in table 2.

Table 2: Estimated Number of AFDC and Food Stamp Households Headed by Illegal Aliens and Benefits Provided to Citizen Children in Fiscal Year 1995

Program	Total households nationwide (in millions)	Estimated households headed by illegal aliens ^a	Percentage of total households	Total estimated benefits provided to households headed by illegal aliens ^a (in millions)	Percentage of total benefits
AFDC	4.9	153,000 ^b	3	\$700	3
Food Stamps	10.9	224,000 ^b	2	\$430	2

^aSee appendix I for the sampling errors associated with these estimates.

^bSince households are likely to participate in both programs, the estimated number of households should not be totaled.

About 76 percent of AFDC and Food Stamp households headed by illegal aliens had one or two citizen children and 24 percent of the households had three or more citizen children receiving benefits. In addition, while most of the illegal alien-headed households had only citizen children in the households, a significant portion (25 percent for AFDC and 30 percent for Food Stamps) had both eligible citizen children and non-eligible illegal alien children.

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Data Not Available to Accurately Estimate

SSI Benefits or HUD Rental Housing Assistance

SSA does not have any comprehensive data on the number of U.S.-citizen children of illegal aliens receiving SSI benefits. Based on the limited data available, we estimated that as of December 1996, at least 3,450 disabled U.S.-citizen children of illegal aliens received benefits at an annualized benefit cost of about \$17.6 million. SSA officials explained that readily available data cannot be used to accurately estimate the total number of cases in which illegal alien parents receive benefits for their citizen children because the citizenship status of payees is not uniformly identified in SSA's automated systems.

Similarly, HUD does not have any data that would allow for an estimate of the number of households in which illegal aliens are receiving rental housing assistance for the benefit of U.S.-citizen children. Before June 1995, citizenship status was not considered when determining the eligibility of individuals for HUD's various rental assistance programs and such information was not collected or maintained on participants. However, recently implemented regulations and provisions included in the immigration reform legislation (P.L. 104-208) prohibit HUD from providing rental assistance to persons other than U.S. citizens and certain qualified noncitizens.¹¹ HUD has begun redesigning its automated databases and data collection instruments to capture information on participant's citizenship and alien status. However, this process is ongoing and the agency is not yet

¹¹Under the law, a public housing authority has the option of, but is not required to, verify the citizenship information provided by program participants.

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able to report the level of assistance being provided to households comprised of both illegal aliens and eligible U.S.-citizen children.

Majority of Cases Located in a Few States

Most illegal aliens receiving AFDC or Food Stamps benefits on behalf of U.S. citizen children are located in only a few states. Over 85 percent of the households with children of illegal alien parents receiving AFDC are located in California, Texas, New York, and Arizona, with the number by state shown in figure 1. The distribution of Food Stamp households headed by illegal aliens is only slightly different, with 54 percent of the cases located in California, 23 percent in Texas, and 4 percent in Arizona.¹² In addition, the majority of SSI cases of illegal alien payees for citizen children that records allowed us to identify were located in California and Texas.

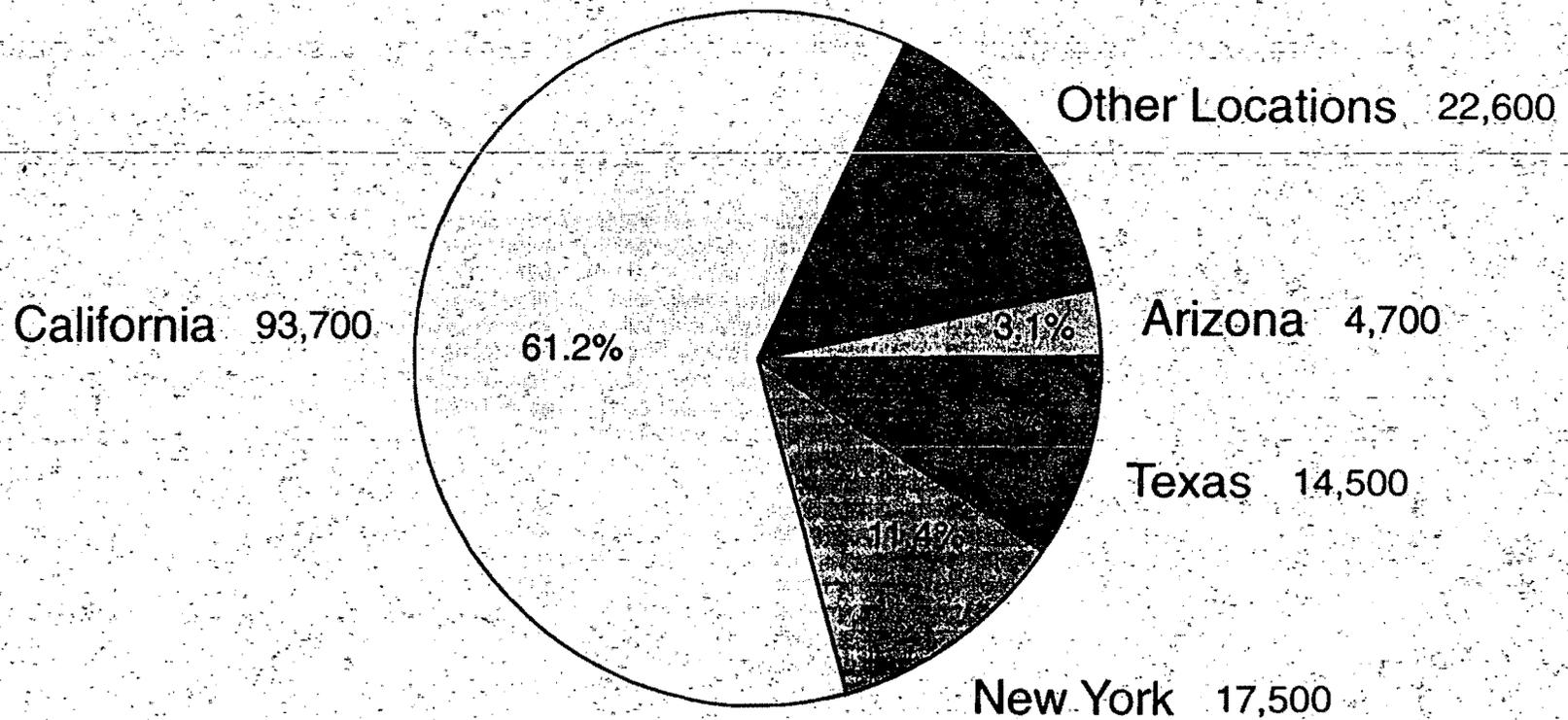
Figure 1: Majority of AFDC Households with Illegal Alien Parents Receiving Benefits on Behalf of U.S.-Citizen Children Is in Four States

Note: See appendix I for sampling errors.

In California, households comprised of illegal alien parents and their citizen children represented about 10 percent of the state's AFDC and Food Stamp caseloads in 1995 and accounted for \$720 million in AFDC and Food Stamp benefits combined. In the other states for which we developed estimates, illegal alien payee cases ranged from 4 to 7 percent of each state's AFDC and Food Stamp caseloads. (See appendix I for more

¹²We were unable to estimate the number of households or benefits being provided under Food Stamps in New York.

Figure 1: Majority of AFDC Households with Illegal Alien Parents Receiving Benefits on Behalf of U.S.-Citizen Children Caseload is in Four States



Note: See appendix I for sampling errors.

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details on the estimated number of households and benefits provided by state and the associated sampling errors.)

DETECTED MISREPRESENTATION OR FRAUD SIMILAR FOR ILLEGAL ALIEN PAYEES AND OTHERS

Although procedures are in place to prevent and detect fraud, comprehensive national statistics on fraud perpetrated by illegal aliens serving as payees on behalf of their citizen children are not available. However, studies of AFDC households in a few California counties with large populations of illegal aliens serving as payees indicate that there is little difference in the rate and type of misrepresentation or fraud detected for them and others receiving benefits. For both illegal alien payees and other recipients, the misreporting of income and household composition, i.e., unreported members actually living within a household, are the two most frequently detected types of misrepresentation or fraud.

Various Methods Used to Prevent and Detect Fraud

To prevent and detect misrepresentation or fraud, federal, state, and local agencies use various approaches in processing applications for benefits, ensuring the continued eligibility of recipients, and maintaining payment accuracy for the AFDC, Food Stamps, and SSI programs.¹³ While each of these programs has different goals, all require

¹³The HUD rental housing assistance programs require all applicants to self-certify their status as either citizens or eligible non-citizens to establish eligibility for assistance. However, current regulations do not require verification of an applicant's citizenship

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individuals or families to meet certain eligibility criteria. Typically, for all applicants, including U.S.-citizen children of illegal aliens, proof of citizenship and a social security number must be presented to establish program eligibility. In addition, since these are means-tested programs, the income and resources of an applicant's household cannot exceed specific limits set by each program. Benefits, based on total household income, are then computed for the eligible family members.

The amount of household income and other resources are verified at the time of application and, for successful applicants, periodically thereafter to ensure continued eligibility and payment accuracy. Applicants must provide proof of income and resources such as pay stubs, vehicle registration forms, and rental agreements. For the AFDC, Food Stamp, and SSI programs, officials, using applicants' social security numbers, access the Income and Eligibility Verification System (IEVS) or use computer matching with other databases to corroborate information provided by applicants.¹⁴

In addition to the verification procedures used during the application process and periodic reviews, some states take further steps to aid in detecting and preventing misrepresentation or fraud. For instance, all AFDC applicants in New York City are required to participate in office interviews and home visits by investigative staff to validate application information. As a result of these investigations, approximately 35 percent of new applicants never receive benefits, according to city officials. In California

status for all of HUD's rental housing assistance programs.

¹⁴Federal law requires states to use the Income and Eligibility Verification System for several programs, including AFDC and Food Stamps. Using this computerized system, states can validate social security numbers and identify such things as earnings, assets, and receipt of other forms of aid by applicants and recipients.

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and Texas, cases are referred to investigators for additional reviews, including home visits, if fraud is suspected. Although the officials we spoke with generally agreed that intensive screening is very effective, it is also very resource intensive and costly.

Under the AFDC and Food Stamp programs, all states have been required by federal regulations to conduct quality control reviews of a sample number of cases to ensure that benefit amounts are correct. These reviews include verification of eligibility and income data. Although the quality control program is not a requirement under TANF, states may continue the program at their option.

In addition to the application and review procedures, some federal agencies, states, and localities train staff to identify fraudulent documents and provide updates on the latest counterfeit documents. For example, SSA staff are trained to use black light equipment to determine whether documents submitted in support of SSI benefit claims are authentic. Staff are also trained to use interview techniques to better identify misrepresentation by applicants.

Incidence and Types of Misrepresentation or Fraud Detected Similar for Illegal Alien Payees and the General AFDC Population

National studies on the nature and extent of misrepresentation or fraud by illegal aliens obtaining benefits for their citizen children are not available. However, results from a few California county studies indicate that the types and frequency of misrepresentation or fraud in cases where illegal aliens receive AFDC benefits for their U.S.-citizen children are similar to that of the general AFDC population. Based on a random sample of 450

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AFDC cases, a 1997 Orange county study¹⁵ identified potential misrepresentation or fraud in 201 cases, representing 38 percent of the illegal alien payee cases and over 46 percent of all other cases. The figures reported by this study are higher than those usually detected by AFDC and Food Stamp quality control reviews due to differences in definitions and approach.¹⁶ Also based on random samples, two additional studies conducted in Los Angeles and Fresno counties identified potential misrepresentation or fraud in 42 to 45 percent of the AFDC cases involving illegal alien payees.¹⁷ In these two studies, about one-half of the cases in which misrepresentation or fraud was identified resulted in an overpayment of benefits. In the other cases, the incorrectly reported information did not have an impact on benefit amount.

¹⁵Generally, the AFDC cases also received Food Stamps. County of Orange Fraud Incidence Study: A Joint Effort of the California Department of Social Services and Orange County Social Services Agency and District Attorney, Orange County, California, April 1997.

¹⁶These higher rates are due in part to the Orange county study's broad definition of misrepresentation or fraud that included any case in which investigators discovered unreported information that should have been reported and used to evaluate eligibility, even if no overpayment of benefits resulted. In 134 of the 450 cases, recipients were overpaid benefit amounts totaling 9 percent of the combined AFDC and Food Stamp benefits paid in a typical month to the 450 cases. The amount of overpaid benefits reported in the study is also higher than usually identified in quality control reviews and may result from differences in the approaches and methods used by the study investigators and quality control reviewers. For example, investigators in the Orange county study made unannounced home visits while quality control reviewers generally send notification letters to all involved households.

¹⁷Fresno County Child-Only Study: A Joint Effort Between the County of Fresno Department of Social Services, the Office of the District Attorney, and the California Department of Social Services; County of Fresno, California, January 1995. Child-Only Study: Final Report, prepared by the Welfare Fraud Prevention and Investigations Section, Department of Public Social Services, Los Angeles County, California, January 1996.

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Misreported or unreported income and misrepresented household composition were the most commonly cited types of misrepresentation or fraud identified in all three of the California studies.¹⁸ The types found in cases involving illegal alien payees did not differ from those of the general AFDC population. Moreover, officials in New York and Texas also identified misreporting of income and household composition as the most common types of misreporting among AFDC child-only cases (those without an adult recipient)¹⁹ and the general AFDC population.

According to one of the California studies, 81 percent of the misreported income cases involved cash obtained by applicants from sources that made verification virtually impossible because there are no records of the financial transactions.²⁰ This study uses the term "underground economy" to refer to a source of income from which individuals are paid in cash and their earnings are not reported to the Internal Revenue Service or the state. In addition, officials in California, Texas, and New York cited the difficulties of verifying income that individuals—both illegal aliens and citizens—derive from the underground economy. Moreover, because illegal aliens lack social security numbers, which serve as the basis for reporting through IEVS, verifying income for this population is difficult.

¹⁸Misrepresenting household composition includes situations in which not all members of the household are reported, an absent parent is actually living in the home, or a child is not living in the reported residence.

¹⁹A child-only case is defined as an AFDC case in which the adult/caretaker is excluded from receiving benefits due to (1) receipt of SSI benefits, (2) undocumented alien immigration status, (3) failure to cooperate with program requirements such as work or child support enforcement, or (4) lack of need.

²⁰County of Orange Fraud Incidence Study, April 1997.

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AGENCY COMMENTS AND OUR EVALUATION

To come.

As required by the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, we are sending copies of this report to the Inspector General of the Department of Justice. We are also sending copies to the Secretaries of Agriculture, Health and Human Services, Housing and Urban Development, and the Commissioners of the Social Security Administration and the Immigration and Naturalization Service. We will also make copies available to others upon request.

Please contact me at (202) 512-7215 if you have any questions concerning this report or need additional information. Major contributors to this report are listed in appendix III.

Sincerely yours,

Mark V. Nadel
Associate Director
Income Security Issues

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APPENDIX I

METHODOLOGY

To estimate the locations, number of households involved, and amount of AFDC and Food Stamp benefits provided to illegal alien-headed households, we used administrative databases composed of statistically valid samples of households nationwide receiving benefits under each of these programs. The source data were AFDC and Food Stamp households selected for quality control reviews from October 1994 through September 1995—federal fiscal year 1995. The Department of Health and Human Services' Administration for Children and Families for AFDC and the Department of Agriculture's Food and Consumer Service for Food Stamps use the sample data to estimate state error rates related to eligibility and payment amount.

As part of the quality control reviews done for both the AFDC and Food Stamp programs, the citizenship or immigration status of household members, such as the parents of a U.S.-citizen child receiving benefits, is obtained by program officials. To develop our estimates of households headed by illegal aliens receiving benefits under these programs, we selected sampled households identified through this process as headed by an illegal alien, or by an individual whose spouse was an illegal alien. Because for some individuals the data did not precisely capture the exact immigration status or the status could not be determined, there may be additional households headed by illegal aliens that we were unable to identify and are not included in our estimate.

For each of the selected households headed by an illegal alien, we obtained from the sample case file information on the dollar amount of benefits received by the recipient

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household for the sample month, projected the yearly dollar amount of such benefits received by the household and confirmed that the benefits were received on behalf of U.S.-citizen children in the household. We applied the sample weights to develop our estimate for the nation or a specific state. For those states that had a large enough number of households headed by illegal aliens, we were able to develop an estimate for that state. Under AFDC, we were able to estimate the number of such households and benefits received in Arizona, California, New York, and Texas. Under Food Stamps, these states were Arizona, California and Texas.

Because our estimates are based on samples, they are subject to sampling error. Table I.1 shows each of our estimates and indicates the extent of the estimate's sampling error by showing the 95 percent confidence interval around that estimate. There is a 95 percent chance that the actual total falls within that interval.

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Table I.1: AFDC and Food Stamp Estimates and Confidence Intervals

Program	Estimated number of households headed by an illegal alien	Confidence interval (+ or -)	Estimated dollars of benefits received per year	Confidence interval (+ or -)
AFDC				
National	153,000	17,000	\$700,000,000	\$100,000,000
Arizona	4,700	1,000	\$12,340,000	\$2,700,000
California	93,700	15,500	\$512,000,000	\$93,100,000
New York	17,500	5,000	\$82,000,000	\$24,700,000
Texas	14,500	3,500	\$16,000,000	\$ 4,100,000
Food Stamps				
National	224,000	27,000	\$430,000,000	\$60,000,000
Arizona	9,200	2,300	\$ 16,000,000	\$4,700,000
California	120,700	23,000	\$208,000,000	\$44,600,000
Texas	52,600	12,200	\$122,500,000	\$36,200,000

We discussed and obtained concurrence from personnel of the Administration for Children and Families for AFDC and the contractor for the Food and Consumer Service for Food Stamps regarding our estimating procedures.

Because of variances in how SSI cases comprised of disabled children with illegal alien payees are identified in SSA automated systems, we could not develop an accurate estimate of the number of these cases. However, we statistically sampled available recipient caseload data to estimate a minimum number of disabled child cases in which one or both of the parents were illegal aliens, as of December 1996. Our sample included

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a sufficient number of cases from California and Texas to allow us to provide estimates for those states. Also, based on the benefits being provided to the children in our sample, we estimated the dollar amount of benefits paid to the children during the month of December 1996.

Because our figures are based on samples they are subject to sampling error. Table I.2 shows each of our estimates and indicates the extent of the estimate's sampling error by showing the 95 percent confidence interval around that estimate. There is a 95 percent chance that the actual total falls within that interval.

Table I.2: SSI Estimates and Confidence Intervals

Program estimates	Estimated number of illegal alien payees (Dec. 1996)	Confidence interval (+ or -)	Estimated dollars of benefits received (Dec. 1996)	Confidence interval (+ or -)
Total	3,450	101	\$1,466,601 ^a	\$74,392
California	2,178	63	\$947,759	\$54,536
Texas	755	57	\$314,482	\$35,207

^aEstimated to be an annualized benefit cost of about \$17.6 million.

Since AFDC and Food Stamp quality control data are reviewed by the Administration for Children and Families, the Food and Consumer Service, and the states, and SSI data are reviewed by SSA, we did not independently examine the computer controls nor verify the accuracy of this data. Except for this limitation, we conducted our review in accordance with generally accepted government auditing standards between December 1996 and July 1997.

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APPENDIX II

AGENCY COMMENTS

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APPENDIX III

GAO CONTACTS AND ACKNOWLEDGEMENTS

Contacts

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Acknowledgements

In addition to those named above, Deborah A. Moberly co-authored the report and John G. Smale, Jr., carried out the analyses related to estimating the AFDC and Food Stamp benefits being provided. Carlos J. Evora and Anndrea H. Ewertsen contributed significantly to all the data-gathering and analysis efforts.

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RELATED GAO REPORTS

Undocumented Aliens: Medicaid-Funded Births in California and Texas (GAO/HEHS-97-124R, May 30, 1997).

Illegal Aliens: National Net Cost Estimates Vary Widely (GAO/HEHS-95-133, July 25, 1995).

Illegal Aliens: Perspectives on the Issues Associated with Illegal Aliens (GAO/T-OGC-94, June 24, 1994).

Illegal Aliens: Assessing Estimates of Financial Burden on California (GAO/HEHS-95-22, Nov. 28, 1994).

Benefits for Illegal Aliens: Some Program Costs Increasing, But Total Costs Unknown (GAO/T-HRD-93-33, Sept. 29, 1993).

(106906)

WR - Illegal Immigrants

TALKING POINTS ABOUT ILLEGAL IMMIGRANTS

New Republican ad says Clinton "supports welfare for illegal immigrants". Flashes card that says "And Clinton still supports giving welfare benefits to illegal immigrants."

Facts:

- * Clinton Administration opposes welfare benefits for illegal immigrants. Always have, and always will.
- * This is already the law. Illegal immigrants are ineligible for AFDC, Food Stamps, SSI, and Medicaid. Those programs all check aliens' status to ensure they are legal. Illegal immigrants are only eligible for emergency medical assistance -- an exception which Dole endorsed in his speech Tuesday. Next time, the Republicans should check the books.
- * The President's welfare reform plan maintains the current bar on welfare benefits for illegal immigrants.
- * Once again, the Republicans are making up phony differences on welfare reform where there are none. They should stop playing politics and get welfare reform done.



RNC NEWS RELEASE

NU. 611 P001/003

Haley Barbour
Chairman

Evelyn W. McPhail
Co-Chairman

FOR IMMEDIATE RELEASE:
May 23, 1996

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GOP AIRS NEW TV ADS: HIGHLIGHTING PRESIDENT'S WELFARE REFORM WAFFLING

*Statement by Republican National Committee (RNC) Chairman Haley Barbour
RNC News Conference Washington, D.C.*

In February of this year, George Stephanopolous said on national television that the President had "kept the promises he meant to keep." Judging from Bill Clinton's record, it appears "ending welfare as we know it" was not one of those promises he meant to keep.

Despite Clinton's election year rhetoric, during his first two years in office, when he had a Congress controlled by his own party, there was never even a vote in Congress on welfare reform.

Late last year, Republicans, true to their word, sent Bill Clinton a welfare reform bill. It was a plan that would have brought genuine welfare reform -- an end to the terrible cycle of dependency, illegitimacy and despair that characterizes our welfare system. It would have returned power and resources back to the states, where the only successful welfare reform efforts have taken place. The bill had such bipartisan support that it had passed the Senate 87 - 12. Clinton said he liked the plan. But when it came to his desk, he vetoed it.

Clinton got another chance. Republicans sent him the bill again in January. And in the dark of night, hoping to escape notice, Bill Clinton vetoed welfare reform again. He vetoed welfare reform twice. He vetoed his own promise twice.

In addition, when all 50 of the nation's governors got together this year and offered a bipartisan proposal to reform welfare and Medicaid -- Clinton, after initially praising the proposal, issued a veto threat through his Health and Human Services Secretary Donna Shalala. Legislation based on this proposal by the nation's governors was introduced in Congress this week, and we are already hearing Clinton will veto it.

Bill Clinton flip-flops on welfare reform so much that he and his staff get confused. Just this week, the president gave Wisconsin Governor Tommy Thompson's
-more-



bold welfare reform plan a ringing endorsement. Two days later, Clinton's Deputy Chief of Staff Harold Ickes told reporters, "I don't know if we have problems or not" with the Wisconsin plan. Ickes refused to say whether the president would even grant the waiver for the Wisconsin plan Clinton said he liked so much. Even the *Washington Post* wrote Clinton's endorsement of Thompson's plan had "the feel of a trick, not of a conviction." (5/20/96)

Today I am announcing a new national advertising campaign about welfare reform. This is another in the RNC's series of issue ads designed to highlight the differences between Bob Dole and Bill Clinton, between Republicans and Democrats. And between Bill Clinton and Bill Clinton. On the issue of welfare reform, the differences could not be more clear. Bob Dole and Republicans in Congress have kept their promises to reform our failed welfare system.

On the other hand, while Bill Clinton promised during his 1992 campaign to reform welfare, and is currently running ads promising welfare reform, we have learned welfare reform is something Bill Clinton loves to talk about, but doesn't want to do anything about.

This ad reminds viewers about Bill Clinton's campaign promise to 'end welfare as we know it.' Then it lists the elements of welfare reform Clinton vetoed when he twice vetoed Republican welfare reform bills: requiring able bodied people to work; setting time limits for welfare; and ending welfare for illegal immigrants. The Clinton rhetoric, the ad says, doesn't match the Clinton record.

Senator Moynihan said it best, talking about Bill Clinton's exploiting welfare reform as a political issue: "The White House was using welfare reform ... as boob bait for the bubbas." (*The New York Times*, Jan. 8, 1994)

Bill Clinton knows the American people want welfare reform. That's why he's always saying he supports it. George Stephanopolous also said that "In this White House, words are actions." The American people know the difference between actions and words. And while Bill Clinton can -- and I am sure will -- talk a great game on welfare reform again this year, just as he did in 1992, the American people won't be fooled twice.

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03/23/96 11:23

NO. 511 P003/003

Republican National Committee

"Fool Me Once"

:30 TV

5/23/96

Video:

Rhetoric vs. Reality Graphic

Clinton Footage

Clinton Record on Welfare

- Vetoes welfare reform twice.

- Vetoes work requirements for the able bodied.

- Vetoes time limits.

- Supports welfare for illegal immigrants.

Rhetoric vs. Reality Graphic

Clinton Footage

America needs real welfare reform.

***Paid for by the Republican National
Committee.***

<http://www.rnc.com>

Audie:

ANNOUNCER (vo): Compare the Clinton rhetoric with the Clinton Record.

Bill Clinton: We need to end welfare as we know it.

VO: But he vetoed welfare reform not once but twice.

He vetoed work requirements for the able bodied.

He vetoed putting time limits on welfare.

And Clinton still supports giving welfare benefits to illegal immigrants.

The Clinton rhetoric hasn't matched the Clinton record.

Bill Clinton: "Fool me once shame on you. Fool me twice shame on me."

VO: Tell President Clinton you won't be fooled again.