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EVIDENCE FROM THE UNITED STATES**

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# The Political Externalities of Immigration Evidence from the United States

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## Abstract

In a standard median voter model, low-income immigration increases the size of the welfare state. Other research suggests evidence for a group-interested voter model, which predicts that welfare will shrink with an increase in low-income immigration. We contend that neither model accurately describes political reality after testing these theories with United States data from 1970 to 2010. We use a variety of measures for welfare and related public spending such as K-12 education, Medicaid, and unemployment insurance. Contrary to expectations from previous work focused on Europe, we find that the amount of immigrant-driven ethnic and racial diversity does not have a significant effect on these spending areas, whether considered in total expenditure or per capita. This could be due to countervailing pressures from these two models of voter motivation or due to factors unrelated to immigration, such as differences in institutions.

**Keywords:** Behavioral Economics; Immigration; Redistribution; Political Economy; Public Economics

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It is one thing to have free immigration to jobs. It is another thing to have free immigration to welfare. And you cannot have both. *Milton Friedman*<sup>1</sup>

## 1 Introduction

Opposition to immigration is a bipartisan issue. Since many predict that open or liberalized immigration will result in an influx of impoverished foreigners who will grow the welfare system, both proponents and opponents of the welfare state favor immigration restriction. Proponents fear decline or collapse of the system, whereas opponents fear expansion of its size and scope. Building on previous work on the welfare and immigration connection, this paper investigates whether these immigration fears are well-founded by analyzing how immigration and immigration driven increases in ethnic and racial diversity (diversity) on the size of welfare in the United States in recent decades.

There are two competing theories of voter motivation predominant in the literature. The standard view posits a world where narrowly self-interested voters use the political system to maximize their payoff after redistribution. In this model, the introduction of low-income immigrants result in a widening gap between median and mean income, thus an increase in per-capita redistribution as the new citizens vote to increase the level of tax and benefits, taking advantage of their new home's prosperity.

Another model, which we will formalize, posits a *group-interested* voter motivation where voters care about outcomes for their group and not simply their own material well-being. If this form of motivation dominates at the polls, support for welfare among the native population will diminish if a larger proportion of government funds are diverted from the native group to support outsiders. Such a model is consistent with the research of Alesina, Glaeser, and Sacerdote [4] who have argued that higher levels of ethno-racial heterogeneity (diversity) in the U.S. explain its lack of a European-style welfare state. In this view, it is

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<sup>1</sup>Friedman was an advocate of free immigration, but thought that most immigration was only good so long as it remained *illegal*, since these immigrants would not qualify for welfare. Friedman originally made this point in a public lecture entitled *What Is America?* [24]

not social democratic ideology that best explains the extensive welfare states of Europe, but ethnic and racial homogeneity, i.e. diversity.

Our contribution is to (a) formalize the group-interested theory and (b) empirically determine the relationship between welfare and immigration in the U.S. Whereas previous work has focused on European polities and the African-American population in the United States [4], we use U.S. state level data on several measures of spending and immigrant demographics in our analysis. State governments have wide latitude in determining their level of spending on many different types of welfare, such as the size of benefit levels for Temporary Assistance for Needy Families (TANF), food stamp (SNAP), and other welfare programs [30] as well as total spending for those and other programs. Our novel method of comparing state levels of foreign born populations and immigration driven increases in diversity over time to the size of welfare benefits over a long time horizon will help determine the impact of immigration on the size of the welfare state.

Studies of the United States use the proportion of blacks to measure diversity [4, 22]. However, that is an incomplete measurement because the proportion of blacks does not capture diversity: 72.9 percent of U.S. foreign born are neither white nor black [34], so any attempt to measure the impact of immigration on the welfare state must focus on the ethnic and racial groups that dominate the immigrant flow.

Our paper compares several measures of the size of the welfare state. First, we compare the benefit levels for TANF, K-12 education, Medicaid, and unemployment insurance with the proportion of Hispanics, blacks, and Asians, foreign-born (immigrants), and unauthorized immigrants per state over several decades. Benefit levels are the maximum dollar value of government benefits available per beneficiary per month. For instance, a family of 3 in Texas on TANF can get a maximum benefit of \$119 a month in 2010. That is not a measure of the total spending on TANF divided by the number of beneficiaries. Benefit levels are just the dollar value textitavailable to beneficiaries, which is one common measurement of the size of the welfare state. Second, we compare the total spending on TANF, K-12 education,

Medicaid, and unemployment insurance by state with the proportion of Hispanics, blacks, and Asians, the proportion of foreign-born (immigrants), and the proportion of unauthorized immigrants per state over several decades.

The paper is organized as follows: Section 2 describes the two models of voter motivation referenced above; Section 3 describes the data and empirical strategy; Section 4 provides a discussion of estimation results and robustness checks; Section 5 concludes.

## 2 Models of Voter Motivation

### 2.1 Self-Interested Voter Model

The use of “economistic” assumptions like self-interested motivation, along with methodological individualism, has long been the defining characteristic of public choice economics. Early work in the field was openly hostile to romanticized ideas of “public-” or “group-” interest, and for the most part little has changed. Politicians and voters will act the same in the context of politics as any other context; they act in accordance of what maximizes their utility, which is mostly determined by their wealth. Applying this model of voter motivation to the connected issues of immigration and redistribution predicts immigration liberalization will result in higher levels of redistribution through a variety of mechanisms.

For our self-interest model we refer to Meltzer and Richard (1981) [23]. In this model of the “optimal” size of government, the only function of government is redistribution, so voters choose a tax rate and corresponding redistributive payment that all citizens receive. The decisive (median) voter chooses a tax rate that maximizes his post-redistribution income; this rate will be higher the larger the difference between his income and the mean income. Since immigrants are predominantly poor, immigration increases the distance between mean and median incomes, thus increasing the level of redistribution.

To illustrate, consider a model where income is Pareto-distributed and every voter chooses a flat tax and receives an equal proportion of the total amount of collected taxes. Following

Meltzer-Richard, the utility function is assumed to be a strictly concave function  $u(c, l)$  for consumption,  $c$ , and leisure,  $l$ , both normal goods. The individual's endowment consists of an ability to produce and a unit of time that he allocates to labor,  $n$ . An individual with productivity  $x$  earns pretax income,

$$y(x) = xn(x) \tag{1}$$

Tax revenues finance lump-sum redistribution of units of consumption per capita, and taxes are levied against earned income. The tax rate is a constant fraction of earned income. There is no saving and consumption equals disposable income. The decisive (median) voter chooses a tax rate that maximizes his utility, knowing that higher taxes rates will disincentivize productive citizens to work. The key results of this model are that voters with income below the income of the decisive voter will favor higher taxes and more redistribution, while the voters with income above the decisive voter desire lower taxes and less redistribution. Since immigrants are, as a rule, generally below the median income, on the margin they will favor higher levels of redistribution.

In the real world, several other models of voter motivation could lead to the same conclusion as the self-interested model. <sup>2</sup>

## 2.2 Group-Interested Voter Model

While it is reasonable to assume humans act in primarily self-interested ways, the rational choice framework may easily be misapplied to the act of voting. The probability of casting the decisive vote in virtually any election is infinitesimal. Since the act of voting is costly, from the perspective of maximizing their material self-interest, voters are better off staying

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<sup>2</sup>Immigrants could migrate and then fail to secure employment once arriving, becoming welfare dependent as a result; this would increase the size of the constituency over time that supports welfare [9]. Alternatively, since immigration increases economic inequality, it could influence both immigrants and natives who dislike inequality to vote for pro-welfare political parties [2]. Immigrants also tend to be younger and have higher fertility rates than natives, increasing the amount of welfare spending for children [32]. Yet another formulation is that welfare decreases economic competition between natives and immigrants, producing a higher degree of solidarity between those two groups and more support for welfare [25].

away from the polls. This realization has led some social scientists to consider alternative voter motivations. Of particular interest to us is group-interested voter motivation, where voters derive utility from supporting causes that favor their group, usually ethnic or racial, even if they themselves do not receive a direct payoff from the policy. For example, according to the General Social Survey, high-income blacks are much more likely to vote Democratic and support welfare than poor whites who would actually qualify for these programs. Jewish voters in the U.S. are far more supportive of Israel than the median voter. Group conflicts have been shown to be more empirically relevant to political life in general [28, 6].

Applying the group-interested voter motivation to the issue of welfare, voters support welfare when it enriches members of their group. This might explain, for instance, why people in every country are more supportive of welfare for their own citizens than they are of foreign aid initiatives. When considering the issue of immigration, group-interest could explain why redistribution enjoys far more support in less-diverse European countries but is relatively unpopular in the diverse United States [4, 25, 26, 32].

We will use the same assumptions as in the self-motivation save one: voters gain utility from voting for the tax and redistribution package which maximizes the welfare of their group instead of themselves. Each voter belongs to some relevant group  $g$ ; for simplicity we will consider only two groups, immigrants  $I$  and natives  $N$ . In the pre-immigration equilibrium, everyone belongs to group  $N$  and chooses a tax rate  $\tau$  and corresponding redistribution level  $r$  that maximizes the total utility

$$u = f(\tau, r) \tag{2}$$

Once the immigrant group is added to the population, tax rate  $\tau$  now corresponds to a smaller proportion of  $r$  for each member of group  $N$ . If  $\rho$  is the proportion of the population belonging to the native group, for total taxes  $T$  collected

$$r = (1/N) \times \rho \times T \tag{3}$$

Therefore, a fall in  $\rho$  will result in a decrease in support for redistribution for each member of the native group relative to the pre-immigration equilibrium.

In this case, the inclusion of the immigrant group has an ambiguous effect on native support for welfare. If the immigrant group is a minority of voters with a lower mean income than the native group, as is the case for most immigration to the U.S., then native support for welfare will decline with immigration. Simply stated, the proportion of each dollar collected in taxes distributed to other natives has declined. Since each voter only cares about the welfare of his own group, on the margin each voter will decrease support for redistribution when the size of the immigrant group increases.

This model predicts a negative relationship between immigration and welfare, which has been suggested by previous research [5, 21]. Some researchers suggest that interpersonal altruism is linked to race for evolutionary reasons [4]. These theories suggest “racial fragmentation... and the disproportionate representation of ethnic minorities among the poor clearly played a major role in limiting redistribution” in the U.S. compared to other developed nations which have larger welfare states and less diversity [4, 32]. The U.S. has at least 3 times as much diversity as any country in Northern Europe [1], which might explain why the United States welfare state is generally smaller than the European one. This also means that increasing diversity could be a concern for the political supporters of the welfare states of Europe: in 2000, over 50 percent of the European population was concerned about immigrant abuse of the welfare, with those living in nations with higher social expenditures convinced that immigrants are more likely to abuse welfare [7]. A Norwegian survey about the political feasibility of introducing a minimum income found that 66 percent of Norwegians initially favored the scheme. However, merely mentioning that non-Norwegians residing in the country would receive the same benefits reduced support for the program to only 45 percent [5]. In Sweden, increased immigrant population share led to less support for redistribution among native Swedes according to surveys conducted every election year by the Swedish National Election Studies Program [12]. Furthermore, some authors have



suggested that immigration has given new life to political parties that bundle anti-welfare policies with xenophobic policies [18]. Diversity can also explain variances in government supplied services across U.S. cities, metropolitan statistical areas, and urban counties [3]<sup>3</sup>

## 3 Data and Empirical Strategy

### 3.1 Data

We constructed a unique data set of TANF benefit levels per family of three in every state for specific years going back to 1970. The Urban Institute compiled some TANF benefit level data since the mid-1990s which we used to confirm our findings. For the time period prior to the mid-1990s, we constructed the data from reports on TANF delivered to the House Ways and Means Committee. The data for TANF benefit levels is presented in [Table 1]. The number of TANF beneficiaries on the state level was reported by the Office of Family Assistance at the U.S. Department of Health and Human Services.

For the Hispanic, Asian, Black, and immigrant populations we relied on the United States Census. We also use data from the American Community Survey for estimates in 2005, 2008, and 2010. The Census data can be found in [Table 2]. Estimates of the unauthorized or illegal immigrant populations on the state level came from estimates conducted by the Department of Homeland Security, the Pew Research Hispanic Center, and the Heritage Foundation. Data on K-12 spending and state Medicaid expenditures came from annual reports of the National Association of State Budget Officers. Economic data on inflation was gathered from the Bureau of Labor Statistics. Economic data on the income of individuals and households was gathered from the Census.

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<sup>3</sup>A 1 standard deviation increase in diversity reduced the total spending on roads by .25 and welfare by .2 of a standard deviation. The shares of public spending on sewers and trash pickup are inversely related to the degree of diversity in an area.

## 3.2 Empirical Model

Given the theoretical options above, there seems to be a growing theoretical and empirical argument that increased immigration decreases support for the welfare state. We test this claim empirically, using U.S. state-level time series data on median benefits as the dependent variable, and the proportion Hispanic, the proportion Asian, and the proportion immigrant as independent variables.

We estimate the regression

$$Welfare_{it} = \alpha \times ERH_{it} + \beta \times X_{it} + \rho_i + \tau_t + \epsilon_{it} \quad (4)$$

where Welfare is a measure of either (a) total spending or (b) benefit levels for the variety of programs we analyzed: TANF, Medicaid, and K-12 education budgets.  $ERH_{it}$  measures diversity in state  $i$  in year  $t$ , vector  $X$  contains demographic covariates and controls, such as income and income inequality, and  $\rho$ ,  $\tau$  represent state and time level fixed effects, capturing the fact that there has been a steady decline in the real value of welfare benefits over time and that this trend differs between states based on their historically differing attitudes toward welfare independent of their demographic composition.

For our covariates, we include median income in each state, recognizing that states with higher costs of living will have higher benefit levels than other states representing about the same level of relative support for welfare. Other specifications define diversity as the proportion of blacks, Hispanics, Asians, legal immigrants, and *illegal* immigrants. Previous research established that the proportion of blacks in the population is a significant contributor to the relatively low level of U.S. spending, with states that have higher proportions of blacks having significantly lower TANF benefit levels [4].

## 4 Results

### 4.1 Estimation Results

We present the results of the regressions described in Tables 3-4. Income controls and state and year fixed effects were used in most specifications. These results differ from previous work and do not support either theoretical models explanation of the effects of immigration on redistribution. Strikingly, this result holds for both the benefit levels (the maximum amount of welfare benefits available) and total spending levels.

These findings are consistent and robust. No effect was found for immigrant population share or diversity on TANF benefits levels available per family of beneficiaries or the total spent on the program. Likewise, there was no effect for total or per-pupil K-12 spending or for total or per-capita Medicaid spending. Therefore, these findings lend no support to the idea that immigration or the resulting immigration driven increases in diversity is linked to higher public spending by any of these measures.

Limited TANF eligibility for immigrants could help explain the lack of native reaction to increased immigration and diversity. However, data from the GSS suggests that the median American thinks the government provides too much assistance to immigrants. In reality, the programs have stricter eligibility requirements than before: the Personal Responsibility and Work Opportunity Reconciliation (welfare reform) and Illegal Immigrant Reform and Immigrant Responsibility Acts (IIRIRA) of 1996 restricted non-citizen eligibility for TANF. Prior to 1996, non-citizens were generally eligible for the same welfare benefits as citizens but welfare reform and the IIRIRA barred TANF for new immigrants for five years after their entry. After the five year bar, states were allowed discretion in allowing non-citizens access to TANF. As of 2010, 34 states and Washington, D.C. allowed lawful permanent residents who have been in the U.S. for more than five years to draw on TANF. Many states restored portions of the welfare benefits limited by welfare reform. Because of these laws and a diminishing poverty rate among immigrants, 4 percent of immigrants were using TANF in

1995 but only 1 percent were in 2009 [36].

Immigrant eligibility for SNAP benefits was also limited to lawful permanent residents by the 1996 reform, but states can extend SNAP benefits to some immigrants if they choose <sup>4</sup> On the eve of welfare reform, 7.1 percent of SNAP beneficiaries were non-citizens. After the passage of welfare reform, the enrollment of non-citizens as a percentage of total beneficiaries dropped steeply so that by 2009 only 3.8 percent of SNAP beneficiaries were non-citizens. States have wide discretion in setting SNAP benefit levels in partnership with the United States Department of Agriculture. Several states choose to give SNAP benefits to immigrant groups excluded by the federal welfare reform law.

Data from fifty states and the District of Columbia for several decades ensures sufficient statistical power. Immigration has virtually no role in determining the benefits levels for TANF/AFDC or for the size of the budget for the entire program. Nor does immigration cause higher spending on K-12 education or Medicaid. Political institutions, regional differences in ideology, and other factors not influenced by diversity determine the size of the welfare state. We are left to conclude that neither the self-interest nor the group-interest model sufficiently explains the effect of immigration and immigration driven increases in diversity on welfare policy outcomes. While these tests are not exhaustive, it would seem that fears about immigration's effect on welfare should be tempered.

We must address why our results differed from previous research for both the U.S. and Europe that find evidence for the group-interest model.

## 4.2 Alternative Explanations

Political institutional factors that could explain the difference in welfare state size between Europe and the U.S. are American federalism, non-democratic institutions such as the Supreme Court, representation by state and not by population in the U.S. Senate, substantive checks and balances, and a lack of proportional representation that tend to favor

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<sup>4</sup>Our analysis of immigrant-induced diversity extends back to 1970, 26 years before welfare reform and the IIRIRA. Furthermore, those laws had no impact on the welfare benefit levels, only eligibility.

pro-welfare political parties are all potential explanations [2]. The differences could also simply be derived from a different sense of social justice and differing evaluations of how meritocratic economic outcomes are in the capitalist system. This suggests that it is *ideology*, not demographics, that determines the size of the welfare state.

Our analysis reveals that Texas and California have the largest Hispanic populations in the United States but radically different levels of welfare. In 2010, California TANF payments to a family of three are \$ 318 which is percent greater than the benefit for a similar family in Texas (\$ 119). In 2010, 37.5 percent of both states' populations were Hispanic, but California had a proportional immigrant population that was 65.8 percent greater than Texas; in California, a larger proportion of immigrants come from more source countries, especially Asia. In 2010, 53.4 percent of all foreign born residents in California were Hispanic while 71.6 percent of foreign residents in Texas were Hispanic. In the same year, New Mexico (the most Hispanic state at 46.1 percent) had a TANF level halfway between Texas and California at \$ 447 per month. The Hispanicity of these states' populations does not seem to predict the size of the welfare benefit in any way. <sup>5</sup>

Successful immigrant assimilation likely decreases negative native reactions to immigrants [10]. Although different ethnic and racial groups produce social anti-solidarity that diminishes support for the welfare state [18], the more culturally assimilated immigrants are, the more native-born Americans support welfare programs that assist immigrants. Therefore, the lack of evidence for group-interest motivation in welfare policy outcomes could be ev-

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<sup>5</sup>California, its large welfare state, and large Hispanic population may be an outlier and skew our results because of political circumstances. The political institutions of California and Texas are very different; California relies heavily on direct democracy and has frequent state-level referenda regarding social spending. Texans do not vote for state level referenda so outrage over perceived problems like immigration are not immediately reflected in policy. Meanwhile, California voters are conflicted, voting for spending increases on welfare, education, and other policies while also voting for caps on property and other taxes to pay for those programs [29]. Moreover, Texas has a part-time legislature constitutionally limited to a 140 calendar day session, while the California legislature is full-time. Texas's Republican Party has a reputation as focused on long term courting of the Hispanic vote, unlike the Republican Party of California which is openly hostile to immigration. Demographic trends have also differed in these states for some time: in Texas, Mexican immigrants have been a major part of the state since its founding. California, on the other hand, went from one of the whitest states in 1960 to one of the least white in 1994 and that rapid change may help explain the radical anti-immigrant campaign under Pete Wilson [33]. California's peculiar history, political institutions, and Republican Party strategy could explain California's unusually large welfare state.

idence of rapid assimilation. Native perceptions of assimilation are possibly influenced by the rate of immigration into a community relative to that community's historical rate of immigration. A large influx of immigrants in a short period of time, such as was the case in recent decades in California, could stifle the ability of immigrants to culturally assimilate.<sup>6</sup> Unease about immigration has less to do with the level of diversity and more to do with the different cultural practices, religions, and immigrant enthusiasm to assimilate [14]. 73 percent of American voters think that immigrants should adopt America's culture, language, and heritage [27]. The lack of effect of immigration on benefit spending could suggest that American citizens believe that immigrants are successfully assimilating into American society.

Another possibility is that diversity among the working class prevents them from effectively organizing and supporting a successful national labor movement and political action for a large welfare state. American labor unions in the late 1800s and early 1900s were largely organized along racial and ethnic lines, not along class lines like in Europe. Karl Marx noted that the American working classes were beset by sectarian and ethnic differences that kept them from uniting against their employers. Marx gives the example of Irish and English working men refusing to join unions or be consolidated into one political party because of religious and ethnic grievances. Socialists and labor unionists favoring redistribution had much greater success organizing people by their shared ethnicity or other sub-cultural membership. Their greatest successes were in overwhelmingly German areas such as Reading, PA and ethnically homogeneous Oklahoma and Milwaukee [20]. Most organized workers decided that their best course of action was to defend their narrow individual job prospects against incursion by labor market competitors of other racial groups (Ibid, p. 133).

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<sup>6</sup>Recently, Arizona, Georgia, Alabama, Indiana, South Carolina, and Wisconsin became major immigration destination states for the first time in over a century. Each has passed restrictive immigration laws, so future research should explore the link between historically unprecedented rates of immigration and native reactions.

## 5 Conclusion

In this paper, we demonstrated that immigrant-driven increases in ethnic and racial heterogeneity do not have a significant effect on the welfare benefit level or total spending on welfare benefits, K-12 education (per pupil or total), or per-capita Medicaid expenditure. Our result is surprising because this is contrary to similar studies of European polities. Moreover, it is not consistent with the popular self-interest or group-interest models of voter motivation. We suggest that countervailing pressures from different sources of voter motivation, as well as the varied political institutional environment of the U.S., work to balance any effect of immigration on the welfare state.

This paper furthers our understanding by providing evidence against some popular theories, but it represents only the beginning of a larger research program which seeks to explain why certain policies are chosen over others. Future research into the interaction between immigration and welfare should apply a similar comprehensive analysis to other polities and time periods to see if these results are truly robust. Researchers should also pay attention to which group memberships are important when testing for group-interested motivations. Since both group membership and welfare are slightly ambiguous terms, future research should also focus on using different measures. When it comes to how polities choose the size of welfare benefits, our results show that increasingly diverse demography is not destiny.

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Table 1: AFDC & TANF Benefit Level, Family of 3

	1970	1975	1980	1985	1990	1994	1996	1997	1998	1999	2000
Alabama	167.53	200.74	143.20	109.67	90.28	110.66	104.53	102.18	100.31	98.44	95.24
Alaska	845.36	650.56	554.61	668.22	647.28	622.81	588.27	575.08	564.53	554.02	536.00
Arizona	355.67	302.97	245.15	216.54	224.18	234.14	221.16	216.20	212.23	208.28	201.51
Arkansas	229.38	232.34	195.39	178.44	156.08	137.65	130.02	127.10	124.77	122.45	118.47
California	479.38	544.61	574.03	545.54	530.99	409.58	379.86	352.02	345.57	375.75	363.53
Colorado	497.42	403.35	351.94	321.56	272.38	240.22	226.90	221.81	217.74	213.69	206.74
Connecticut	729.38	643.12	576.46	528.81	496.56	458.84	346.08	338.32	332.11	325.93	315.33
Delaware	412.37	410.78	322.82	266.73	254.78	228.07	215.42	210.59	206.73	202.88	196.28
D.C.	502.58	451.67	347.09	303.90	312.93	283.40	264.50	236.14	231.80	227.49	220.09
Florida	293.81	267.66	236.65	223.05	224.94	204.45	193.12	188.79	185.32	181.87	175.96
Georgia	275.77	228.62	199.03	207.25	208.88	188.93	178.46	174.45	171.25	168.07	162.60
Hawaii	582.47	795.54	567.96	434.94	460.60	480.43	453.79	355.14	348.62	342.14	331.01
Idaho	543.81	557.62	391.99	282.53	242.54	213.90	202.04	197.51	168.81	165.67	170.15
Illinois	597.94	485.13	349.51	316.91	280.80	254.39	240.28	234.89	230.58	226.29	218.93
Indiana	309.28	371.75	309.47	237.92	220.35	194.33	183.56	179.44	176.15	172.87	167.25
Iowa	518.04	546.47	436.89	334.57	313.70	287.45	271.51	265.42	260.55	255.70	247.39
Kansas	572.16	596.65	418.69	363.38	312.93	289.47	273.42	267.29	262.39	257.50	249.13
Kentucky	378.87	343.87	228.16	183.09	174.45	153.85	166.99	163.24	160.24	157.26	152.15
Louisiana	226.80	237.92	184.47	176.58	145.37	128.21	121.10	118.38	116.21	114.05	110.34
Maine	347.94	327.14	339.81	343.87	346.60	282.05	266.41	260.44	338.23	357.74	267.71
Maryland	417.53	371.75	327.67	305.76	302.98	251.69	237.73	234.89	237.31	239.50	242.16
Massachusetts	690.72	481.41	459.95	401.49	412.39	390.69	360.10	352.02	345.57	339.14	328.11
Michigan	564.43	618.96	515.78	387.55	394.80	309.72	292.54	285.98	280.73	275.51	266.55
Minnesota	659.79	613.38	506.07	490.71	407.04	358.97	339.07	331.46	325.38	319.33	308.94
Mississippi	144.33	89.22	116.50	89.22	91.81	80.97	76.48	74.77	73.39	102.04	98.72
Missouri	268.04	223.05	300.97	254.65	221.12	197.03	186.11	181.93	178.59	175.27	169.57
Montana	520.62	373.61	314.32	329.00	274.67	280.70	270.87	272.90	275.23	281.51	272.36
Nebraska	440.72	390.33	376.21	325.28	278.50	245.61	231.99	213.08	222.63	218.49	211.38
Nevada	311.86	362.45	317.96	264.87	252.49	234.82	221.80	216.82	212.84	208.88	202.09
NewHampshire	675.26	572.49	419.90	361.52	387.15	371.12	350.54	342.68	336.39	330.13	333.91
NewJersey	778.35	576.21	436.89	375.46	324.41	286.10	270.24	264.17	259.33	254.50	246.23
NewMexico	384.02	314.13	266.99	239.78	201.99	257.09	247.93	242.37	237.92	233.49	225.90
NewYork	719.07	617.10	478.16	440.52	441.47	389.34	367.75	359.50	352.91	346.34	335.08
NorthCarolina	373.71	340.15	233.01	228.62	208.11	183.54	173.36	169.47	166.36	163.27	157.96
NorthDakota	548.97	526.02	405.34	344.80	295.33	290.82	274.70	268.54	282.57	277.31	265.39
Ohio	414.95	379.18	319.17	269.52	255.55	230.09	217.34	212.46	221.41	217.29	216.61
Oklahoma	391.75	403.35	342.23	262.08	248.66	218.62	195.67	191.28	178.59	175.27	169.57
Oregon	474.23	626.39	342.23	358.74	330.53	310.39	293.18	286.60	281.35	276.11	267.13
Pennsylvania	682.99	550.19	402.91	338.29	322.11	284.08	256.85	251.09	246.48	241.90	244.48
Rhodelsland	590.21	516.73	412.62	380.11	415.46	373.82	353.09	345.17	338.84	332.53	321.72
SouthCarolina	219.07	178.44	156.55	173.79	157.61	134.95	127.47	124.61	122.32	120.05	118.47
SouthDakota	680.41	537.17	389.56	305.76	288.45	290.15	274.06	315.89	263.00	258.10	249.71
Tennessee	288.66	213.75	148.06	142.19	140.78	124.83	117.91	115.26	113.15	111.04	107.43

Texas	381.44	215.61	140.78	155.20	140.78	126.86	119.82	117.13	114.98	112.85	109.18
Utah	451.03	468.40	436.89	349.44	296.10	279.35	271.51	265.42	275.84	270.71	261.90
Vermont	688.14	598.51	597.09	541.82	506.50	438.60	380.50	380.69	373.70	373.35	361.21
Virginia	579.90	498.14	376.21	329.00	270.85	238.87	185.47	181.31	177.98	174.67	205.57
Washington	664.95	585.50	555.83	442.38	383.32	368.42	347.99	340.19	333.94	327.73	317.07
WestVirginia	293.81	382.90	250.00	231.41	190.51	170.72	161.25	157.63	154.74	181.87	190.48
Wisconsin	474.23	635.69	538.83	495.35	395.56	348.85	330.15	322.74	384.10	376.95	390.82
Wyoming	548.97	436.80	382.28	334.57	275.44	242.91	229.45	211.84	207.95	204.08	197.44

Table 1 (Continued): AFDC &amp; TANF Benefit Level, Family of 3

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Alabama	92.60	91.16	116.85	113.82	110.09	106.65	103.69	99.86	100.22	98.60	95.58
Alaska	521.17	513.06	501.63	488.62	472.61	457.84	445.16	428.70	430.23	423.29	410.33
Arizona	195.93	192.88	188.59	183.70	177.68	172.12	167.36	161.17	161.74	159.13	154.26
Arkansas	115.19	113.40	110.87	107.99	104.45	101.19	98.39	94.75	95.09	93.55	90.69
California	364.20	377.43	369.02	372.68	370.20	349.21	348.70	335.81	323.49	318.27	283.63
Colorado	201.02	197.89	193.48	188.46	182.28	176.59	203.05	165.35	215.35	211.87	205.39
Connecticut	306.61	353.53	345.65	336.69	325.65	269.35	261.89	313.05	261.03	309.09	256.07
Delaware	190.85	187.88	183.70	178.40	173.07	167.66	163.02	156.99	157.55	190.78	150.26
D.C.	214.00	210.67	205.98	200.64	194.06	201.88	196.29	198.79	199.50	196.28	190.27
Florida	171.09	168.43	164.67	160.40	155.15	150.30	146.14	140.73	141.23	138.96	134.70
Georgia	158.10	155.64	152.17	148.23	143.37	138.89	135.04	130.05	130.51	128.41	124.48
Hawaii	321.85	316.84	309.78	301.75	291.86	282.74	274.91	295.40	296.45	279.74	271.18
Idaho	165.44	162.87	167.93	163.58	158.22	153.27	149.03	143.52	144.03	141.71	137.37
Illinois	212.87	209.56	215.22	209.63	202.76	196.43	190.99	200.65	201.36	198.11	192.05
Indiana	162.62	160.09	156.52	152.46	147.47	142.86	138.90	133.76	134.24	132.08	128.03
Iowa	240.54	236.80	231.52	225.52	218.13	211.31	205.46	197.86	198.57	195.36	189.38
Kansas	242.24	238.47	233.15	227.10	219.66	212.80	206.90	199.25	199.97	196.74	190.72
Kentucky	147.94	145.64	142.39	152.99	134.15	129.96	126.36	121.69	122.12	120.15	116.48
Louisiana	135.52	133.41	130.43	127.05	122.89	119.05	115.75	111.47	111.87	110.06	106.70
Maine	260.30	269.59	263.59	256.75	248.34	240.58	233.91	225.26	226.07	222.42	215.61
Maryland	247.88	262.37	257.07	252.51	246.80	243.06	264.78	262.42	267.55	263.24	255.18
Massachusetts	348.96	343.52	335.87	327.16	316.44	306.55	298.06	287.04	295.05	283.41	274.74
Michigan	259.18	255.14	249.46	242.99	235.02	242.56	235.84	227.12	229.33	225.63	218.73
Minnesota	300.40	295.72	289.13	281.63	272.40	263.89	256.58	247.09	247.98	243.97	236.51
Mississippi	95.99	94.50	92.39	89.99	87.05	84.33	81.99	78.96	79.24	77.96	75.58
Missouri	164.88	162.31	158.70	154.58	149.51	144.84	140.83	135.62	136.11	133.91	129.81
Montana	278.94	274.60	275.54	198.52	207.37	219.25	227.64	219.23	234.92	231.13	224.06
Nebraska	205.53	202.33	197.83	192.69	186.38	180.56	175.56	169.06	169.67	166.93	161.82
Nevada	196.50	193.44	189.13	184.22	178.19	172.62	167.84	177.89	178.52	175.64	170.27
NewHampshire	338.79	333.52	339.67	330.86	320.02	310.02	301.43	290.29	314.63	309.55	300.08
NewJersey	239.41	235.69	230.43	224.46	217.10	210.32	204.49	196.93	197.63	194.45	188.50
NewMexico	219.65	216.23	211.41	205.93	199.18	192.96	187.61	207.61	208.36	204.99	168.93
NewYork	325.80	320.73	313.59	365.80	353.81	342.76	333.27	320.94	336.07	345.32	350.32
NorthCarolina	153.59	151.20	147.83	143.99	139.27	134.92	131.18	126.33	126.78	124.74	120.92
NorthDakota	269.34	265.15	259.24	252.51	244.24	236.61	230.05	221.55	222.34	218.75	189.83
Ohio	210.62	207.34	202.72	197.46	190.99	203.37	197.74	190.43	202.30	199.03	192.94
Oklahoma	164.88	162.31	158.70	154.58	149.51	144.84	140.83	135.62	136.11	133.91	129.81
Oregon	284.02	255.70	250.00	243.52	235.54	254.96	227.16	225.26	239.59	222.42	224.95
Pennsylvania	227.56	234.02	228.80	222.87	215.57	199.90	194.36	195.54	187.85	193.07	179.16
Rhodelsland	312.82	307.95	301.09	293.28	283.67	274.80	267.19	257.31	256.83	254.06	246.29
SouthCarolina	114.62	113.95	111.41	108.52	104.97	119.05	115.75	122.15	126.32	123.82	96.03
SouthDakota	242.80	260.70	262.50	260.98	256.53	251.98	245.01	250.34	251.24	254.52	246.73
Tennessee	104.46	102.83	100.54	97.94	94.73	91.77	89.22	85.93	86.23	84.84	82.24

Texas	113.50	111.73	109.24	114.88	114.18	110.62	113.82	113.33	113.73	119.24	115.59
Utah	267.65	263.48	257.61	250.93	242.70	235.12	228.61	231.30	220.94	228.38	221.39
Vermont	355.17	354.64	385.33	375.33	327.70	317.46	308.67	297.26	298.32	293.50	284.52
Virginia	180.69	216.23	211.41	205.93	199.18	158.73	154.33	180.68	149.16	178.39	142.26
Washington	308.30	303.50	296.74	289.04	279.57	270.83	263.33	261.03	261.96	257.73	212.50
WestVirginia	255.79	251.81	246.20	239.81	174.09	168.65	163.98	157.92	158.48	155.92	151.15
Wisconsin	380.01	374.10	365.76	356.27	344.60	333.83	324.58	312.58	292.72	308.64	299.19
Wyoming	191.98	188.99	184.78	179.99	174.09	168.65	163.98	235.02	254.50	257.27	256.51

Sources:

1970-1994, "Green Book," Congressional Committee on Ways and Means, Tables 7-7 & 7-10.

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<http://www.gpo.gov/fdsys/pkg/GPO-CPRT-108WPRT108-6/pdf/GPO-CPRT-108WPRT108-6-2-7.pdf>

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<http://waysandmeans.house.gov/media/pdf/110/tanf.pdf>, page 47

2007, "Welfare Rules Databook, 2007" Urban Institute, page 86,

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2011, "The Temporary Assistance for Needy Families (TANF) Block Grant: Responses to Frequently Asked Questions," <http://www.scribd.com/doc/159488140/RI-32760>

Table 2: Immigrant Proportion of Population

	1970	1980	1990	2000	2005	2008	2010
Alabama	0.005	0.01	0.011	0.020	0.027	0.028	0.035
Alaska	0.026	0.04	0.045	0.059	0.054	0.065	0.069
Arizona	0.043	0.06	0.076	0.128	0.145	0.143	0.134
Arkansas	0.004	0.01	0.011	0.028	0.037	0.038	0.045
California	0.088	0.151	0.217	0.262	0.272	0.268	0.272
Colorado	0.027	0.039	0.043	0.086	0.101	0.101	0.098
Connecticut	0.086	0.086	0.085	0.109	0.125	0.130	0.136
Delaware	0.029	0.032	0.033	0.057	0.077	0.077	0.080
D.C.	0.044	0.064	0.097	0.129	0.131	0.132	0.135
Florida	0.08	0.109	0.129	0.167	0.185	0.185	0.194
Georgia	0.007	0.017	0.027	0.071	0.090	0.094	0.097
Hawaii	0.098	0.142	0.147	0.175	0.172	0.178	0.182
Idaho	0.018	0.025	0.029	0.050	0.055	0.059	0.055
Illinois	0.057	0.072	0.083	0.123	0.136	0.138	0.137
Indiana	0.016	0.019	0.017	0.031	0.040	0.040	0.046
Iowa	0.014	0.016	0.016	0.031	0.036	0.037	0.046
Kansas	0.012	0.02	0.025	0.050	0.058	0.059	0.065
Kentucky	0.005	0.009	0.009	0.020	0.024	0.028	0.032
Louisiana	0.011	0.02	0.021	0.026	0.028	0.031	0.038
Maine	0.043	0.039	0.03	0.029	0.030	0.030	0.034
Maryland	0.032	0.046	0.066	0.098	0.117	0.124	0.139
Massachusetts	0.087	0.087	0.095	0.122	0.144	0.144	0.150
Michigan	0.048	0.045	0.038	0.053	0.061	0.058	0.060
Minnesota	0.026	0.026	0.026	0.053	0.063	0.065	0.071
Mississippi	0.004	0.009	0.008	0.014	0.015	0.021	0.021
Missouri	0.014	0.017	0.016	0.027	0.034	0.036	0.039
Montana	0.028	0.023	0.017	0.018	0.018	0.022	0.020
Nebraska	0.019	0.02	0.018	0.044	0.056	0.055	0.061
Nevada	0.037	0.067	0.087	0.158	0.174	0.189	0.188
NewHampshire	0.05	0.044	0.037	0.044	0.057	0.050	0.053
NewJersey	0.089	0.103	0.125	0.175	0.195	0.198	0.210
NewMexico	0.022	0.04	0.053	0.082	0.089	0.096	0.099
NewYork	0.116	0.136	0.159	0.204	0.214	0.217	0.222
NorthCarolina	0.006	0.013	0.017	0.053	0.067	0.070	0.075
NorthDakota	0.03	0.023	0.015	0.019	0.020	0.023	0.025
Ohio	0.03	0.028	0.024	0.030	0.035	0.037	0.041
Oklahoma	0.008	0.019	0.021	0.038	0.045	0.050	0.055
Oregon	0.032	0.041	0.049	0.085	0.097	0.097	0.098
Pennsylvania	0.038	0.034	0.031	0.041	0.050	0.053	0.058
Rhodelsland	0.078	0.089	0.095	0.114	0.126	0.122	0.128
SouthCarolina	0.006	0.015	0.014	0.029	0.042	0.044	0.047



SouthDakota	0.016	0.014	0.011	0.018	0.023	0.019	0.027
Tennessee	0.005	0.011	0.012	0.028	0.038	0.040	0.045
Texas	0.028	0.06	0.09	0.139	0.159	0.160	0.164
Utah	0.028	0.035	0.034	0.071	0.079	0.083	0.080
Vermont	0.042	0.041	0.031	0.038	0.036	0.039	0.044
Virginia	0.016	0.033	0.05	0.081	0.099	0.102	0.114
Washington	0.046	0.058	0.066	0.104	0.122	0.123	0.131
WestVirginia	0.01	0.011	0.009	0.011	0.011	0.013	0.012
Wisconsin	0.03	0.027	0.025	0.036	0.042	0.044	0.045
Wyoming	0.021	0.02	0.017	0.023	0.023	0.023	0.028

Sources:

1970, 1980, 1990, 2000, United States Census.

2005, 2008, 2010, American Community Survey, S0501.

**Table 3**

## Real Benefit Levels

	TANF (per family of 3)				K-12 (per student)			
	1	2	3	4	5	6	7	8
immigrant	253 (.85)		251 (.84)		-192 (-1.59)		-200 (-1.70)	
black	-52 (-.27)	-483 (-.97)		-52 (-.26)	-43 (-.99)	-32 (-.89)		-72 (-1.56)
income	-.003 (-2.58)*	.001 (.25)	-.003 (-2.58)*	-.003 (-2.5)*	.078 (1.5)	.075 (1.62)	.081 (1.63)	.064 (1.37)
hispanic		617 (.75)				-18 (-1.89)		
asian		-605 (0.29)				-58 (-1.82)		
illegal				169 (1.13)				-3 (-0.04)
State/Year FE?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R-Squared	.21	.25	.19	.15	.4	.41	.29	.37

\* p &lt;.05 t-scores in parentheses

\*\* p &lt; .01

Table 4	Real Total Expenditures											
	TANF				K-12 (state and local)				Medicaid			
	1	2	3	4	5	6	7	8	9	10	11	12
immigrant	-331 (-0.58)		-148 (-0.26)		626 (1.53)		617 (1.64)		335 (1.70)		348 (1.92)	
black	1338 (1.30)	1532 (1.36)		1229 (1.22)	510 (0.04)	190 (0.16)		96 (1.03)	200 (0.90)	217 (1.00)		281 (1.11)
income	.001 (0.27)	.0004 (0.23)	.001 (0.49)	.002 (0.15)	-84 (-1.90)	-60 (-1.45)	-84 (-1.94)	-34 (-0.88)	-.031 (-0.86)	-.014 (-0.42)	-.019 (-0.54)	.002 (0.07)
hispanic		-36.9 (-0.08)				357 (1.46)				178 (1.70)		
asian		-412 (-1.35)				119 (1.09)				87 (1.18)		
illegal				-107 (-0.62)				107 (1.03)				9 (0.17)
State/Year FE?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R-Squared	.04	.09	.02	.05	.21	.18	.10	.16	.11	.09	.06	.07

\* p <.05  
t-scores in parentheses

\*\* p < .01