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Where Are All of These Poor People Coming From?

By Linda H. Thom

On October 6, 1994, the Census Bureau reported that despite a growing economy in 1993, the number of people in poverty had increased to the highest level in a decade. Between 1992 and 1993, 1.3 million more people fell into poverty. According to the *Los Angeles Times* of October 7, 1994, "Daniel Weinberg, chief of the Census Bureau's Housing and Household Economic Statistics Division seemed baffled as he tried to explain why two years after the government announced the end of the recession, the resulting recovery is not progressing according to the traditional economic pattern." The *Times* story also stated that officials noted that California experienced a "statistically significant" change in the poverty rate which climbed 11% in 1993 to a rate of 18.2% for the state as compared to 15.1% for the nation as a whole.

Although Secretary of Labor Robert Reich and Census officials seemed perplexed by the poverty statistics, many in California found the increase neither surprising nor difficult to explain. Immigration, both legal and illegal, is a significant contributor to the increased numbers of poor. Immigration is not the only factor, of course, but it is a very important factor.

The decade of the '80s saw the largest immigration inflow in our nation's history. In California, the economic consequences of immigration are particularly pronounced because the state represents only 12% of the nation's population but is home to almost 50% of the nation's immigrants. As the data being presented here will show, many of the immigrants are poor. Because many have children, the public costs associated with providing services to them are not offset by increased tax revenue.

To understand this, we first examine the state's most current available tax data where we see very large increases in the number of dependents at very low income levels. Table 1 shows the change in dependents claimed

on state income tax returns between the years 1987 and 1991, recalling that the Immigration Reform and Control Act was passed in 1986.

Sixty percent of the total increase in dependents on tax returns for the entire state were on incomes of \$20,000 or less per year. This contrasts with a 36% increase in tax returns at this level. (This means that there were 11% more tax returns filed on incomes of less than \$20,000 per year but 36% more dependents.) In contrast the filers with incomes over \$100,000 increased by 14% and accounted for 12% of the increase in dependents.

The largest revenue source for California's General Fund is personal income tax — a tax which is very progressive. Table 2 shows state tax data for 1991. In 1991, 49% of the tax returns were reporting incomes of less than \$20,000 per year and accounted for 1.6% of the

total taxes collected. In the range between \$10,000 and \$20,000, the average tax per return was \$83. Four percent of the returns reported incomes above \$100,000, and accounted for 52% of the taxes collected. The average tax paid in this bracket was \$13,904 per return. The consequence of this large increase in returns, and large increase in dependents at low income ranges, is that public costs, especially for schools, are added without a corresponding increase in

tax revenue. The marginal increases in costs are far outstripping the marginal increases in tax revenue which is causing severe state and local budget shortfalls.

California is experiencing greater numbers of children enrolling in public schools who are Hispanics or Asian-Pacific Islanders, and large increases in the number of students who do not speak English. According to a General Accounting Office report on school age demographics (GAO, August 1993), between 1980 and 1990 California accounted for 59% of the increase in school age children in poverty for the country. For the nation as a whole, the ethnic distribution of the change in the poor school age population was as follows:

Table 1.
Changes in Dependents on Tax Returns
1987 to 1991

Income Level	Dependent Change	Percent of Total Change
Up to \$10,000	748,658	39%
\$10,000 to \$20,000	419,504	22%
\$20,000 to \$30,000	43,808	2%
\$30,000 to \$40,000	(33,910)	-2%
\$40,000 to \$50,000	32,850	2%
\$50,000 to \$100,000	503,908	26%
Above \$100,000	226,968	12%
Total for the State	1,941,786	100%

White	-194,000
Hispanic	481,000
Black	-27,000
Asian	118,000
Native American	40,000
Total	418,000

Note that Hispanic and Asian children in poverty increased by 599,000 and the entire increase in poor children was 418,000 because there was a decline in the numbers of White and Black school age children in poverty. California accounted for 284,361 of the added poor children in the nation's schools (GAO, August 1993).

Table 3 shows the ethnic distribution of the added children enrolled in California schools (California Basic Educational Data System, CBEDS) and the distribution for the increases in poverty in the state (US Census, Summary Tape 3A).

The periods are different but overlapping. The percent changes are virtually identical. For those familiar with immigration patterns of the last decade, the figures look very similar to the ethnic composition of new immigrants to California and to the nation during the last decade. The data show that many additional students are Hispanic and Asian-Pacific Islanders and that many of their parents are poor. Are the students themselves children of immigrants?

Yes, many of them are. California Department of Education data indicate startling increases in non-English speaking children. In October 1993, there were 5.2 million children in California's K-12 public schools (CA Department of Education). Twenty-three percent of the children, or 1.2 million, were classified as Limited English Proficient (LEP). In the decade between 1984 and 1994, the number of LEP students has increased 149%. Table 4 shows the LEP students as a percentage of total enrollment, as well as a percentage of Hispanic and Asian students.

In 1994, 44% of the Asian students and nearly half of the Hispanic students do not speak English. Between 1990 and 1994, total K-12 enrollment increased by 495,299, and the number of Limited English Proficient students increased by 353,687. This means that 71% of the additional students enrolled in California schools did not speak English!

Other Costs Beyond Education

In addition to the large number of immigrants who move to California, many immigrants are giving birth, and many of these births are funded by Medicaid. In 1992, 96,000 or 40% of the Medicaid-funded births in the state were to illegal immigrant mothers. Another 17,000 or 7.7% of the Medicaid-funded births were to mothers who had applied for amnesty. This means that 47.7% of the Medicaid-funded births were for immigrant-related deliveries. Between 1988 and 1992 (Medicaid funding for immigrant births began in 1988), there have been over 300,000 Medicaid-funded births for immigrant mothers.

In 1992, 1 in 5 births in California was to an immigrant mother on Medicaid. Three births in 100 in the nation were to immigrant mothers on Medicaid in the state of California (US Statistical Abstract, 1993, Table 91; CA Department of Public Health). Census data and

California data show that between 1980 and 1991, Californians accounted for 46% of the net added births for the whole nation (CA Department of Finance; *California Almanac*). There were 499,000 additional births over the base year of 1980 in the U.S. and California accounted for 230,000 of them. The 1990 Census showed California as the 6th youngest state in the nation — up from 29th in 1980 (*Christian Science Monitor*).

Still another cost: U.S.-born children of illegal immigrants qualify for Aid to Families with Dependent Children (AFDC). The "child-only" AFDC caseload in California is the fastest-growing and accounts for 49%

Table 2

1991 Returns and Income Taxes by Income Range

Income (thousands)	% of total returns at this range	Taxes paid per return this range	% of total taxes paid this range
up to \$10	28%	\$4	0.1%
\$10 to \$20	21%	\$83	1.5%
\$20 to \$30	15%	\$340	4%
\$30 to \$40	11%	\$710	7%
\$40 to \$50	8%	\$1,011	7%
\$50 to \$60	5%	\$1,511	7%
\$60 to \$70	4%	\$2,014	7%
\$70 to \$100	6%	\$3,120	15%
Over \$100	4%	\$13,904	52%

Table 3
School Enrollment and Poverty by Ethnic Distribution

Population	1980-90 Poverty Increase	1985-93 Increase in Enrollment
Hispanic	71%	72%
Asian/Pac.Is.	23%	20%
Black	5%	5%
White	1%	3%

of the total caseload increase from 1985 to 1992 (CA

Department of Social Services). While these programs are very expensive, the highest cost for immigrant support is in the education of children and the enrollment data for the past 8 years indicate that 92% of the additional children are Hispanics or Asian-Pacific Islanders (CBEDS).

About the increase in persons in poverty, Daniel Weinberg, the census official referenced at the start of this article, was quoted as stating that, "we don't have a good explanation for it." Interestingly, Mr. Weinberg and Sheldon H. Danziger, two of the three editors of a book entitled *Confronting Poverty: Prescriptions for Change*, note (on page 36) that "Hispanics as a share of all poor persons have doubled between 1970 and 1990 to about 18 percent; blacks have comprised about 30 percent of the poor over the last three decades." The editors continue, "Although there have been dramatic changes in the poverty rates of children, ...their share of the total poor population has changed very little, because the number of children has fallen in recent years, while their poverty rate was rising. ...children make up nearly 40 percent of the poor" (p.36).

Why did Hispanic poverty increase and black poverty decrease slightly? What state made up 59% of the added school age children in poverty for the nation? What state's enrollment

increases and child poverty increases were mostly Hispanic and Asian? What state accounted for 46% of the added births for the entire nation between 1980 and 1990? What state is home to the most immigrants who are primarily Hispanic and Asian?

Does immigration have anything to do with the rising levels of poor and low income families in California and the nation? What other conclusion is there?

More importantly, what are the policy implications of this? If many of the immigrants are poor and low income, who is going to pay the added taxes for their support? If no new taxes are forthcoming, who will suffer the reduced services to compensate for the added public costs? In California it is the other poor people who are paying. Aid to Families with Dependent Children grants have been cut three years in a row; Supplemental Security Income has been cut; renters' tax credit has been eliminated; tuition at public universities and colleges has more than doubled.

Nationally, President Clinton proposes cutting off AFDC grants for mothers two years on welfare. In California this will penalize native-born poor women and children since the fastest growing caseload is the "child-only" caseload where mothers are not recipients of the checks — the children are. The Administration has reduced from \$85 million to \$20 million the Agriculture Department subsidies to food banks for this winter.

Are the wealthy and the middle class going to pay extra taxes to finance more and more foreign-born poor people? Who is going to convince them to do that? Politicians? If we cannot convince "someone else" to pay for all these additional poor people, what happens then?

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Table 4
Ethnicity, Enrollment and Language Proficiency

Year	Number of LEP	Total Enrollment	Percent of Enrollment
1994	1,215,218	5,267,277	23.1%
1990	861,531	4,771,978	18.1%

Year	Number of Spanish LEP	Hispanic Enrollment	Percent of Hispanic Enrol.
1994	943,559	1,951,578	48.3%
1990	655,097	1,574,105	41.6%

Year	Number of Asian LEP	Asian Enrollment	Percent of Asian Enrol.
1994	189,816	432,140	43.9%
1990	143,782	365,686	39.3%