



July 19, 2018

The Honorable Mick Mulvaney, Director  
Office of Management and Budget  
725 17<sup>th</sup> Street NW  
Washington DC 20503

Dear Director Mulvaney,

As the newly elected Mayor of the City and County of San Francisco, I am writing to express my deep concerns regarding proposed changes to the Inadmissibility and Deportability on Public Charge Grounds rules (RIN 1615-AA22), under review by your office.

The proposed changes will discourage the use of basic supports like food, health care, and housing by lawfully present immigrants and their families — including millions of vulnerable children and U.S. citizens — who pay taxes, work, go to school and contribute to our country's economy and success. This will undoubtedly lead to an even more detrimental human cost: people going hungry, not accessing needed medical care, losing economic self-sufficiency, and even becoming homeless. This proposal will do irreparable harm to the productivity of our economy and compromise the health and safety of our communities. **Prior to publication of this rule, I respectfully request that OMB meet with my staff to discuss the harmful effects it would have on the people, industries and economy of my City.**

These social support programs are supported in part by the billions of dollars in taxes paid by immigrant families, and they play a critical role in helping to keep children and their families from falling deep into poverty. By significantly expanding the scope and reach of "public charge" rules, our City expects many eligible individuals to stop using their benefits or not apply for benefits at all.

**Given the broad-based fear and confusion this proposal will spur, it is inconceivable that the impact on federal programs would not exceed the \$100 million threshold for an economically significant rule.** In San Francisco alone, a preliminary analysis suggests that the proposed rule would have a local economic impact ranging from \$129 million to \$368 million per year due to families withdrawing from public supports for which they are eligible or not applying in the first place.

For more than one hundred years, the federal government has recognized that work supports such as health coverage and nutrition assistance help people remain healthy and productive contributors, as we find in San Francisco. Our City is deeply concerned that this rule directly threatens their access to basic food, health care, and housing, and places significant administrative and economic costs on the City.

We would appreciate the opportunity to discuss the rule changes with you before they are proposed. Please find attached a summary of our initial analysis. Please contact Andres Power (andres.power@sfgov.org) for further information.

Thank you for your attention to this important issue.

Sincerely,

A handwritten signature in blue ink, reading "London N. Breed".

Mayor London N. Breed

## Preliminary Analysis of Public Charge Changes to San Francisco

Given the broad-based fear and confusion this proposal will spur, it is inconceivable that the impact on federal programs would not exceed the \$100 million threshold for an economically significant rule. In San Francisco alone, a preliminary analysis suggests that the proposed rule would have a local economic impact ranging from \$129 million to \$368 million per year due to families withdrawing from public supports for which they are eligible or not applying in the first place.

A comprehensive review of studies of the impact of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 ("PRWORA") demonstrated significant withdrawal from benefits among immigrant populations whose eligibility was unchanged by the law.<sup>1</sup> This disenrollment, or "chilling effect," was due to the anti-immigrant debates leading up to the law's enactment, confusion about eligibility criteria, and fears that benefit recipients would not be able to sponsor family members in the future. The United States Department of Agriculture (USDA) studies found that food stamps usage fell by 53% among eligible US citizen children in families with a noncitizen parent between 1994 and 1998<sup>2</sup>—and by 60% among refugees<sup>3</sup>—even though the new law did not restrict their eligibility. For Medicaid, the drop was 17% among citizen children in families with a noncitizen parent and 39% among refugees.<sup>4</sup>

Preliminary modeling using comparable rates of disenrollment in San Francisco would lead to the following local economic impacts:

- **Supplemental Nutrition Assistance Program (SNAP), entitled CalFresh in California:** The USDA estimates that SNAP food and nutrition benefits have GDP and local employment multiplier effects: \$1.79 in GDP growth for every \$1 in food benefit.<sup>5</sup> Applying the USDA's multipliers, if 50% of SNAP households with a noncitizen member in San Francisco discontinued participation in the program—as after the enactment of PRWORA—the annual economic impact to San Francisco alone would be **\$24 million in lost revenue** and **\$121 million in local job losses**.
- **Medicaid, titled Medi-Cal in California:** Every person who makes use of Medicaid benefits has significant local economic impact: annual health care expenditures average \$5,318 per Medicaid recipient in California.<sup>6</sup> As demonstrated following the enactment of PRWORA, the proposed rule change is likely to decrease participation in Medi-Cal among legal immigrant families and their citizen children. Assuming 13% to 35% of residents living in Medi-Cal households with at least one non-citizen resident disenroll from Medi-Cal following the proposed rule change, San Francisco projects the following economic estimates:

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<sup>1</sup> Francisco I. Pedraza and Ling Zhu, "The 'Chilling Effect' of American's New Immigration Enforcement Regime," *Pathways*, Spring, 2015, [https://inequality.stanford.edu/sites/default/files/Pathways\\_Spring\\_2015\\_Pedraza\\_Zhu.pdf](https://inequality.stanford.edu/sites/default/files/Pathways_Spring_2015_Pedraza_Zhu.pdf)

<sup>2</sup> Jenny Genser, *Who Is Leaving the Food Stamp Program: An Analysis of Caseload Changes from 1994 to 1997* (Washington, DC: U.S. Department of Agriculture, Food, and Nutrition Service, Office of Analysis, Nutrition, and Evaluation, 1999), <https://fns-prod.azureedge.net/sites/default/files/cdr.pdf>

<sup>3</sup> Michael E. Fix and Jeffrey S. Passel, *Trends in Noncitizens' and Citizens' Use of Public Benefits Following Welfare Reform: 1994-1997* (Washington, DC: Urban Institute, 1999), <https://www.urban.org/research/publication/trends-noncitizens-and-citizens-use-public-benefits-following-welfare-reform>

<sup>4</sup> Ibid

<sup>5</sup> Economic multipliers are estimated by the USDA's Food and Nutrition Service: [Hanson, Kenneth. \*The Food Assistance National Input-output Multiplier \(FANIOM\) Model and Stimulus Effects of SNAP\*. U.S. Dept. of Agriculture, Economic Research Service, 2010.](https://www.ers.usda.gov/publications/pub-other/hanson-kenneth-the-food-assistance-national-input-output-multiplier-faniom-model-and-stimulus-effects-of-snap)

<sup>6</sup> Kaiser Family Foundation. "Medicaid Spending Per Full-Benefit Enrollee." *The Henry J. Kaiser Family Foundation* (blog), 2018. <https://www.kff.org/medicaid/state-indicator/medicaid-spending-per-full-benefit-enrollee/>.



- *Decline in local economic activity of \$45.5 million to \$190 million per year* due to decreased health care services spending;<sup>7</sup>
- *Revenue loss between \$32 million to \$83 million per year* due to a decline in state Medi-Cal Managed Care capitated payments; and
- *Additional charity care costs to Zuckerberg San Francisco General Hospital of \$22 million to \$58 million per year.*
- **Earned Income Tax Credit (EITC):** Many immigrants pay taxes regardless of their citizenship status, and some are eligible to receive the federal earned income tax credit (EITC) or are in households that receive the EITC. The estimated total value for EITC among San Francisco households with at least one immigrant is \$14.3 million a year, which are federal dollars spent locally in San Francisco. If 13% of these households did not file for EITC due to real or perceived public charge fears - consistent with prior local patterns - the estimated economic impact would be **\$1.9 million, increasing to \$5 million** if 35% of the immigrant tax filers opted out of EITC.
- **Child care:** The average child care subsidy per child per year in San Francisco is \$18,228. If 13% of households with at least one non-citizen immigrant discontinued participation in their subsidy program, the loss in child care subsidy dollars to San Francisco child care providers would be about **\$4 million, rising to approximately \$8 million** if 30% of the households dropped out of the child care subsidy program.

These preliminary estimates of the local economic impact in San Francisco alone exceed the \$100 million threshold for an economically significant rule and do not even include other important programs that would be subject to the expanded public charge definition, e.g. the Special Supplemental Nutrition Program for Women, Infants, and Children, the National School Lunch Program, the Children's Health Insurance Program, the Affordable Care Act Marketplace Insurance Subsidies, the Low Income Home Energy Program, and subsidized housing programs.

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<sup>7</sup> Economic multipliers based on studies examining impact of lost Medicaid revenue: (1) The Oregon Health Authority. "Estimated Financial Effects of Expanding Oregon's Medicaid Program under the Affordable Care Act (2014-2020)." The Oregon Health Authority, February 2011; (2) Brown, Charles, Steven B. Fisher, and Phyllis Resnick. "Assessing the Economic and Budgetary Impact of Medicaid Expansion in Colorado: FY 2015–2016 through FY 2034-35." *The Colorado Health Foundation*, 2016.; (3) Price, Carter C., Julie M Donohue, Evan Saltzman, Dulani Woods, and Christine Eibner. "The Economic Impact of Medicaid Expansion on Pennsylvania." *Rand Health Quarterly* 3, no. 2 (June 1, 2013). <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4945170/>