Chapter 6

Welfare and Work among Southeast Asians[1]

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Concerns over increasing poverty rates, the growth of an urban underclass, and long-term dependence on public assistance have shaped the debate over the relationship between welfare and work (Wilson, 1987; Ellwood, 1988; Murray, 1984). But despite the volume of material in this field, Asian Pacific Americans, a rapidly growing welfare population, have largely been excluded from this literature. Studies of welfare dependency typically focus on African Americans, who comprise a disproportionate percentage of those on public assistance. More recently, scholars have turned their attention to Latinos whose growing numbers on welfare have fueled a larger discussion concerning the effects of immigration and undocumented aliens on welfare usage. While these studies are useful, they are incomplete. We argue in this chapter that the experience of Asian Pacific Americans is unique and that this uniqueness can provide important insights into the welfare debate and help shape future discussion on welfare reform.

Not only are Asian Pacific Americans the fastest growing segment of those on welfare, but some Asian Pacific ethnic groups, particularly Southeast Asians, have the highest welfare dependency rates of any ethnic or racial group. In 1975, only 0.5 percent of parents on Aid to Families with Dependent Children (AFDC) (the nation's single largest welfare program) were Asian Pacific Americans, but by 1990 the percentage grew to 2.8 percent (U.S. Committee on Ways and Means, 1992, p. 670). (See Appendix for a summary of the welfare programs discussed in

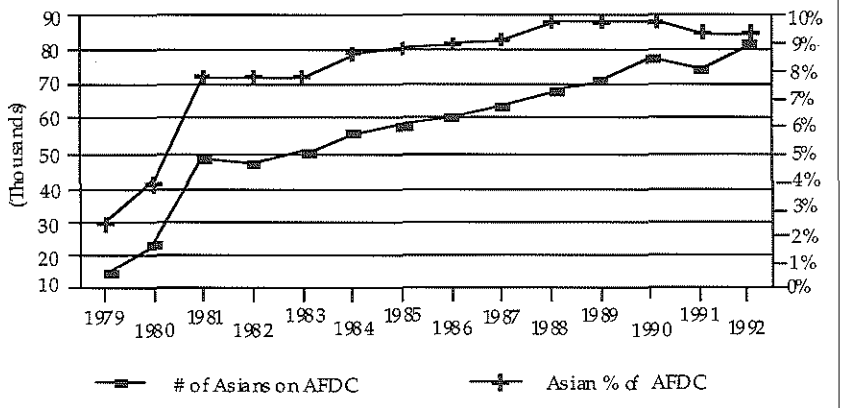
this chapter.) This substantial growth in the percentage of Asian Pacific welfare recipients occurred during a period when the total number of AFDC recipients remained fairly stable, increasing only slightly from 11.3 to 11.5 million (U.S. Committee on Ways and Means, 1992, p. 665). The increase in Asian Pacific Americans on welfare is driven, in part, by the growth of this population, which expanded from approximately 1.6 million in 1970[2] to 7.3 million in 1990. Population growth, however, only explains a small part of rising welfare usage rates among Asians. The key lies in the experiences of specific ethnic groups. Although the Asian Pacific AFDC population is diverse, Southeast Asians comprise a large majority and exhibit welfare dependency rates that reach over 50 percent.

Despite a paucity of studies on Southeast Asians within the welfare literature, important insights can be drawn from the substantial literature on their adaptation to the U.S. These studies have examined refugee and assimilation issues, but they have not done so in the context of a broader set of welfare issues. For example, these studies analyze the use of public assistance with little reference to ethnic and racial groups on public assistance. We believe that this is a serious limitation given the realities.

Although one could argue that a misguided refugee adjustment policy is at the root of the problems facing Southeast Asians, this population is now so enmeshed within the public assistance system that their well-being is and will be determined by this system and future reform. The question is whether current and proposed welfare policies adequately meet the needs of this unique and growing population of welfare recipients. The findings from this study suggest that existing programs fail to assist Southeast Asians in making the successful transition from welfare to work.

This chapter adds to the literature by examining welfare and work issues based on both a synthesis of existing materials, an analysis of unpublished data for California from the Public Use Microdata Samples of the U.S. Census, and specialized administrative data from California's Department of Social Services. With respect to Southeast Asians, the state of California is both representative of national welfare trends and unique. Paralleling national trends, Asian Pacific Americans residing in California experienced a faster average annual growth rate in their numbers on welfare

Graph 1. California Asians on AFDC



than any other ethnic or racial group. In 1979, 14,020 Asians received AFDC in California, comprising 2.6 percent of the AFDC population (California Employment Development Division, 1980). By 1992, however, the number of Asian Pacific Americans on AFDC jumped over 480 percent to 82,177, approximately 9.5 percent of the state's total AFDC population[3] (see Graph 1). Southeast Asians constitute the largest group of Asian Pacific Americans on welfare, comprising from 71 to 87 percent of the total Asian Pacific welfare population.[4] As a comparison, Southeast Asians comprise 13 percent of the total Asian Pacific population, ranking third after Chinese Americans and Filipinos.

California diverges from the rest of the states with respect to welfare dependency rates among Southeast Asians. Southeast Asians have substantially higher welfare usage in California than in any other state in the country (Bach and Carroll-Seguin, 1986). During the early 1980s, an overwhelming majority of Southeast Asian welfare recipients, perhaps over three-quarters, resided in California (Kerpen, 1985, p. 22). Although recent statistics from the U.S. Office of Refugee Resettlement include only those who had been in the country for two years or less, the data for 1989 show that among recent arrivals, 80 percent of those in California received public assistance compared to 31 percent of

those in all other states (U.S. Congress, 1992, p. 230).[5] These figures would indicate that a large majority of all Southeast Asians on public assistance continue to reside in California.

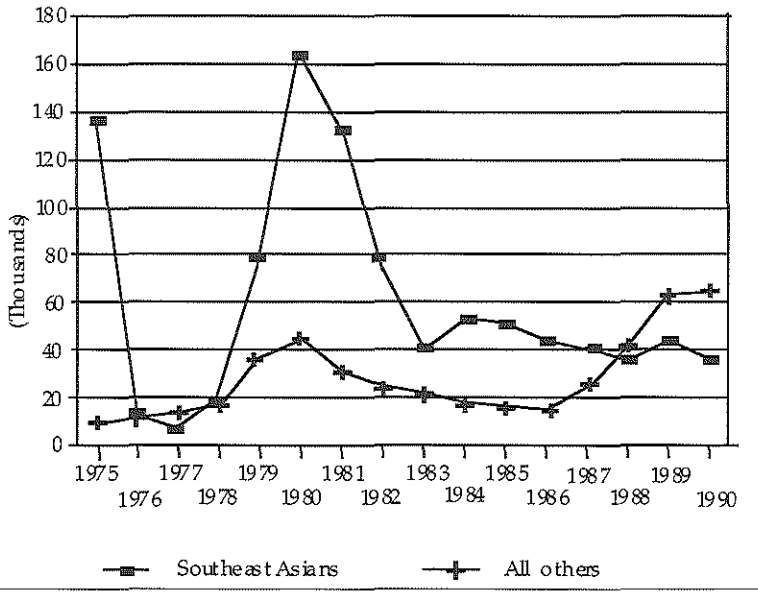
The following sections of the chapter provide background information on Southeast Asian resettlement in the U.S., document their employment and welfare patterns, and review the determinants of welfare usage. The final section evaluates government sponsored efforts to transition Southeast Asians off of public assistance and into the labor market. The chapter concludes with a discussion on the broader implications of this study for public policy.

Southeast Asians in the U.S.

The U.S. Southeast Asian population is a legacy of the Vietnam War, this country's unsuccessful, military effort to eradicate communism in Indochina. In support of South Vietnamese forces, the U.S. government bombed, deployed troops, and sent millions of dollars in aid as well as hundreds of specialists, technicians, and researchers to Southeast Asia. By the early-1970s millions were refugees — homeless Laotians, Cambodians and Vietnamese who had escaped with their lives but little else. Many were living in refugee camps — crowded and unsanitary facilities.

The influx of Southeast Asians to the United States was thought to be a short-term phenomenon, the immediate consequence of the violent communist takeover that occurred in Vietnam in 1975. However, contrary to expectations, the flow of refugees did not wane; new political upheavals and natural disasters motivated Laotians, Cambodians, and ethnic Chinese to enter the U.S. during the 1980s. Between 1975 and 1991, over a million Southeast Asian refugees migrated to the U.S., arriving in two waves (U.S. Congress, 1992, p. 126) (see Graph 2). From 1975 to 1978, 178,000 refugees came to the U.S.; of these, 83 percent were Vietnamese and the remainder were largely Laotians (see Table 1). After this first wave, migration continued as Cambodians, ethnic Chinese, and Hmong entered this country in increasing numbers. North Vietnam overthrew the existing Cambodian government causing over 100,000 Cambodians to seek asylum in Thailand (Strand and Jones, Jr., 1985). Shortly

Graph 2. Refugee Arrivals into the U.S.



thereafter, a protracted Cambodian famine forced an additional 150,000 people into Thai refugee camps (Strand and Jones, Jr., 1985). Ongoing political turmoil in Vietnam motivated over 85,000 people, mainly ethnic Chinese, to risk travel in small crafts never meant for the open seas; these refugees were popularly termed "boat people" (Strand and Jones, Jr., 1985). And finally, refugees from Laos fled to Thailand as communists drove Hmong from their highland homes and seized businesses largely owned by ethnic Chinese. Rising antagonisms toward refugees in countries of first asylum such as Thailand combined with the continued massive exodus from the region prompted the U.S. government to admit additional refugees.

Southeast Asians are unevenly dispersed throughout the United States. This unevenness is derived in part by geographic variations in the number of voluntary organizations that have been willing to sponsor initial settlements, and also by the residential preferences of Southeast Asians. While U.S. policy-makers pursued a conscious plan of distributing refugees

Table 1. Distribution of Southeast Asian Refugees by Country of Origin

	Vietnam	Laos	Cambodia
1975-1978	83.3%	11.5%	4.5%
1979-1982	59.4%	25.1%	15.4%
1983-1986	44.8%	13.1%	27.7%
1987-1990	57.5%	33.8%	5.9%

Source: 1975-1982, Le (1993, p. 170); 1983-1990, INS reports.

throughout the nation, secondary migration has led to greater concentrations in a handful of geographic areas (Forbes, 1984). Of all U.S. states, California is home to the largest Southeast Asian population. According to the 1990 Census, approximately 45 percent of those classified as Vietnamese, Laotian, Cambodian, or Hmong (both foreign- and U.S.-born) reside in this state. Other states including Texas, Washington, Minnesota, Massachusetts, Virginia, Pennsylvania, Wisconsin, New York and Florida have sizable Southeast Asian communities. State estimates from the Office of Refugee Resettlement show similar patterns (see Table 2).

Within California, Southeast Asians are geographically concentrated. Close to 40 percent of Indochinese refugees live in the Southern California counties of Los Angeles and Orange with smaller concentrations in California's other major metropolitan areas — Santa Clara, San Mateo, San Francisco/Oakland, and San Diego. Southeast Asian ethnic groups are also clustered within metropolitan areas. In Los Angeles County, for example, Vietnamese have largely settled in the San Gabriel Valley on the east side of Los Angeles, while Cambodians are located in the city of Long Beach to the south.

Changes in the circumstances and sources of the two waves of refugees have created disparities in population characteristics. The first cohort consisted largely of the more privileged segments of the population, refugees with advanced education

Table 2. Distribution of Southeast Asians in the U.S.

State	1990 Census Total Number	1990 Census Percent of Total	Office of Refugee Resettlement Total Number	Office of Refugee Resettlement Percent of Total
California	453,363	45.3%	398,200	39.8%
Texas	85,029	8.5%	75,100	7.5%
Washington	36,724	3.7%	46,800	4.7%
Minnesota	36,459	3.6%	36,600	3.7%
Massachusetts	33,732	3.4%	31,400	3.1%
Virginia	27,178	2.7%	25,500	2.5%
Pennsylvania	23,788	2.4%	31,200	3.1%
Wisconsin	23,010	2.3%	17,500	1.7%
New York	22,619	2.3%	35,400	3.5%
Florida	20,379	2.0%	12,200	1.2%
Total	1,001,054		1,001,000	

Census figures do not include Chinese born in SE Asia.
ORR estimates from U.S. Congress, 1992.
ORR figures are the cumulative for 1975 to 1991.
Source: U.S. Bureau of the Census, 1990 Census Report.

and previous professional work experience. In contrast, the second wave represented a wider range of socioeconomic backgrounds. Although still more representative of middle-class segments of their native populations than those who remained, this cohort was more likely than the first to include individuals with lower educational levels and rural, rather than professional work experience (Le, 1993; Bach and Carroll-Seguin, 1986). Refugees from this second wave were also more likely than previous groups to have spent lengthy periods in refugee camps.

Differences in the population characteristics of Southeast Asians by time of entry are reflected in the 1980 and 1990 Census data for California adults between the ages of 18 and 54.

To minimize the influence of time-dependent acculturation on observed outcomes, the characteristics of the 1975-80 cohort as reported in the 1980 Census are compared with the characteristics of the 1985-90 cohort as reported in the 1990 Census.[6] While 65 percent of the 1985-90 cohort had limited English language abilities (spoke English poorly or not at all), only 50 percent of the 1975-79 cohort fell into this category in 1980. Educational differences are even more substantial. According to the 1990 Census, 59 percent of the 1985-1990 refugees had less than a high school education, compared to only 38 percent of the 1975-1979 cohort.

Differences in population characteristics by time of entry are also reflected in differences across ethnic groups. In California, the percentage of prime-age adults (18 to 54) with limited

Table 3. Changes in Federal Refugee Funding of Cash and Medical Assistance*

Date of Change	State share of AFDC/Medicaid/SSI	RCA/RMA	Gen. Asst. (inc. GA Med.)
Thru 03/31/81	No time limit	No time limit	No funding
04/01/81	36 months	36 months	No funding
04/01/82	36 months	18 months	Months 19-36
03/01/86	31 months	18 months	Months 19-31
02/01/88	24 months	18 months	Months 19-24
10/01/88	24 months	12 months	Months 13-24
01/01/90	4 months	12 months	No funding
10/01/90	No funding	12 months	No funding
10/01/91	No funding	8 months**	No funding
12/01/91	No funding	8 months***	No funding

*All time periods counted from refugee's date of arrival in U.S.

**For new applicants

***For persons receiving RCA/RMA as of September 30, 1991.

Source: Office of Refugee Resettlement, 1993, p. 20.

English language ability varies from a low of 30 percent for Vietnamese to a high of 83 percent for Southeast Asians of Chinese ancestry. The respective percentages for Cambodians, Hmong, and Laotians are 54 percent, 60 percent, and 55 percent. There are also parallel differences in educational attainment. While only 34 percent of the Vietnamese had less than a high school education, 81 percent of the Southeast Asians of Chinese ancestry did. The respective percentages for Cambodians, Hmongs, and Laotians are 59 percent, 67 percent and 63 percent. These variations by time of entry and ethnicity, as we will see below, have significant effects on welfare usage.

Southeast Asians and Welfare

Unlike other ethnic or racial groups, Southeast Asians have been channeled into welfare programs as part of a national strategy to facilitate their economic assimilation. Public assistance has been the cornerstone of U.S. refugee assistance programs. The Indochina Migration and Refugee Assistance Act of 1975 established the basic parameters of U.S. refugee resettlement policy, requiring states to provide the same social services to refugees as to non-refugees. Initially enacted for two years and set to expire in 1977, the Act provided assistance on the same basis as AFDC (Aid to Families with Dependent Children). Low-income refugees who did not qualify for AFDC were eligible for Social Security (SSI) or Refugee Cash Assistance (RCA).

While these basic services were extended beyond the initial 1977 expiration date, the federal government has slowly withdrawn its resources from refugee assistance programs. The time allotted for economic support has consistently declined over the years, as indicated by the figures in Table 3. Related to this trend has been an overall reduction in federal appropriations to Health and Human Services for refugee assistance; between 1986 and 1992, federal funding dropped from $421 million to a proposed $411 million. After adjusting for inflation, what seems like a modest drop in funding amounted to a 27 percent decline, a decline that cannot be explained by changes in the demand for refugee services. Moreover, when normalized by the number of newly admitted refugees, the level of federal

Table 4. Characteristics of Adults Receiving AFDC, California, 1989

	NH-White	Black	Latino	Southeast Asian
Sex				
% Female	79.7%	89.5%	81.8%	52.0%
Education				
No School	0.9%	0.7%	6.4%	34.0%
Less Than HS	31.3%	30.9%	61.6%	40.2%
HS Degree	30.5%	32.4%	18.0%	7.8%
Beyond HS	37.3%	36.0%	14.1%	18.0%
Marital Status				
Unmarried	56.9%	78.8%	60.4%	16.4%
Limited English Proficiency	4.9%	1.0%	28.6%	75.7%
Foreign-Born	10.7%	3.9%	49.7%	99.8%
Mean # Children	2.1	2.3	2.8	3.5
Mean Age	33.4	32.8	33.6	38.1

Sample includes heads of household or spouses between the ages of 18 and 54, with public assistance income in 1989 and at least one natural, adopted or step child.

Source: U.S. Bureau of the Census, as reported in Ong and Blumenberg, 1993

dollars per person dropped by 64 percent. Not surprisingly, dwindling federal dollars has shifted the financial burden from the federal government to the states.

The decline of federal assistance has not translated into a decline by refugees in the reliance on welfare. Instead, refugees have shifted to regular public aid programs. A 1992 survey

shows that two-thirds of Southeast Asian households that entered the U.S. in 1985 still relied, wholly or partly, on public assistance (U.S. Department of Health and Human Services, Office of Refugee Resettlement, 1990, p. 58). This is roughly the same usage rate among refugees who arrived in the 1990s. Since most of these refugees did not qualify for federal grants, their payments came primarily from state-operated and funded programs. The only thing that the change in federal policy has accomplished is to shift the refugees into the welfare system more rapidly.

The direct incorporation of Southeast Asians into the welfare system has created a unique population on public assistance (see Table 4). The most salient difference among ethnic and racial groups on welfare is household structure. Southeast Asian welfare households are generally larger in size than other households on welfare. Close to 90 percent of all Southeast Asian AFDC households contain two parents, a sharp divergence from the customary image of the single welfare mother. In contrast, only 43 percent of non-Hispanic white, 21 percent of black, and 40 percent of Latino households contain two parents. Southeast Asian households also have higher fertility rates. In sum, the average family size for Southeast Asian households is close to five persons, while the average family size for other welfare households is approximately 3.5 persons.

Southeast Asian welfare households also differ significantly from other welfare households in terms of education and English language abilities. Educational levels among this group are bi-polar. Thirty percent of Southeast Asian refugees in AFDC households arrive in this country having had no formal education. Among all individuals in AFDC households only 7 percent have had no schooling. A large majority of Southeast Asians in AFDC households have limited facility with the English language, which is not surprising given that this population is largely comprised of immigrants.

Another unique characteristic of Southeast Asians on AFDC is high welfare persistency rates. According to data from the California Department of Social Services (1992), Laotians, Cambodians, and Vietnamese comprise three of the four top ethnic groups with the highest welfare persistency rates. From January 1992 to December 1992, 94 percent of Laotians, 93 percent of

Cambodians, and 89 percent of Vietnamese remained on welfare. The comparable statistics for blacks, Latinos and whites are 81 percent, 79 percent, and 74 percent (California Department of Social Services, 1992).

These percentages suggest that Southeast Asian welfare recipients have a more difficult time exiting from welfare than other recipients, but the statistics by themselves are not conclusive. Inter-racial variations may be due in part to differences in the mix of case loads (AFDC-U versus AFDC-FG) and differences in personal characteristics that influence employability. These issues are addressed systematically in the section on welfare-to-work programs.

Given the continued reliance on AFDC, it is not surprising that welfare usage among Southeast Asians is higher than any other ethnic/racial group. Over half of Southeast Asian adults live in households that receive AFDC. These figures vary across ethnic groups with welfare dependency at over 70 percent for Cambodian, Laotian, and Hmong households and 35 percent for Vietnamese households. And, as mentioned previously, welfare dependency rates among Southeast Asians in California are higher than they are in any other state in the country (Bach and Carroll-Seguin, 1986).

Determinants of Welfare Usage

The determinants of welfare usage among Southeast Asians are quite complex and vary among ethnic groups. In large part, usage is a (negative) function of economic assimilation, which is influenced by individual investments in education and training (human capital). However, while human capital investments (acquired through economic assimilation) are highly determinative of welfare usage, the impact of these factors is mediated by larger structural conditions such as the state of the U.S. economy, refugees' pre-migration experiences, and resources available in U.S. metropolitan areas.

Overall the literature on immigrants finds that educational attainment, English-language abilities, and levels of acculturation as proxied by years in the U.S. affect labor force participation rates as well as wage levels (see Borjas, 1990, for a summary of this literature). Studies on refugees, a subset of the broader literature on immigrants, show similar findings. Research indicates that the

ability to speak English, as well as pre-migration professional and managerial work experience, positively influence labor force participation (Bach and Carroll-Sequin, 1986; Haines, 1987; Strand and Jones, 1985).[7]

Our findings concur with those of previous studies. The data suggest that economic assimilation as measured by the number of years refugees live in the U.S. is one of the strongest determinants of economic assimilation, reflecting both the acquisition of new skills as well as a growing familiarity with U.S. labor markets. Cross-sectional data from the 1990 Census show that the longer refugees live in the U.S. the higher their labor force participation. The labor force participation rate among Southeast Asians between the ages of 18 and 54 in California is 57 percent, significantly below that of all U.S. adults. The rate is particularly low for recent refugees; for example, only 37 percent of those living in the country three years or less participate in the workforce. However, after approximately 15 years in the U.S., the labor force participation of Southeast Asians begins to resemble that of all U.S. adults.

Based on the above research, we can assume that the same factors that influence economic assimilation also influence welfare usage. We start by examining each factor separately (a univariate analysis) based on a sample population extracted from the 1990 Public Use Microdata Sample; the sample contains all Southeast Asian males between the ages of 18 and 54 (see Ong and Blumenberg, 1993, for a description of the sampling procedure). The outcome, or dependent variable, is whether an individual resides in a household that receives AFDC assistance; in other words, the individual sampled may or may not receive welfare payments directly but may rely on the benefits received by other family or household members. For convenience, we use the term AFDC usage to signify individuals who live in AFDC households. Therefore, the AFDC usage rate is the proportion of adult males consisting of AFDC users.

As expected, the probability of being a member of an AFDC household varies directly with human capital — educational attainment, English language ability, and general acculturation as proxied by years in the U.S. Over three-quarters of those with little (one to eight years) or no education were in AFDC households compared to only one-third of those with college

educations. Nine-tenths of those who did not speak English at all were in AFDC households, while only three-tenths of those who spoke English very well were. Variation in AFDC usage by years of residence in the U.S. is also significant. Only a quarter of those who had lived in this country for over a decade were in AFDC households, while three-quarters of those who had lived in this country for five years or less were in AFDC households.

Demographic factors are also related to AFDC usage. The number of children per household increases the probability of living in an AFDC household because larger families place heavier home-related burdens on parents.[8] Only a quarter of those in households with one child collected AFDC, while three-quarters of those with four or more children did. The influence of children is consistent with the literature on economic assimilation, which indicates that higher fertility rates decrease labor force participation (Bach and Carroll-Sequin, 1986; Rumbaut, 1989). Usage also varies by ethnicity, ranging from a low of 35 percent for Vietnamese to a high of 77 percent for Hmong, although this is partially caused by differences in skills and education, as we will see later.

Finally, there is considerable variation by geographic location. The metropolitan areas of Los Angeles, Orange County, San Diego, and Santa Clara had welfare usage rates lower than the state average (47 percent, 32 percent, 47 percent, and 35 percent for the four respective areas), while the Bay Area had a higher rate (56 percent). The highest welfare usage rate (70 percent) is found outside of Los Angeles, Orange County, San Diego, Santa Clara, and the San Francisco-Bay Area, reflecting the sizeable population of poor Southeast Asians located in California's agricultural communities in the Central Valley.

Separating Influences

The individual factors mentioned in the above sections are highly correlated with each other. For example, ethnic differences in AFDC usage is due, in part, to ethnic variations in human capital and other factors. However, the ethnic group with higher welfare dependency rates also has lower educational attainment, poorer command of the English language, and shorter residency in the United States. Moreover, as suggested earlier, ethnic groups are not identically distributed throughout California communities.

Table 5. AFDC Usage Rates among Southeast Asians – 1990

	Observed AFDC Usage Rates	Diff. from Reference Group	Adjusted Difference
Vietnamese*	0.351		
Cambodian	0.753	0.402	0.271
Hmong	0.770	0.419	0.129
Laotian	0.716	0.365	0.184
Chinese	0.493	0.142	0.072
Years in U.S.			
0-3*	0.737		
4-5	0.738	0.001	0.002
6-8	0.645	-0.092	-0.007
9-10	0.573	-0.164	-0.069
11-15	0.289	-0.448	-0.246
15+	0.230	-0.507	-0.313
English Proficiency			
Not At All*	0.902		
Not Well	0.705	-0.197	-0.201
Well	0.337	-0.565	-0.382
Very Well	0.290	-0.612	-0.447
Educational Attainment			
None*	0.783		
Less than 5 yrs	0.805	0.022	0.017
Less than 9 yrs	0.769	-0.014	0.017
Less than 12 yrs	0.568	-0.215	-0.062
High School	0.432	-0.351	-0.201
Beyond HS	0.334	-0.449	-0.199
Los Angeles	0.471	-0.224	-0.067
Bay Area	0.559	-0.136	0.001
Orange	0.320	-0.375	-0.104
San Diego	0.471	-0.224	-0.072
Santa Clara	0.348	-0.347	-0.052
Rest of State*	0.695		

* Indicates Reference Group

Source: Ong and Blumenberg, 1993

For example, the Central Valley, which exhibits a high AFDC usage rate, has relatively higher numbers of Hmong and Laotians than other areas of the state. One potential consequence of these correlations is that estimates of their effects on welfare usage may be biased when each factor is examined individually.

Standard statistical methods (logistic regressions) are used to estimate the independent effects of various factors on welfare usage. (Details of the model and estimates are reported in Ong and Blumenberg, 1993.) The results are consistent with the arguments presented above: ethnicity, years in the U.S., language proficiency, education, and geography all independently influence welfare usage. Table 5 provides a summary of these effects. The first column reports the observed usage rates by socio-demographic characteristics. The second column reports the variations between sub-populations, and the percentage is calculated as the difference between a given population and a reference population identified with an asterisk. For example, for education, the reference group is the population with no formal education; relative to the AFDC usage rate of this group, the usage rate of Southeast Asian males with a college education is 56 percentage points lower. These raw differences, however, overestimate the influence of additional years of education (or additional years in the U.S., etc.) on AFDC usage. The third column reports the adjusted differences, the group variation after accounting for other factors. In all cases, the adjusted differences remain important.[9]

As expected, usage is related to variations in human capital. English language ability, for example, has a strong effect on welfare usage. Those who speak English very well have a usage rate that is 40 percentage points lower than those who do not speak English at all. While the adjusted differences due to education are smaller than the unadjusted figures, education remains a crucial independent factor in explaining welfare usage. The adjusted usage rates between those with no education and those with some college education is 20 percentage points. However, educational attainment does not have a progressively linear effect. There is essentially no difference in AFDC usage between those with no education and those with one to eight years of education. The usage rate of those with some high school education but no degree is only 6

percentage points. Moreover, education seems to offer no additional decline in AFDC usage after the receipt of a high school degree; in other words, the usage rate of those with only a high school degree is the same as those with some college education.

Usage rates decrease by years in the U.S. with a particularly pronounced effect for those living in the U.S. over a decade. Compared to those residing in the country for less than four years, the usage rate among those living in the U.S. between 11 and 15 years is 24 percentage points lower. The results are consistent with findings by Rumbaut and Weeks (1986) who argue that time in the U.S. is the strongest predictor of welfare dependency. Fass (1986) replicates these findings using data from individual cohorts of refugees. He finds that among Southeast Asian refugees arriving in the U.S. in 1981, 80 percent initially received cash assistance. By 1982 the numbers receiving public assistance dropped to 75.2 percent and declined once again to 62.4 percent in 1983.

One interpretation of these figures is that time in the U.S. is a proxy for acculturation, which lessens reliance on public assistance. However, even if we accept this argument, the numbers indicate that a substantial proportion of Southeast Asians, perhaps well over a quarter, will remain on public assistance after living more than a decade in this country. But even this assessment may be too optimistic. Time of entry is also correlated with other events that are not readily observed in the data but nonetheless can affect AFDC usage. For example, differences in labor market conditions at the time of arrival in this country can affect welfare usage. For example, just as the arrival of refugees was at its peak during the early 1980s, the U.S. economy slipped into an economic recession; employment opportunities evaporated. Although economic adjustment among Southeast Asians continued throughout this recession, the point at which each new cohort of refugees begins to assimilate into the U.S. economy has deteriorated throughout the decade. This trend, Haines (1989) speculates, may be due to cyclical fluctuations in the unemployment rate. Initial difficulties can translate into a persistent "echo" that shows up as higher rates of AFDC usage in later years.

Differences in welfare usage by time of entry may also be tied to pre-immigration experiences. Southeast Asians are distinct from

most groups because of their particular history as political exiles. Other studies show that refugees experience significantly greater psychological distress and dysfunction than other immigrants (Rumbaut, 1989). Refugees who arrived in the U.S. during the second wave of migration experienced very different conditions than those who arrived in the U.S. prior to 1980. Many second wave refugees were exposed to life under communist regimes, experienced protracted and dangerous escapes, and/or spent lengthy periods of time in refugee camps. Strand (1989) finds that "war memories," memories of violence and destruction, were one of the most serious problems inhibiting refugees' adaptation. This interpretation, that differences in usage by cohort is due in part to differences in pre-migration experience, is supported by Fass (1986) who finds that the reliance on cash assistance by each new cohort increased throughout the early 1980s.

The differences in pre-migration experiences are also correlated with ethnicity. Among the five Southeast Asian ethnic groups, Cambodians are most likely to be reliant on welfare, even after accounting for other factors. This is the ethnic group that is most likely to have underwent a traumatic pre-immigration experience in their escape from what is now popularly known as the "Killing Fields" and during protracted stays in refugee camps. Ethnic variations are also tied to differences in pre-immigration exposure to advanced capitalistic economies such as experiences with institutions and values that can influence one's ability to adapt to U.S. society.

And, finally, there is a persistent difference in welfare usage by geographic region. Residing in Orange County, Los Angeles, San Diego, and Santa Clara decreases the likelihood of welfare receipt, with the greatest effect occurring in Orange County. The higher cost of housing in some areas may lessen the purchasing power of AFDC benefits (which are uniform throughout the state), causing either selective migration of those more dependent on public assistance to regions with lower housing costs or greater economic incentives to work.[10] In addition to housing costs, the characteristics of the Southeast Asian communities in larger metropolitan areas may also influence welfare usage. Areas such as Los Angeles, Orange County, San Diego and Santa Clara have larger, institutionally

more complete Southeast Asian communities, whose better developed sub-economies can provide more employment opportunities, particularly to those refugees who are less acculturated. However, these explanations, particularly the one based on housing costs, are not sufficient. The analysis also shows that the adjusted usage rate among those living in the Bay Area is essentially the same as those living in the "rest of the state" category.

Promoting the Transition to Work

Although the above analysis indicates a tendency for Southeast Asians to leave public assistance over time and with acquisition of skills appropriate to the U.S. economy, the federal government has long recognized that it should assist in this process. Unfortunately, the effects of government resettlement programs on welfare usage have not been consistent. Studies show that initial sponsorship, a commitment by organizations or individuals to assist with refugee resettlement, has had a significant effect on economic outcomes. Refugees assisted by American families and church congregations have a higher employment rate, thus a lower rate of welfare usage, than those assisted by their formerly resettled relatives (Bach and Carroll-Sequin, 1989).

In contrast, some refugee resettlement programs have had no apparent effect on economic adaptation, as indicated by an evaluation of Targeted Assistance Programs (TAP). The purpose of TAP is to provide job training services, English as a second language training, skills training, and other support services for refugees who are at or below the poverty level, with services targeted toward refugees who are currently receiving public assistance and who have been in the U.S. for less than 36 months. In a survey of Southeast Asian refugees in San Diego's demonstration project, Strand (1989) finds that data on job placement and job training utilization exhibit no relationship to employment status; refugees who used the services were employed at approximately the same level as those who did not. This finding is consistent with that found in Gordon (1989) who shows that despite intensified program efforts to reduce welfare dependency, the proportion of refugees living in households

receiving assistance only declined by 5 percent, from 61 percent in 1983 to 56 percent in 1985.

Even for public assistance recipients who do find work, exit from public assistance is not guaranteed. Instead, there is a pattern of exit from and re-entry to welfare. Gordon (1989) finds that of the households receiving assistance in 1983, a little less than a third were no longer receiving assistance two years later; however, over a third of those not receiving welfare in 1983 were receiving it two years later. This bi-directional movement can also be seen in employment patterns. About a quarter of all adults who did not have jobs in 1983 were working in 1984, but a sixth of all adults who had held jobs in 1983 were not working in 1984.

Finding employment appears to be more difficult for Southeast Asian than other recipients. The 1990 Census data show that only 23 percent of Southeast Asian receiving AFDC worked during the previous year, a lower percentage than for blacks (27 percent),

Table 6. Estimated Two-Year Impact of GAIN by Ethnicity

	Southeast Asians	Non-Hispanic Whites	Latinos
Probability of Ever Worked			
GAIN	.563	.622	.570
Non-GAIN	.420	.544	.459
Raw difference	.143	.078	.111
Adj. difference	.128***	.052*	.054*
Months of AFDC			
GAIN	21.6	15.1	16.6
Non-GAIN	21.9	17.5	18.2
Raw difference	-0.3	-2.4	-1.6
Adj. difference	0.2	-1.6***	-1.0**

* p>.10; ** p>.05; *** p>.01

Source: Ong and Blumenberg, 1993

Latinos (35 percent) and non-Hispanic whites (41 percent). Moreover, among Southeast Asians living in households that received AFDC at some time during 1989, none worked more than nine hours the week prior to the Census.

The employment problem does not appear to be related to low motivation. In a small sample of participants in GAIN, California's work-incentive program, Hasenfeld (1991) found that 68 percent of Asian respondents had attempted to exit welfare compared to 53 percent of Hispanic, 38 percent of non-Hispanic white, and 28 percent of African American respondents. These figures indicate a very strong desire on the part of Asians to achieve economic self-sufficiency.[11] The social characteristics and economic conditions discussed earlier contribute to Southeast Asians' marginal attachment to work.

To further understand the effects of welfare-to-work programs, we examined the effects of GAIN on AFDC-U participants in San Diego and Los Angeles.[12] (A description of the data and analysis is contained in Ong and Blumenberg, 1993.) The results are summarized in Table 6. The data show that the probability of working at least some amount during the two years for which the data were collected is consistently lower for Southeast Asians than the corresponding probability for either non-Hispanic whites and Latinos, and for GAIN and non-GAIN recipients. Moreover, Southeast Asians collected more months of benefits that the other two ethnic groups.

The effect of GAIN, as measured by the difference between those participating and not participating in the program for non-Hispanic whites and Latinos, was to increase their probability of working and to decrease the number of months they required AFDC. In terms of work, GAIN had a larger impact on Southeast Asians than other racial and ethnic groups, increasing their work rate by nearly a third. Clearly, this group responded to the program by finding jobs. However, the increase in employment did not translate into less welfare usage. Unlike NH-whites and Latinos, GAIN had no detectable effect on lowering the months of benefits collected by Southeast Asians. In other words, Southeast Asians increased their participation in employment without leaving welfare. This finding remains when the analysis is conducted separately for Southeast Asians in each of the two metropolitan areas. In San Diego, the adjusted probability of ever working during the two-year

period increased by 9.9 percentage points, but there was no change in months of benefits collected. In Los Angeles, the adjusted probability increased by 14.9 percentage points, with no change in months of benefits.

Although these outcomes appear contradictory, the underlying behavior is plausible given the regulations governing California's AFDC-U program. Households can remain qualified for AFDC-U so long as the principal wage earner works less than 100 hours per month. Consequently, the findings indicate that Southeast Asians responded to GAIN by working within the limits necessary to retain eligibility. This strategy, however, did not necessarily produce a net economic gain for recipients. With the exception of the first four months on aid, any earned income is deducted dollar-for-dollar from a recipient's grant, a deduction equivalent to a marginal tax rate of 100 percent.[13] If the program fails to compensate recipients for work-related costs such as child care and transportation, the reduction in benefits from working may actually result in even less total income. The loss of Medi-Cal benefits (California's Medicaid program for the poor) also appears to be another barrier. Based on qualitative interviews, Smith and Tarallo find the following:

> Many of California's new immigrants, particularly Southeast Asian refugees, facing the choice between work or health, have chosen to remain on AFDC or general assistance for extended periods primarily because it entitles them to Medi-Cal coverage. Although they are quite willing to work, and prefer work to welfare, they have been unable to find jobs that include employee health care benefits (1993, p. 160).

Concluding Remarks

The evidence indicates that Southeast Asians on AFDC constitute a population that is willing to work but that continues to rely on a strategy of combining employment and welfare to survive. One could argue that the source of the problem is the federal policy of using public assistance as the "safety net" for refugees. Given the multitude of problems ranging from the lack of English language ability to pre-immigration trauma, it is

inevitable that a large percentage of refugees would rely on this "safety net." Once within the welfare system, many have a difficult time escaping. In part, this difficulty is due to a welfare program that is ill-equipped to handle the special needs of Southeast Asians. Continued poor employment prospects also contribute to the inability or reluctance of Southeast Asians to completely transition off of public assistance. With very limited marketable skills, the best they can expect are low-wage jobs with no medical or other benefits. Although a strategy of relying on welfare and only secondarily, if at all, on work may be rational, it is not desirable. It leaves many families in poverty and contributes to rising welfare dependency rates.

Our goal should be to help people be full and productive members of society, and, at the same time, ensure that they can live decent lives. This requires us to accept the reality that for some individuals, this goal will require regulations that allow for combining work with some form of public assistance, with an emphasis on promoting greater attachment to work and the labor market.

Some reforms such as changes in the maximum-work-hour rule and the effective "tax rate" on earnings can help (California Department of Social Services, 1993). An analysis of a sample of AFDC-U households in Merced County, California, shows that waiving the 100-hour work rule increased the number of working recipients by 29 percent. Lowering the rate of benefit deduction can also increase work effort. Instituting a "fill the gap" plan could increase work participation by California recipients by 50 percent.[14]

While these reforms can generate benefits, a much larger change in public policy is needed. Work should clearly be more desirable than welfare; however, as we have shown, the lack of employment security encourages welfare dependency. Fostering the transition from welfare to work requires access to health care, child care, and other needed services. Moreover, the income of the working poor should be augmented, not just through welfare, but through broader programs that ensure that if an individual works and plays by the rules, then that person and his or her family should not live in poverty.

Appendix — Welfare Programs

Aid to Families with Dependent Children (AFDC) has its roots in the 1935 Economic Security Act, which included a provision to provide Aid to Dependent Children. Today, AFDC is the country's largest welfare program. The federal government provides at least one-half of the program's funding, which is funneled through state governments. Benefit levels are set by the states and vary considerably in states with higher benefit levels contributing more funds to the program. *AFDC-FG* (Aid to Families with Dependent Children, Family Group) provides benefits to children when at least one parent is either absent, incapacitated, or deceased. The overwhelming majority of AFDC-FG cases consist of female-headed families. In California, 87 percent of all AFDC cases are AFDC-FG cases.

Aid to Families with Dependent Children, Unemployed Parent (AFDC-U) is for children who need financial assistance due to unemployment of a parent. Congress established AFDC-U in 1961 to aid two-parent households facing adverse economic circumstances, but this program was optional until October 1990. Prior to that time, approximately one-half of all states provided welfare support to two-parent households. The states that later added AFDC-U were given the option of imposing a limit on the number of months of benefits provided. To qualify, a parent must have been employed previously and be actively seeking work. The majority of AFDC-U cases consist of two-parent families in which the primary earner, generally the father, has lost his or her job. To remain on AFDC-U, the principal wage earner cannot work more than 100 hours during the month.

Greater Avenues for Independence (GAIN) is a California initiative designed to reduce welfare usage by improving the education and job skills of able-bodied recipients. GAIN originated in San Diego County and was subsequently expanded to the entire state in 1985, where each county has implemented the program according to local priorities, economic needs, employment opportunities, and composition of its welfare recipients. The program provides a broad range of educational, employment and support services, including basic education, job search, job clubs, vocational education and training, and long-term pre-employment preparation. These services are provided through

tuition subsidies, transportation support, and child care. Training is provided by adult schools, community colleges, regional occupational centers, JTPA (Job Training Partnership Act) programs, and local CEDD (California Employment Development Department) offices.

Notes

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2. This figure includes numbers for the Chinese, Japanese, Filipino, Hawaiian and Korean population in the United States, excluding Alaska.

3. As a point of comparison, non-Hispanic whites comprised 32 percent, Latinos 36 percent, and African Americans 22 percent of individuals on AFDC in 1992 (California Department of Social Services, 1992).

4. The lower figure of 71 percent is based on data from California's Department of Social Services. Since aggregate figures do not allow us to determine how many of the Chinese AFDC recipients are Southeast Asian refugees, these figures likely underestimate the percentage of Asian AFDC recipients who are Southeast Asian. Our analysis of the 1990 Census data, which can be used to identify Southeast Asians who are Chinese, indicates that Southeast Asians comprised 87 percent of Asians on AFDC.

5. A part of this difference is due to California's less restrictive treatment of two-parent Southeast Asian households. Lower AFDC usage rates in other states can be due to several factors: until late 1990 about half of all states did not have an AFDC-U program, some states limited enrollment to a fixed period of time (e.g., six months within a 13 month period), and some states with AFDC-U programs made it difficult for refugees to claim employment prior to entering the country as employment that fulfills the requirement of prior paid work. California, however, does not have any of these features. These programmatic differences make the experience in California less comparable with the experiences in other states. However, programmatic differences are not a sufficient explanation because other states such as Massachusetts also have similar AFDC-U provisions but nonetheless have lower usage rates.

6. Ideally, we would categorize those who immigrated between 1975 and 1978 as "first wave" migrants, but the 1980 Census identifies only those refugees who entered between 1975 and April of 1980.

7. The evidence on the relationship between human capital acquisition and welfare is not entirely conclusive. Rumbaut (1989) finds that English proficiency is not significantly associated with welfare dependency. Moreover, some studies show that foreign education is mediated by other conditions and, therefore, is not a significant determinant of labor force participation while others find that pre-migration educational experiences are highly correlated with labor force participation (Strand, 1984; Bach and Carroll-Sequin, 1986; Rumbaut and Weeks, 1986).
8. One would expect an increase in the probability of receiving AFDC because larger families increase the size of benefits and the value of home production. With a given earnings potential, these two factors increase the attractiveness of public assistance relative to work. In the case of Southeast Asians, the earnings potential is extremely low given their limited human capital.
9. Two additional results not discussed in the text are the influences of household structure and size on welfare usage; single-parent households and the number of children increase the likelihood of welfare usage, *ceteris paribus*.
10. Although selective migration is partially captured by variations in human capital and other observed factors, geographic location is probably correlated with other unobserved factors that influence welfare usage.
11. This desire to work is also observed by Smith and Tarallo (1993).
12. Gueron and Pauly (1991) provides a summary of major evaluations of the effects of welfare reform on employment; however, the evaluations cited in their book do not examine racial or ethnic variations.
13. In California there is no difference between the need standard estimated for families and the maximum welfare grant. In contrast, other states such as Maine, provide a "fill-the-gap" financial incentive plan whereby recipients can retain 100 percent of their earnings up to the need standard with no reduction in AFDC grant levels.
14. At the time of this research, California was implementing a number of these reforms.