BRIEF LOOK

"Only Wealthy Immigrants Need Apply"

How the Trump Rule Will Harm Colorado

October 12, 2018

UNDER FEDERAL IMMIGRATION LAW, THE TERM PUBLIC CHARGE is used to describe a person who is dependent on government funded long-term care (e.g. nursing home care) or cash assistance for the majority of their support. If it is determined that an individual is likely to become a "public charge," their application to enter the U.S. or become a lawful permanent resident may be denied. The administration is seeking to pass a rule broadening the definition of public charge to cover use of a wide range of supports, like food, health care or housing assistance, that help families achieve and maintain economic security.

A DRASTIC CHANGE IN THE PUBLIC CHARGE RULE proposed by the administration would restrict access to green cards and various types of visas for immigrants who are not already comparatively well off. This "Trump Rule" fundamentally changes our country's approach to immigration, making family income and potential use of health care, nutrition, or housing programs a central consideration in whether or not to offer people an opportunity to make their lives in this country. The Trump Rule takes an existing standard and proposes to make it vastly more restrictive.

COLORADO'S ECONOMY WOULD ALSO BE AFFECTED if the Trump Rule is adopted. As many as 323,000 Coloradans could be affected, including 143,000 children. The large number of people who could potentially be affected mean the state would lose millions, or even hundreds of millions, of dollars in federal funding and lost economic activity. The state's economy could suffer a blow with upwards of $417 million in lost economic activity and over 2,800 fewer jobs.

Definition of Terms

Directly affected population: People applying for a green card or a range of other visas where the Public Charge test is applied.

Chilling effect: The result of people disenrolling or not applying for programs which they are eligible for. When calculating the direct and indirect economic impacts, we start with the portion of those experiencing the chilling effects who currently receive any benefits, and simulate the impact of disenrollment rates of 15, 25, and 35 percent.

People who may experience a chilling effect: Everyone who lives in a family with at least one non-citizen immigrant, and where someone in that family has received one of the public benefits named in the public charge rule.

The Chilling Effect

The direct effect of the Trump Rule would fall primarily on people applying for a green card through a family-based petition, where public charge is relevant. Similar standards would also apply to people seeking to extend or change their temporary non-immigrant status in the United States. The rule change would likely lead to the denial of green cards to hundreds of thousands of otherwise eligible applicants for family-based and employment visas.

Who could feel a chilling effect?

- **323,000** people in Colorado
- **180,000** Colorado adults
- **143,000** Colorado children

If implemented, the Trump Rule is also expected—and perhaps even intended—to have a widespread chilling effect for many Coloradans who would disenroll or decide not to seek assistance in the first place. Even green card-holders, or people like refugees and asylum seekers who are exempt from the rule, are expected to be frightened and confused about the potential consequences of applying for food, health, and housing supports—despite the fact that they are eligible to receive them.

An estimated 23 million people in the United States would be affected by the chilling effect of the Trump Rule, including 323,000 Coloradans. Not all will face a public charge determination, but all are likely to be nervous about applying for benefits, and some portion will in fact disenroll from benefit programs.

Our estimate of the number of people who may experience a chilling effect includes anyone in a family that has received any food, health, or housing supports, and where at least one member of the family is a non-citizen. Based on past experience, there is good reason to believe that when there are changes around immigration and public benefits even people who are not directly targeted by this rule will be affected. Indeed, there is already evidence that significant numbers of immigrants are withdrawing from the Special Supplemental Nutrition Program for Women, Infants, Children (WIC) -- a federal nutrition and education program for pregnant women and children under five -- despite the fact that the program is not included in the Trump Rule and the rule has not yet been implemented.[1]

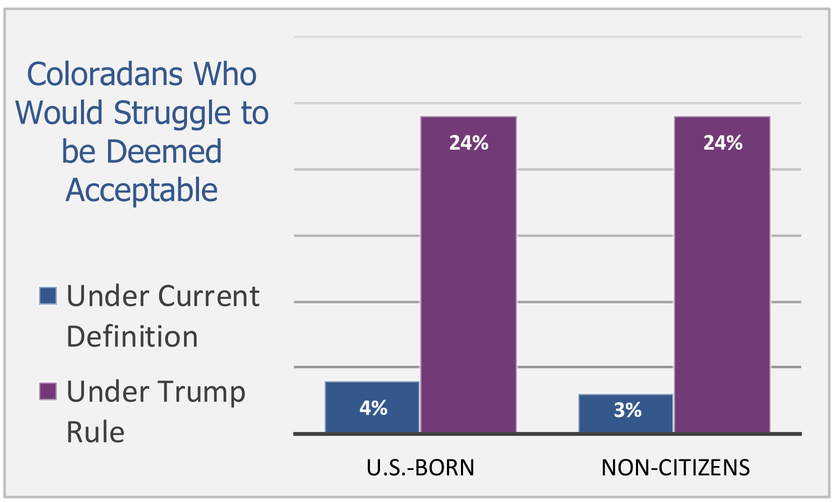
The Trump Rule Goes Too Far

The Trump Rule uses the public charge designation as a way to unilaterally change immigration policy, without input from Congress, fundamentally redefining how we think about who is an "acceptable" immigrant and undercutting the very idea of the American Dream.

The current public charge rule requires immigration officers to evaluate the overall circumstances of immigrants to determine whether they can support themselves in the United States or whether they are likely to rely primarily on the government for support. Under longstanding policy, this has meant showing an applicant will not become primarily dependent on the government—relying, for example, on cash aid from Temporary Assistance for Needy Families, Supplemental Security Income, or General Assistance for their monthly income, or on long-term institutional care.

The Trump Rule aggressively reinterprets this longstanding policy. While continuing to look at the overall circumstances of a family, the Trump Rule would deem immigrants potentially unacceptable if they have received, or are considered likely to receive, even a modest amount of support from any one of a number of *non-cash* supports: Medicaid, food stamps (SNAP), housing supports, and subsidies for Medicare Part D to reduce the cost of prescription drugs. It would also make a specific income threshold a central issue in immigration decisions for the first time in American history. Having an income of under $15,000 for a single person or $31,000 for a family of four below 125% federal poverty level would be weighed negatively and could lead to a denial. Indeed, the rule proposes to weigh a range of factors negatively. The only factor weighed as "heavily positive" is if an applicant has an income or resources of over $30,000 for a single person or $63,000 for a family of four, or income and resources above 250% of the federal poverty level. By way of comparison, the median household income in the United States is $60,000.[2]

What if the Trump Rule Were Applied to You?



24 percent of non-citizens Coloradans as well as **24 percent of U.S.-born** Coloradans might be deemed unacceptable if they were subjected to the Trump Rule.

FIG. 1 Center on Budget and Policy Priorities analysis.

As noted, only some non-citizens currently in the United States will face this Trump Rule; many will not. But what would it look like if we applied the Trump Rule to all non-citizens?

The effect is extreme: in Colorado, 24 percent of non-citizens have benefited from health care, food, housing, or cash supports. That should come as no surprise: so have 24 percent of U.S.-born Coloradans. The fact is, a large number of Americans—whether or not they are immigrants— struggle to make ends meet and use federal food, health, and housing programs at some point to get through hard times and to put them and their families on a path toward better life. (Figure 1)

Most of these programs are structured as work supports, helping people with relatively low-wage jobs keep healthy, stay in their homes, and put food on the table. Discouraging families from making use of these programs when they need them only makes it harder for them to move up the economic ladder and contribute to their fullest capacity. Additionally, during bad economic times, these programs provide a stabilizing factor for Colorado's economy.

Further Inhumane Treatment of Families

The nation was outraged in early 2018 to learn the Trump Administration has been forcibly separating children from their parents as an immigration enforcement tactic.[3] The redefinition of public charge doubles down on this strategy by inflicting harm on children, whether intentionally or as a side effect of the Trump Rule.

Kids in CO Families at Risk

	Citizens	Non-citizens	All
Children Under 18 years old	122,000	21,000	143,000
Adults	38,000	142,000	180,000
Total	160,000	163,000	323,000

FIG. 2 Center on Budget and Policy Priorities analysis.

In Colorado, 143,000 children under 18 years old live in families with at least one non-citizen family member and have received one of the benefits specified by the Trump Rule. The large majority, 122,000 of the 143,000, are United States citizens.[4] (Figure 2)

It also pushes parents to make heart-wrenching decisions for their families. The stakes are unbearably high. If a parent applies for SNAP or Medicaid, they may fear losing the chance to stay in this country with their kids. Yet not applying may mean seeing their family go hungry or being unable able to see a doctor when they are sick.

If the Trump Rule is put into effect, confusion and fear will undoubtedly spread well beyond the directly targeted population increasing the administrative costs and burden as service providers and advocates struggle to clarify which individuals may be impacted.

Helping kids in immigrant families do well is not only the right thing to do, it's also a sound investment in our state and the country's future. One of the clearest and most striking findings in a major study from the National Academy of Sciences is that the children of immigrants, once grown, become among the strongest contributors to the country's economy.[5] As adults, these children earn more, pay more in taxes, and are an essential part of replacing our aging workforce.

The stakes are unbearably high. As a parent, if you apply for SNAP or Medicaid, you may fear losing the chance to stay in this country with your kids. Yet, not applying may mean seeing your family go hungry or not being able to see a doctor when you are sick.

An Economic Loss for Colorado

To look at the economic impact on Colorado, we modeled the impact of two of the biggest supports the Trump Rule would affect: SNAP and Medicaid. We provide estimates of the impacts if 15, 25, and 35 percent of people currently receiving benefits who experience the chilling effect feel compelled to disenroll from programs for which they qualify. This range of disenrollment is derived from studies of prior experiences of big policy changes creating a chilling effect for immigrants, such as the welfare reform bill of the 1990s.[6] (Figure 3)

Economic Loss to Colorado

Simulated Impact of Trump Rule	**Lower Estimate** 15% disenrollment	**Middle Estimate** 25% disenrollment	**Higher Estimate** 35% disenrollment
Loss of Federal Funds to Coloradans	$93 million	$155 million	$217 million
Potential Economic Ripple Effects	$179 million	$298 million	$417 million
Potential Jobs Lost	1,217	2,028	2,839

FIG. 3 Estimate of direct loss was calculated by the Center on Budget and Policy Priorities; economic ripple effects and jobs lost was estimated by the Economic Policy Institute. See Methodology for details. Totals may not sum due to independent rounding. See "Methodology" for details.

If money on this scale is withdrawn from the Colorado economy, there would be predictable ripple effects to local businesses and workers. Loss of SNAP funding means a reduction in spending in grocery stores and supermarkets. When families lose health insurance, hospitals and doctors lose income, and health care costs rise for all Coloradans.[7] Additionally, spending would be reduced in other areas as families struggle to pay food and health costs. The mid-level estimate shows a potential loss of $298 million due to the ripple effects of this lost spending, with an upper estimate well over $400 million.[8]

Furthermore, when businesses have less revenue, they lay off workers. Based on the number of jobs implied per dollar of gross domestic product, Colorado potentially stands to lose more than 2,000 jobs under our middle estimate as a result of this reduction in federal funding coming to the state, up to 2,800 in the upper level estimate.[9]

These programs serve as an important economic stabilizer. If the state and country were to slide into a recession shortly after the change took place, it's possible the Trump Rule would have an even more harsh effect on the economy.

Conclusion

From the beginning, the United States has been a place where immigrants have come to make a better safer life for themselves and their families. In this country, many immigrants and U.S.-born workers alike have climbed from the lowest rungs of the economic ladder into the middle class and beyond. The opportunities and supports that America provides allowed them to succeed. This is the story of the American Dream and the promise of our country that keeps people coming to the United States. They are fundamental values Americans, immigrants and non-immigrants alike, hold dear.

The Trump Rule sees America's story of immigration differently, it discounts centuries of immigrants' experiences and reflects an America governed by barriers and fear of newcomers. By suggesting that only wealthy immigrants are welcome, the Trump Rule shows a disturbing lack of faith in our country and the opportunities it provides. It also cynically assumes immigrants who might rely on supports to help them provide the basics would have nothing to offer as new Coloradans.

The proposed changes to the "Public Charge" rule are unnecessary, will create administrative burdens, harm families and children—immigrant and U.S.-born alike—and hurt Colorado's economy. If approved, the proposed changes could cost Coloradans up to $217 million dollars in lost federal funds, up to 2,800 jobs, and more than $400 million in economic activity.

The Trump rule was published on October 10th advocates, service providers, community members, and immigrant families have until December 9th to submit comments.

Take action now. Share your story.

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METHODOLOGY

1. ESTIMATING THE POPULATION THAT WOULD EXPERIENCE A CHILLING EFFECT

This study defined the population that would experience a chilling effect as those who might be nervous and confused by the new rule and might feel like they need to make a choice between applying for needed benefits and avoiding putting their family at risk. As noted in the body of this paper many, and perhaps even most, of the people experiencing a chilling effect are people who will not have to go through a public charge determination.

In order to estimate the size of the population experiencing a chilling effect, the Colorado Fiscal Institute used analysis and estimates provided by the Fiscal Policy Institute (FPI) and the Center on Budget and Policy Priorities (CBPP) of the number of people living in families where at least one person is a non-citizen, and where someone in that family has received one of the public benefits named in the proposed public charge rule. The analysis uses the Current Population Survey and corrects for underreporting of SNAP, TANF and SSI receipt in the Census survey using data from the Department of Health and Human Services/Urban Institute Transfer Income Model (TRIM). These TRIM corrections take into account program eligibility rules by immigration status. Five years of data (2011 to 2015, the most recent for which the TRIM-adjusted data are available) were combined in order to increase sample size and improve the reliability of the estimates.

CBPP's calculations of program participation include the newly considered programs —Medicaid, SNAP, and housing benefits—as well as those already considered—TANF, SSI, and General Assistance. The Census data for Medicaid used by CBPP also include the closely intertwined Children's Health Insurance Program (CHIP). Most participants can be expected to have a very hard time distinguishing between a program funded by Medicaid and one funded by CHIP. The proposed rule does not presently include CHIP, but the notice announcing the proposal explains that the administration is considering including it. Medicare Part D low-income subsidies are included in the proposed rule but were not included in CBPP's estimates due to a lack of a Census variable that identifies those participants. To model the current public charge benefit related test, CBPP looked at those people who get more than half of their income from TANF, SSI, and General Assistance.

2. ESTIMATING THE ECONOMIC LOSS TO COLORADO

Among the people who experience a chilling effect, some portion would go so far as to disenroll from programs for which they are eligible.

The estimate of the direct loss to Coloradans from disenrollment from these programs begins with SNAP, Medicaid and CHIP federal funding data. The estimates use administrative and survey data to approximate the amount of benefits received by families that include a non-citizen. This is the population who, due to fear or confusion, could forgo benefits even though most of them are themselves not likely to be subject to a public-charge determination. In estimating the economic consequences of the Trump Rule, this brief assumes that only a portion of this group will actually disenroll from these food, health, housing, or cash supports. While a lot is at stake for people in families with a non-citizen immigrant if they fear running afoul of the public charge rule, there is also a lot at stake in not applying and having your family go hungry or lack health insurance. Again, we include CHIP in our estimates.

In our estimates, we assume a range of 15 to 35 percent of the people experiencing a chilling effect will disenroll from SNAP and Medicaid. We provide estimates of the economic effects of the higher and lower disenrollment rates as well as the midpoint of 25 percent. In doing this, the brief follows the Kaiser Family Fund's paper of February, 2018, "Proposed Changes to 'Public Charge' Policies for Immigrants: Implications for Health Coverage," which provides a review of the literature leading to this estimate range.[10] No attempt is made to simulate the consequences of adverse selection—for instance, that healthier people may be more likely to withdraw from health care coverage than less healthy people. The 15, 25, and 35 percent disenrollment rates are already a broad range and not a precise prediction.

To estimate the economic ripple effects, the Colorado Fiscal Institute Fiscal uses an analysis provided by the Fiscal Policy Institute and Josh Bivens of the Economic Policy Institute. The analysis takes the direct benefit loss as calculated above, and applies an output multiplier for SNAP of 1.6, in line with estimates Bivens summarizes in a 2011 paper.[11] The Medicaid multiplier of 2.0 is drawn from an analysis of the effects of the American Recovery and Reinvestment Act.[12]

After calculating the effect of benefit reductions on output, the output was divided by $146,880 to obtain an estimate of the effect on employment, on a full-time equivalent (FTE) basis. This employment multiplier was obtained by dividing U.S. gross domestic product in 2017 by the number of FTEs in that year.[13]

The economic impact can be expected to vary with the state of the economy. The economic and job loss of the Trump Rule will be greater in times of high unemployment, and lower in times of full employment. Since the Trump Rule is proposed to be permanent, the effect could be expected to vary.

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[1] See Helena Bottemiller Evich, "Immigrants, Fearing Trump Crackdown, Drop Out of Nutrition Programs," Politico, September 3, 2018.

[2] The rule gives a family income of below 125 percent of the federal poverty level as a negatively weighing factor, and above 250 percent of the poverty level as a positively weighing factor. We translate those into dollar figures for different family sizes using the 2018 poverty level. Household income is a Fiscal Policy Institute analysis of the 2017 American Community Survey 1-year data. Household income includes individuals of varying size including households of just one person.

[3] As Attorney General Jeff Sessions put it: "we will prosecute you, and that child will be separated from you as required by law. If you don't like that, then don't smuggle children over our border."[3] See Rafael Carranza and Daniel González, "AG Sessions Vows to Separate Kids from Parents, Prosecute All Illegal Border-Crossers," The Republic, May 8, 2018.

[4] Disturbingly, for those children who do apply for status that requires a public charge designation, the Trump Rule penalizes children by weighing their age negatively. The theory, presumably, is that children do not adequately contribute to the economy.

[5] National Academies of Sciences, Engineering, and Medicine, The Economic and Fiscal Consequences of Immigration. Washington, DC: The National Academies Press, 2017. For a brief synopsis of major findings, see the press release at http://www8.nationalacademies.org/onpinews/newsitem.aspx?RecordID=23550.

[6] Our estimate of disenrollment follows the analysis of "Proposed Changes to 'Public Charge' Policies for Immigrants: Implications for Health Coverage," Kaiser Family Foundation, September 24, 2018. That report cites: Neeraj Kaushal and Robert Kaestner, "Welfare Reform and Health Insurance of Immigrants," Health Services Research,40(3), (June 2005), https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1361164/; Michael Fix and Jeffrey Passel, Trends in Noncitizens' and Citizens' Use of Public Benefits Following Welfare Reform 1994-97 (Washington, DC: The Urban Institute, March 1, 1999) https://www.urban.org/sites/default/files/publication/69781/408086-Trends-in-Noncitizens-and-Citizens-Use-of-Public-Benefits-Following-Welfare-Reform.pdf; Namratha R. Kandula, et. al, "The Unintended Impact of Welfare Reform on the Medicaid Enrollment of Eligible Immigrants, Health Services Research, 39(5), (October 2004), https://www.ncbi.nlm.nih.gov/pmc/articles/PMC1361081/; and Rachel Benson Gold, Immigrants and Medicaid After Welfare Reform, (Washington, DC: The Guttmacher Institute, May 1, 2003), https://www.guttmacher.org/gpr/2003/05/immigrants-and-medicaid-after-welfare-reform.

[7] Uncompensated care funds must also be replenished to make up for losses in emergency care of people without health insurance, but this cost is not included in our analysis of the economic impacts.

[8] The extent of employment impact depends on the state of the overall economy, with a higher impact during times of high overall unemployment, when these programs serve as both a safety net and an automatic economic stabilizer. Since the Trump Rule would be a permanent measure, there would be periods in the economic cycle the predicted economic impact would be higher and when it would be lower.

[9] The analysis of direct loss to Colorado was performed by Danilo Trisi of the Center on Budget and Policy Priorities, and the analysis of economic ripple effects was performed by Josh Bivens of the Economic Policy Institute. See Methology section for more details.

[10] That report cites as the underpinning for this range of estimates: Neeraj Kaushal and Robert Kaestner, "Welfare Reform and Health Insurance of Immigrants," Health Services Research,40(3), June, 2005; Michael Fix and Jeffrey Passel, Trends in Noncitizens' and Citizens' Use of Public Benefits Following Welfare Reform 1994-97 (Washington, DC: The Urban Institute, March 1, 1999); Namratha R. Kandula, et. al, "The Unintended Impact of Welfare Reform on the Medicaid Enrollment of Eligible Immigrants, Health Services Research, 39(5), October 2004; and Rachel Benson Gold, Immigrants and Medicaid After Welfare Reform, (Washington, DC: The Guttmacher Institute, May 1, 2003).

[11] Josh Bivens, "Method Memo on Estimating the Jobs Impact of Various Policy Changes," Economic Policy Institute, November 8, 2011.

[12] Any slowdown in the growth of aggregate demand caused by reductions in spending on these programs could in theory be neutralized by the Federal Reserve Bank lowering rates to spur growth. However, this does not change the size of the fiscal drag that benefit cuts would impose on the economy. These estimates are implicitly a measure of how much harder other macroeconomic policy tools would have to work to neutralize the demand drag stemming these cuts. Further, it is deeply uncertain whether other tools of macroeconomic policy have the ability to neutralize negative fiscal shocks. See Gabriel Chodorow-Reich, Laura Feiveson, Zachary Liscow, and William Gui Woolston, "Does State Fiscal Relief During Recessions Increase Employment?," American Economic Journal: Economic Policy, August 2012, pp. 118-145.

[13] Data for the analysis come from tables 1.1.5 and 6.5 from the National Income and Product Accounts of the Bureau of Economic Analysis. The quotient was increased by the growth in its nominal value in 2017 to forecast what it would be in 2018.