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**Welfare: A Magnet for Migration or Not?**

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People hold contrasting opinions of immigrants. Some people are concerned that immigrants will come to America to take advantage of generous welfare benefits. Others more sympathetic to immigrants see them as energetic people who are likely to work hard, to open their own businesses, and to remain independent of public support.

Is it correct to suppose that there is an association of in-migration and the generosity of welfare? If people move in order to qualify for generous welfare benefits, then one might expect to see migration patterns of native and foreign born people in America moving into states with high welfare benefits and away from states with low welfare benefits.

Evidence presented here does not support this conclusion. It would appear that the correlation of in-migration and generous welfare benefits is negative rather than positive.

**High welfare correlates with out-migration**

Take Hawaii, for example. According to Michael Tanner and Stephen Moore of the CATO Institute (Moore), the six basic welfare benefits in Hawaii (6 among a possible 77 welfare programs) could have provided a mother and two children with the equivalent of a pre-tax income of \$36,000 or a wage of \$17.50 an hour, the highest benefits in the nation. This, however, is not associated with net domestic in-migration to Hawaii. According to recent data from the U.S. Census Bureau for the decade of the 1990's, Hawaii experienced net domestic out-migration to other states of both the native born and the foreign born population.

Among the ten states that provided the greatest levels of welfare, there was a net out-migration of 1,567,872 native born and 439,165 foreign born individuals.<sup>10</sup> Eight of the ten highest welfare states experienced out-migration of the native born.

Among the ten states with the greatest levels of welfare, only two experienced a modest degree of in-migration by the native born population, Virginia and Rhode Island. Bordering on Virginia is Washington, DC, a district with relatively higher welfare benefits than Virginia that experienced net domestic out-migration of the native born population. Thus, it is possible that people moving into Virginia were coming from neighboring higher welfare in order to go to a state with relatively lower welfare.

The same association can be found in the case of Rhode Island. Rhode Island borders on Connecticut and Massachusetts, two states with relatively higher welfare benefits than Rhode Island and two states that experienced net domestic out-migration of the native born population. If these people account for the in-migration of neighboring Rhode Island, then they would also have been leaving states with relatively higher welfare benefits in order to go to a state with relatively lower welfare.

With regard to the net domestic migration of the foreign born population, six of the top ten welfare states experienced a very modest in-migration (25,884 in total) and four of the top ten welfare states experienced a substantial out-migration (462,939 in total). Thus, the ratio of those entering high welfare states versus those leaving high welfare states was nearly one to eighteen.

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<sup>10</sup>AMigration of Natives and the Foreign Born: 1995-2000,@ U.S. Census Bureau, August 2003.

### **Low welfare correlates with in-migration**

Contrast this with states that grant little welfare. Mississippi, for instance, provides only a third of the welfare benefits that Hawaii offers. Tanner and Moore found that the median income of a *worker* in Mississippi was \$6,000 less than what a *welfare* family could get in Hawaii. If low welfare was the motivation for people to move away from a state, then one might expect net domestic out-migration from a state such as Mississippi. However, the evidence does not support an association of low welfare with net domestic out-migration.

In fact, eight of the ten states offering the lowest levels of welfare experienced net domestic in-migration of the native born population. And nine of the ten low welfare states experienced net domestic in-migration of the foreign born population.

The net domestic in-migration of native born individuals in eight low welfare states was significantly greater than the net domestic out-migration in two other low welfare states, by a ratio of twenty-seven to one. And the net domestic in-migration of foreign born individuals in nine low welfare states was significantly greater than the net domestic out-migration in one state, by a ratio of ninety-five to one.

### **Conclusion**

In general, there appears to be a negative correlation of high welfare benefits to in-migration for both native born and foreign born individuals within America where there are relatively few physical and cultural barriers to mobility. Also, there seems to be a positive correlation of low welfare benefits to in-migration for both native born and foreign born individuals.

	Hourly wage equivalent of welfare (1995)	Native net domestic migration: number	Native net domestic migration: rate	Foreign born domestic migration: number	Foreign born domestic migration: rate
TOP 10:					
Hawaii	\$17.50	- 65,505	- 67.4	- 10,628	- 55.5
Alaska	\$15.48	- 31,040	- 54.7	+ 542	+ 17.8
Massachusetts	\$14.66	- 56,324	- 10.8	+ 1,616	+ 2.6
Connecticut	\$14.23	- 66,950	- 23.5	+ 2,340	+ 8.0
Wash. D.C.	\$13.99	- 35,515	- 72.2	- 9,816	-157.3
New York	\$13.13	-669,102	- 46.3	- 205,146	- 59.4
New Jersey	\$12.74	-186,933	- 28.6	+ 4,104	+ 3.4
Rhode Island	\$12.55	+ 2,320	+ 2.7	+ 916	+ 9.1
California	\$11.59	-518,187	- 22.6	- 237,349	- 30.4
Virginia	\$11.11	+ 59,364	+10.0	+ 16,366	+ 39.7
Top 10 ave. Total Pop Chg.	\$13.70	- 1,567,872		- 439,165	
BOTTOM 10:					
Mississippi	\$5.53	+ 25,845	+ 10.1	+ 1,085	+ 38.7
Alabama	\$6.25	+ 25,158	+ 6.3	+ 665	+ 11.0
Arkansas	\$6.35	+ 35,049	+ 14.8	+ 7,067	+155.1
Tennessee	\$6.59	+135,615	+ 27.1	+10,699	+111.0
Arizona	\$6.78	+275,814	+ 72.7	+40,334	+ 87.4
Missouri	\$7.16	+ 42,397	+ 8.5	+ 3,656	+ 35.8
West Virginia	\$7.31	- 9,778	- 5.8	- 976	- 60.3
Texas	\$7.31	+131,538	+ 8.2	+16,702	+ 7.3
Nebraska	\$7.64	- 20,160	- 13.1	+ 4,807	+101.1
S. Carolina	\$7.79	+124,151	+ 35.6	+ 8,054	+111.9
Bottom 10 Ave Total Pop Chg.	\$6.87	+661,034		+ 92,093	
	CATO	U.S. Census			

The net domestic migration rate in this report is based on an approximated 1995 population, which is the sum of people who reported living in the area in both 1995 and 2000, and those who reported living in that area in 1995 but lived elsewhere in 2000.

The net domestic migration rate is the 1995 to 2000 net domestic migration divided by the approximated 1995 population and multiplied by 1,000.<sup>11</sup>

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<sup>11</sup>Migration of Natives and the Foreign Born: 1995-2000.) U.S. Census Bureau, August 2003.

Editors= Note: The *Journal of Private Enterprise* publishes both papers and educational notes that should be helpful to those teaching about private enterprise. Thus, in recent years, we have had two such sections in the *Journal*. The following article performs both such functions. It is both a helpful clarification of news reports that could puzzle citizens, including economists that are not familiar with public school practices, and a useful teaching example. Thus it qualifies for both sections and we place it here in the *Journal* where the division between these two sections is usually drawn.