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NCPA President John Goodman (left) interviews Rep. Henry Hyde as part of the Hatton W. Sumners Distinguished Lecture Series. See related story on page E-1.

Are 401(k)s a Good Deal?

Most people believe that saving in tax-deferred retirement accounts, such as 401(k) plans and traditional individual retirement accounts (IRAs), results in lower lifetime taxes. The premise is that people will be in a lower tax bracket during their retirement years. But for millions of low- and moderate-income families today, the assumption is no longer true. Instead:

- The federal income tax on Social Security benefits will cause many low- and moderate-income families to face higher tax rates after they retire.
- Large accumulations in tax-free savings accounts, which will be withdrawn and taxed during retirement, will push taxpayers into even higher brackets.

■ As a result, millions of American families will actually increase their lifetime tax burden if they take full advantage of tax-deferred savings opportunities.

For example, consider a 25-year-old, two-earner couple, each earning \$25,000 (for a total of \$50,000):

■ If the couple makes the maximum 401(k) contributions every year and earns a 6 percent real rate of return on their investments, their lifetime taxes will actually increase by more than \$1,077 (measured in year 2000 dollars).

■ At an 8 percent real rate of return, lifetime taxes will increase by more than \$7,000.

■ If the federal government raises future tax rates by 20 percent — a realistic possibility given the large unfunded liabilities in Social Security and Medicare —

the lifetime tax hike climbs to \$8,680 assuming a 6 percent return or \$13,574 assuming an 8 percent return.

The family would be better off avoiding the 401(k) deposit, paying taxes on the sum and investing it in a non-tax sheltered account.

■ The couple still realizes more than \$100,000 even if taxes during its retirement years are 20 percent higher.

By contrast, participating in a Roth IRA is almost always a good deal, regardless of the family's income level. Roth IRA deposits are made with after-tax dollars, and withdrawals during retirement years are tax free.

Source: Jagadeesh Gokhale and Laurence J. Kotlikoff, "Tax-Favored Savings Accounts: Who Gains? Who Loses?" NCPA Policy Report No. 249, January 2002, National Center for Policy Analysis, 12655 N. Central Expressway, Suite 720, Dallas, Texas 75243, (972) 386-6272.

Nurses Benefit from Competition

There is plenty of evidence that competitive, private sector delivery of health care allocates resources more efficiently than systems that give a public system a health care monopoly. One way this is manifested is in wage rates — which tend to be low for health care professionals in monopolistic health care systems.

Sweden's nurses have benefited from the injection of competition as Sweden has privatized more health care over the past few years. Now that the publicly funded health care system no longer has a monopoly, a growing number of health care employers are competing for nurses and other staff.

- As a result of the competition for their services, between 1995 and 1999 nurses' salaries increased by 26 percent, second only to civil engineers.

- This gain is three times greater than what was won during the previous period, when there were fewer private health care alternatives.

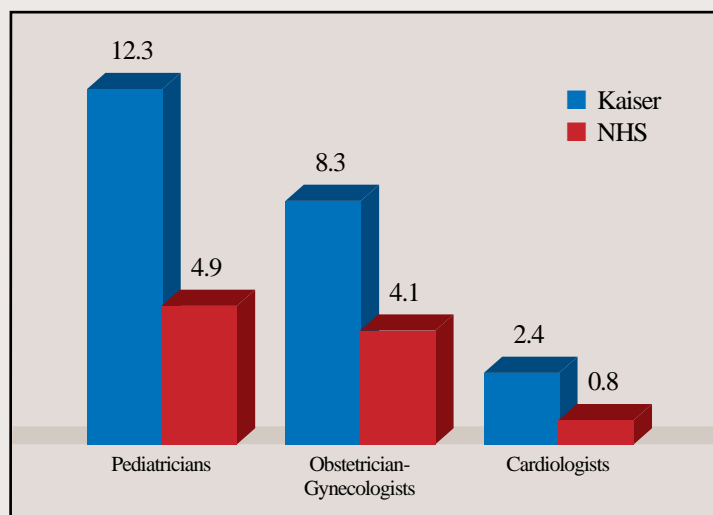
Conversely, other public sector employees are able to obtain a wage premium — pay above the marketplace rates — through collective bargaining when the government has a monopoly.

- For example, nonmedical staff unions in Canada's British Columbia hospitals consistently received pay increases above those of nurses over the 1997 to 2001 period.

- Analysts say that due to their monopoly position and willingness to use work stoppages and strikes to gain increased pay, the wages of nonmedical staff average several dollars above what the market would pay.

Source: Peter Holle, "Quality of Care & Wages Both Increase with Swedish Health Care Privatization," and Nadeem Esmail, "'Don't Privatize Health Care': Genuine Concern or a Quest for Higher Wages?" both *Fraser Forum*, November 2001, Fraser Institute, 4th Floor, 1770 Burrard Street, Vancouver, B.C., Canada, V6J 3G7, (604) 688-0221.

KAISER CALIFORNIA VS. NHS
Specialists per 100,000 people



Source: *British Medical Journal*.

Kaiser Outperforms Britain's NHS

A study comparing the cost and performance of Britain's National Health Service (NHS) and the large U.S. health maintenance organization Kaiser Permanente in California concludes that the per capita costs of the two systems are similar. However, the study finds that Kaiser provides its members with more comprehensive and convenient primary care services and much more rapid access to specialists and hospital admissions. The NHS has reported that the British public's top concern about the NHS is the waiting period for access to specialists and hospital beds.

After adjustments for differences between countries, NHS costs are \$1,764 per capita and Kaiser costs are \$1,951. However:

- Kaiser has two and one-half times as many pediatricians, twice as many obstetrician-gynecologists and three times as many cardiologists per 100,000 people.

- After referral, waiting times to see a specialist are more than six times as long in the NHS.

- 90 percent of Kaiser patients wait less

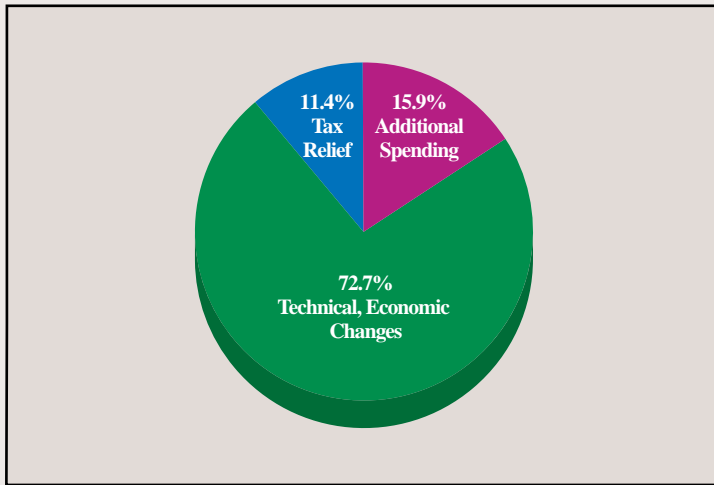
than three months for nonemergency hospital admission; one-third of NHS patients wait more than five months.

The most striking difference, the analysis said, was in the number of bed days (acute care in the hospital). Kaiser had an adjusted number of 327 acute care bed days per 1,000 population, whereas the NHS had an average of 1,000 acute care bed days per 1,000 population. The study noted that research has provided ample evidence that reduced length of hospital stay does no harm and, in view of the risks of staying in a hospital, may be beneficial.

The analysis concluded, "The widely held beliefs that the NHS is efficient and that poor performance in certain areas is largely explained by underinvestment are not supported by this analysis. Kaiser achieved better performance at roughly the same cost as the NHS because of integration throughout the system, efficient management of hospital use, the benefits of competition, and greater investment in information technology."

Source: Richard G. A. Feachem, Neelam K. Sekhri and Karen L. White, "Getting More for Their Dollar: A Comparison of the NHS with California's Kaiser Permanente," *British Medical Journal*, January 19, 2002.

WHERE DID THE FY 2002 SURPLUS GO?



Source: Tax Foundation.

Where the Surplus Went

Fiscal forecasting is fraught with difficulties. Margins of error of 50 percent or greater are typical. That's why no one should be surprised by wild swings in federal budget projections issued by the Congressional Budget Office (CBO). The CBO now projects a deficit of \$21 billion for fiscal year 2002, contrasting sharply with its projection a year earlier that the federal government would run a \$313 billion surplus.

Opponents of last year's tax cuts claimed that they were the biggest reason for the shrinking surplus. But technical and economic adjustments historically have accounted for more than 60 percent of year-to-year revisions in the forecasts, and that was the case in 2002.

- 72.7 percent, or \$242 billion, of the change was due to the technical and economic adjustments.
- 15.9 percent, or \$53 billion, was due to increased spending.
- Only 11.4 percent, or \$39 billion, was due to the tax cuts.

CBO estimates of the impact that legislation will have on the govern-

ment's finances are, for the most part, static. They do not take into account how the very legislation being considered will affect people's decisions to invest, work, save and consume. Fiscal forecasts become even more iffy when complex legislation is based on a 10-year budget window.

Despite the known difficulties with fiscal forecasts, lawmakers have come to base major legislation on them. A case in point is last year's tax relief bill. Because of the unnecessary but increasing reliance on fiscal forecasts, it contained 108 instances of phase-ins, phase-outs, changes in rates, scale-ups, scale-downs, phase-outs of existing phase-ins and accelerations of existing phase-outs. Most amazingly, the entire bill sunsets after 2010 — again, because of reliance on forecasts.

Reliance on fiscal forecasting means that lawmakers are distracted from time-honored principles of sound fiscal policy and lose sight of the fact that the primary purpose of taxes is to raise revenue, not to micromanage the economy with subsidies and penalties.

Source: John S. Barry, "Fiscal Forecasting: A Perilous Task," *Special Report No. 108, January 2002, Tax Foundation, 1250 H Street, N.W., Suite 750, Washington, D.C. 20005, (202) 783-2760.*

Limits on State Taxing and Spending

Voters in a number of states have passed initiatives limiting taxing and spending, and legislatures have occasionally imposed tax and expenditure limitations (TEs) on themselves. Twenty-six states currently have some sort of TEL. Those passed by initiative are more restrictive and contain fewer loopholes than those enacted by legislatures. While some of the TELs enacted by citizen initiative limit government spending to the inflation rate plus population growth, none of those enacted by state law does so.

An analysis of a comprehensive data set of state government spending shows:

- Other things being equal, state and local expenditures decrease by \$16.29 per capita every year after a state has passed a TEL by citizen initiative.
- However, expenditures actually increase by \$14.00 per capita every year after a legislature enacts a TEL.

In general, TELs that require immediate taxpayer refunds of surpluses and those that hold spending increases to the inflation rate plus population growth are the most effective in reducing expenditures.

- TELs that limit expenditures to the inflation rate plus population growth reduce per capita state and local direct general expenditures by approximately \$114.84.
- Even if the limits on tax revenues and expenditures are looser — say tied to the increase in personal income in the state — if the TEL requires an immediate refund or rebate of surpluses, it will reduce per capita direct general expenditures by \$39.80 annually compared to what it otherwise would be.

Source: Michael J. New, "Limiting Government through Direct Democracy: The Case of State Tax and Expenditure Limitations," *Cato Policy Analysis No. 420, December 13, 2001, Cato Institute, 1000 Massachusetts Avenue, N.W., Washington, D.C. 20001, (202) 842-0200.*

Can the Stock Market Replace Social Security?

Starting in 2016 the current payroll tax won't bring in enough revenue to pay Social Security benefits. At that point, benefits will have to be cut, taxes increased or other sources of revenue found. One possibility is a transition, in whole or in part, from pay-as-you-go to market-based financing of Social Security. Investing private pension assets in markets is a long-established practice, but there is some anxiety about market risk as it relates to Social Security's finances. However, the historical record suggests that risk is within reasonable bounds.

The average of the annual returns of the U.S. equity market from 1926 through 2000, adjusted for inflation, was 10.1 percent. There is a rule of thumb that one can maintain one's standard of living in retirement if retirement income replaces 70 percent of one's preretirement income.

- The wealth necessary at retirement to provide a 70 percent replacement rate is about 10.5 times preretirement income, assuming a 3 percent real rate of return earned on an annuity certain for 20 years during retirement.

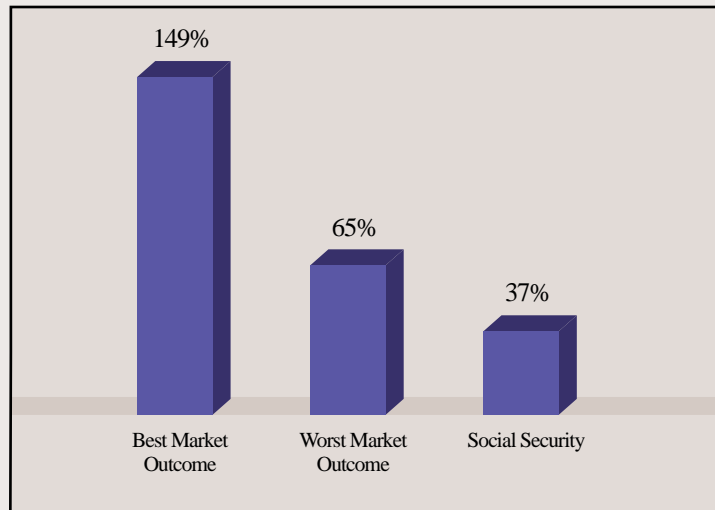
- That is, if one's last year's wage were \$30,000, one would need about \$315,000 to provide the 70 percent replacement rate for the next 20 years.

Starting in 1926 there have been 30 possible 45-year investment periods, the last one ending in 2000. Assuming a constant 6.0 percent saving rate, all but four of the 30 periods achieved the 70 percent goal.

- The worst period produced 9.7 times preretirement income for the worker entering the labor force in 1937, earning a replacement rate of 65 percent.

- The best period produced 22.4 times preretirement income for workers entering the labor force in the years 1955 through 1999, earning a 149 percent replacement rate.

REPLACEMENT OF PRERETIREMENT INCOME



Note: Assumes 6 percent savings rate for Bar 1 and Bar 2, 10.6 percent payroll tax for Bar 3; retirement at age 65.

Source: Author's calculations.

Removing the Payroll Tax Cap Won't Help

By 2016 Social Security will spend more than it collects and will rack up a higher debt with each passing year. The retirement portion of Social Security is financed by a 10.6 percent payroll tax levied on wages up to a maximum — or cap. The cap currently is \$84,900 and remains the same or increases each year under a formula set by law. Some have suggested removing the tax cap on wages as a way to extend Social Security's solvency.

- Applying the payroll tax to all wage income would raise \$505 billion in additional revenue over five years and \$1.2 trillion over 10 years — the largest tax increase in U.S. history.

- It would result in a 10.6 percentage point hike in the top marginal tax rate, taking more than 52 cents from each additional dollar earned by millions of workers.

- By contrast, at age 65 the replacement rate from Social Security for the worker with an average income is scheduled to be only 37 percent from a payroll tax rate of 10.6 percent.

Thus at their worst, market-based retirement benefits are likely to be

- Removing the cap would delay the system's insolvency date by only seven years, to 2024.

Furthermore, the tax increase would adversely affect the economy, analysts say.

- In the first year alone, it would reduce the take-home pay of 10.4 million workers an average of \$4,907.

- The weaker economy would produce 1.1 million fewer job opportunities, and the loss in real personal savings would be \$39.5 billion.

The cap on taxable earnings has existed since Social Security's creation in 1937. It reflects the original intent of Social Security that the program be a pay-related "safety net" for retirees and that benefits be linked to taxes paid while in the workforce.

Source: D. Mark Wilson, "Removing Social Security's Tax Cap on Wages Would Do More Harm Than Good," CDA Report No. 01-7, October 17, 2001, Heritage Center for Data Analysis, Heritage Foundation, 214 Massachusetts Avenue, N.E., Washington, D.C. 20002, (202) 546-4400.

about 76 percent greater than projected pay-as-you-go benefits and cost 43 percent less.

Source: William G. Shipman, "Is The Stock Market Too Risky For Retirement?" Brief Analysis No. 382, December 10, 2001, National Center for Policy Analysis, 12655 N. Central Expressway, Suite 720, Dallas, Texas 75243, (972) 386-6272.

Encouraging News for Charters and Vouchers

A new study from the Rand Corporation concludes that the evidence is so far inconclusive on the effects of charter schools and school vouchers, mainly because most programs have been in operation such a short time. However, some specific findings in the four-year study should encourage choice proponents. For instance, although charter school achievements are mixed, in general performance improves after the first year.

- In Arizona, charter schools seem to be outperforming conventional public schools in reading and possibly in math.
- In Texas, charter schools that focus specifically on students at risk for poor academic performance show an achievement advantage over conventional public schools.

- However, other Texas charter schools perform slightly worse than conventional public schools.

Voucher and charter school programs also offer other benefits.

- In virtually all the programs studied, parents report high satisfaction with their children's schools.

- Small, experimental, privately funded voucher programs suggest that African-American students may receive a modest achievement benefit after one or two years in the programs.

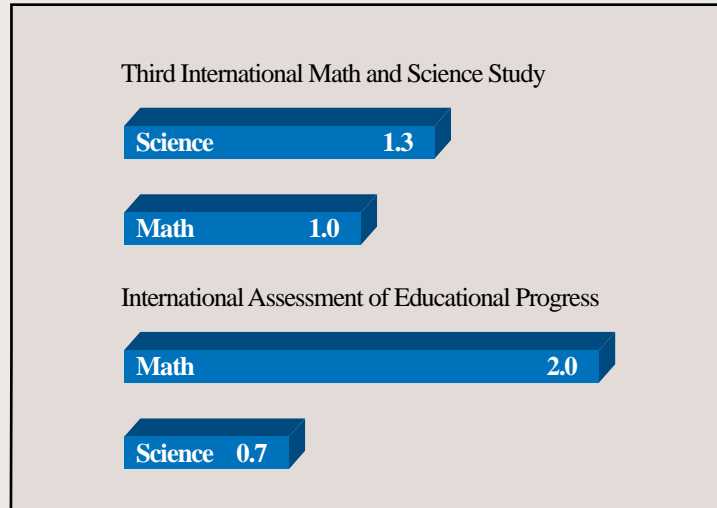
- In highly segregated communities, targeted voucher programs may modestly increase racial integration.

The Rand study concluded that more studies on vouchers and charter schools are needed.

Sources: Brian P. Gill, P. Michael Timpane, Karen E. Ross and Dominic J. Brewer, "Rhetoric Versus Reality: What We Know and What We Need to Know About Vouchers and Charter Schools," 2001, MR-1118-EDU, Rand Corporation, 1700 Main Street, Santa Monica, Calif. 90407, (310) 393-0411; and Cheryl Wetzstein, "Education Choices Untested," *Washington Times*, December 7, 2001.

Tough Exams Pay Off

U.S. RANKING ON TEST SCORES



Source: John H. Bishop, "A Steeper, Better Road to Graduation," *Education Next*.

While a few U.S. states either have or are considering demanding high school graduation tests, most only employ minimum competency "exit" exams. Almost none have rigorous, curriculum-based tests similar to the French Baccalaureate or the English GCSE and A-level, high-stakes exams. In many cases, these latter tests determine which college students can attend and the field of study they can pursue — or even whether they are admitted to college at all.

But a recent examination of the results of the 1995 Third International Mathematics and Science Study (TIMSS) in 40 countries showed that the tough exams have benefits.

- Students with medium- or high-stakes exit exams outperform others by the equivalent of 1.3 U.S. grade levels in science.

- They outperform their peers by the equivalent of 1.0 U.S. grade level in math.

A similar analysis of International Assessment of Educational Progress data on 13-year-olds in 15 nations found:

- Students who took curriculum-based exit exams outperformed others by the equivalent of about 2.0 U.S. grade levels in math.

- They topped their peers by the equivalent of two-thirds of a U.S. grade level in science and geography.

One reason for this, experts suggest, is that curriculum-based exams are associated with higher standards for entry into the teaching profession, better pay for teachers and teachers who majored in the subject they teach. Schools, provinces and countries with rigorous exams also devote more hours to math and science and build and equip better science labs.

Source: John H. Bishop, "A Steeper, Better Road to Graduation," *Education Next*, Winter 2001, Hoover Institution, Stanford University, Stanford, Calif. 94305, (650) 723-1754.

Too Much Politics in Climate Change Research?

The findings of the Third Assessment Report of the United Nations Intergovernmental Panel on Climate Change (IPCC) have been presented with a degree of certitude not justified by the underlying science. This is the conclusion by a workgroup of distinguished scientists and policy experts chaired by James Schlesinger, former U.S. Secretary of Defense and Energy, and Robert Sproull, president emeritus of the University of Rochester.

The IPCC report found that global temperature rose by 0.6 degrees Centigrade plus or minus 0.2 degrees over the 20th century.

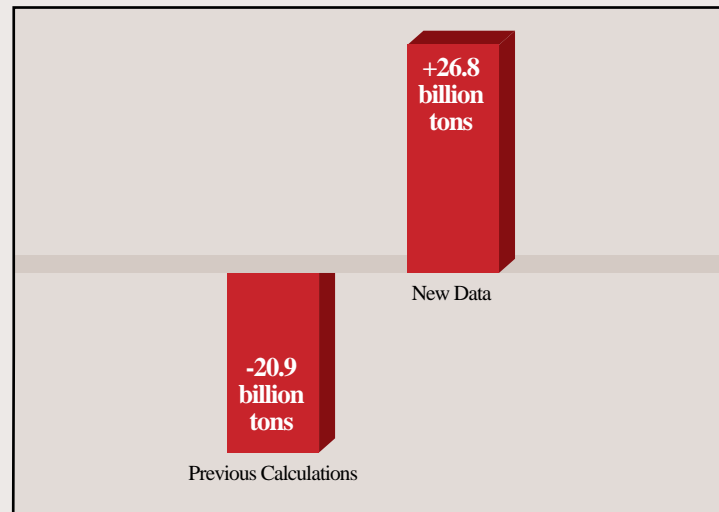
- The warming occurred during two periods, 1910 to 1945 and 1975 to 2000.
- Little or no change occurred from 1945 to 1975.

There is no serious dispute that increasing greenhouse gas concentrations contributed to this warming. What is subject to debate is the IPCC conclusion that most of the temperature rise over the last 50 years is attributable to human activities. This conclusion is based on a comparison of observed global average surface temperatures since 1861 with model simulations of surface temperatures. However:

- These model simulations fail to reproduce the difference in temperature trends in the lower- to mid-troposphere (the area from the earth's surface to about 30,000 feet) and at the surface over the past 20 years.
- The tropospheric warming that occurred rather abruptly around 1976 is not consistent with the gradual change that would be expected from greenhouse gas warming.
- Since 1979, satellite measurements have not recorded any significant increase in tropospheric temperature.

The scientific and policy conclusions in the IPCC's periodic reports have

ANNUAL CHANGE IN ANTARCTIC ICE CAP



Source: *Science* magazine.

Cooling in Antarctica

In two separate papers, scientists report that Antarctica is cooling and that the massive ice sheet in West Antarctica is thickening rather than melting. Air temperatures have declined by about 1 degree Fahrenheit over a 14-year period ending in 1999.

Antarctica has long been considered a bellwether for global climate change, and these findings are strongly at odds with most climate models, which generally have predicted amplified warming in polar regions.

As a result of the cooling, the scientists say, biological activity on the continent is decreasing and the abili-

ty of Antarctica to produce water is diminishing. In the barren region known as the Dry Valleys:

become politicized and are not supported by the underlying science or existing climate models. This is particularly true of its summaries, which downplay uncertainties and conclude that observable global warming is caused by human activity.

Scientific assessment is the critical step in turning scientific information into useful input for public policy decisions.

ty of Antarctica to produce water is diminishing. In the barren region known as the Dry Valleys:

- Tiny soil organisms have been declining 10 percent annually.
- The biological productivity of the few ice-covered freshwater lakes has been declining 9 percent annually.

The new data indicate that the ice cap may be gaining an average of 26.8 billion tons a year rather than losing 20.9 billion tons a year, as previously calculated.

Sources: Peter T. Doran et al., "Antarctic Climate Cooling and Terrestrial Ecosystem Response," *Nature*, January 18, 2002; and Ian Joughin et al., "Positive Mass Balance of the Ross Ice Streams, West Antarctica," *Science*, January 18, 2002.

There is a justifiable concern about the potential for human activities to affect future climate. But the United States does not have a credible, ongoing assessment process and needs to establish one that is not distorted by political pressures.

Source: "Climate Science and Policy: Making the Connection," December 2001, George C. Marshall Institute, 1730 K St., NW, Suite 905, Washington, D.C. 20006, (202) 296-9655.

Smart Growth Not So Smart for Portland

Traffic congestion, air pollution and loss of open spaces have led some municipal governments to embrace “smart growth” urban planning in an effort to slow suburban sprawl. The strategy is designed to increase urban population density, boost mass transit ridership and cut auto driving. But in Portland, Oregon, the best-known proponent of smart growth, the most prominent results have been increased traffic congestion, air pollution, housing costs and taxes.

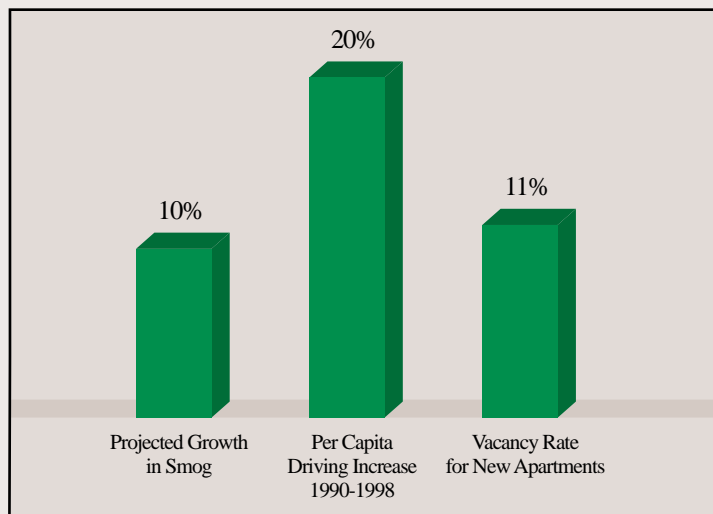
Beginning in 1991, Portland’s Metropolitan Planning Organization (MPO) established minimum density codes. The MPO diverts most of the region’s transportation funds to mass transit, refuses to add road capacity to most freeways and highways and purposely increases congestion by removing street lanes. The results have been predictable:

- Portland has gone from being one of the nation’s most affordable single-family housing markets in 1989 to one of the least affordable since 1996.
- By 1999 apartment vacancy rates were at a decade-high 7 percent, and for apartments built in the 1990s the rate was 11 percent.
- Planned congestion was supposed to cut per capita driving by 10 percent, but a Federal Highway Administration report indicates that per capita driving by 1998 was already 20 percent greater than in 1990.
- The MPO now projects that the amount of time Portland-area residents waste sitting in traffic will quintuple by 2020 and that its plan will increase area smog by 10 percent.

One smart growth advocate laments that there is “a gap between the daily mode of living desired by most Americans and the one that most city planners believe is appropriate.”

Source: Randal O’Toole, “The Folly of ‘Smart Growth,’” Regulation, Fall 2001, Cato Institute, 1000 Massachusetts Avenue, N.W., Washington, D.C. 20001, (202) 842-0200.

EFFECTS OF “SMART GROWTH” IN PORTLAND



Source: Federal Highway Administration, Portland Metropolitan Planning Organization.

Targeting Carbon Dioxide

Carbon dioxide (CO₂) is a naturally occurring gas, not a pollutant. Yet a bill being considered in Congress would lump CO₂ in with mercury, nitrogen oxide and sulfur dioxide — air pollutants regulated by the Environmental Protection Agency (EPA) — and require power plants to reduce emissions of these gases via a “cap-and-trade” mechanism.

The government would determine the total amount of allowable CO₂ emissions, then auction “emission rights” or credits to emit CO₂ to energy producers and permit them to trade these allowances.

Many analysts view its inclusion as a backdoor attempt to implement the Kyoto Protocol, which requires a 7 percent reduction of CO₂ below 1990 levels between 2008 and 2012. The bill requires power plants to reduce CO₂ emissions to 1990 levels. Yet according to the National Center for Atmospheric Research, even if the Kyoto targets for greenhouse gas emissions were met, it would have no measurable effect on global warming.

- The EPA has forecast that the bill

would raise electricity prices in 2015 by 32 to 50 percent.

- The Energy Information Administration (EIA) has estimated that the legislation would reduce gross domestic product by 0.8 percent, or about \$100 billion, in 2007, causing a loss of about one million jobs.
- By 2020 the EIA has estimated that electricity prices would rise 33 percent and natural gas prices more than 20 percent.

Indeed, a 1999 study for the National Center for Policy Analysis estimated that cutting CO₂ emissions for the nation to 1990 levels would reduce U.S. GDP between 2.7 percent and 3.7 percent by 2010. Further, a study sponsored by the National Black Chamber of Commerce and the U. S. Hispanic Chamber of Commerce estimated that meeting Kyoto’s emission reduction goals would cost up to 3.2 million jobs, with almost half of them lost by Hispanic and African-American workers.

Source: H. Sterling Burnett, “S. 556: A Backdoor Attempt to Implement the Kyoto Protocol,” Brief Analysis No. 386, December 18, 2001, National Center for Policy Analysis, 12655 N. Central Expressway, Suite 720, Dallas, Texas 75243, (972) 386-6272.

“Work First,” Even in a Recession

In previous recessions, welfare caseloads rose along with unemployment, perhaps because those last hired were first fired and, failing to qualify for unemployment insurance, turned to the social welfare safety net. But welfare caseloads have not risen in lockstep with unemployment during the current recession, and even liberal analysts attribute this weakening link to the “work first” philosophy of the 1996 welfare reform law.

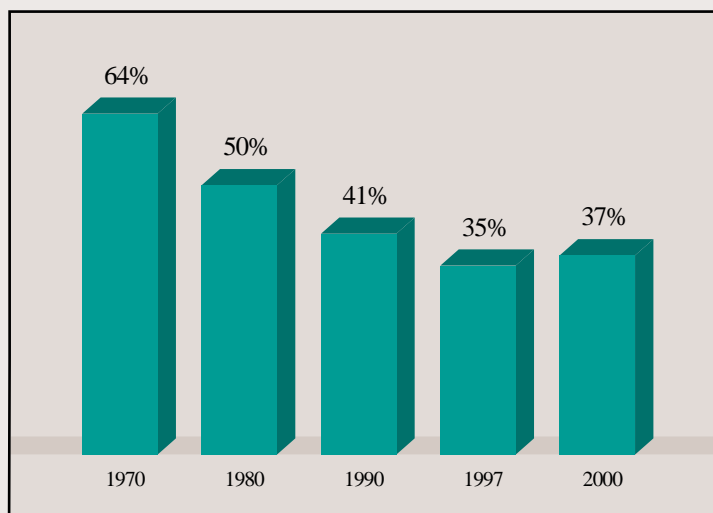
In fact, welfare caseloads have continued to decline in a number of states, and the overall increase in welfare rolls so far has been minimal.

After a nationwide survey covering the period through December 2001, the National Campaign for Jobs and Income Support, a coalition of welfare advocacy groups, found:

- Unlike the first 10 months of the 1990-92 recession, when welfare caseloads rose in 41 of the 42 states that experienced rising unemployment, in the first 10 months of the current recession caseloads increased in only 32 of the 47 states with higher unemployment.
- In 14 states with higher unemployment, welfare caseloads actually dropped — in some cases significantly.
- Nationally, caseloads have increased by an estimated 1 percent — a total of 24,305 families.
- Not only is this a smaller percentage increase than during the same period of the 1990-92 recession, but because welfare caseloads have fallen from more than five million to about two million, far fewer families are involved.

Source: “The Weakening Link: Unemployment And Welfare Caseloads,” February 6, 2002, National Campaign for Jobs and Income Support, 1000 Wisconsin Avenue, N.W., Washington, D.C. 20007, (202) 338-1209.

PERCENT OF FOREIGN-BORN U.S. RESIDENTS WHO ARE CITIZENS



Source: U.S. Census Bureau.

More Naturalized Citizens after Reform

Since 1997 — a year after Congress enacted welfare reform — the percentage of foreign-born residents who are naturalized citizens has been rising. The percentage had been declining since 1970.

- The proportion of naturalized citizens rose from 35 percent in 1997 to 37 percent in 2000.
- By contrast, 64 percent of the foreign-born population was naturalized in 1970.

Welfare reform set out comprehensive rules for determining immigrant eligibility for a wide range of social benefits provided by governments at all levels. Some researchers say that many immigrants already in the country legally applied for naturalization because the 1996 law made it more difficult to keep many benefits otherwise.

The rise in naturalizations has been accompanied by an increase in the number of naturalized families receiving some means-tested benefits.

- The number receiving Supplemental Security Income (SSI) rose from 133,000 in 1994 to 298,000 in 1999 (or

from 2.5 percent of naturalized families to 4.5 percent).

- The rate receiving Medicaid increased from 8.1 percent to 10.4 percent.
- The changes in recipients of Temporary Assistance to Needy Families (TANF) and food stamps were not statistically significant.

Source: Michael Fix and Jeffrey Passel, “The Scope and Impact of Welfare Reform’s Immigrant Provisions,” January 2002, Urban Institute, 2100 M Street, N.W., Washington, D.C. 20037, (202) 833-7200; and Genaro C. Armas, “Foreigners Naturalized on the Rise,” Associated Press, February 7, 2002.

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