



## Immigration Cost: Statistically Sound Data or Biased Research?

By Jim Avila: May 7, 2013

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A new study on the cost of immigration reform is being touted by conservatives as a reason to shoot down the "Gang of Eight" immigration legislation before the Senate.

But is the report by the anti-immigration reform, right-leaning Heritage Foundation statistically sound data or biased research designed to give those against reform political cover?

Other conservative groups, including American Action Forum and the Cato Institute, called the Heritage Foundation methodology "narrow-based," and its findings of a whopping \$6.3 trillion price tag "grossly exaggerated."

In the Heritage Foundation report released today, the conservative think tank said an exorbitant price tag for the "Gang of Eight" bill currently before the Senate would come from entitlements and benefits that undocumented individuals would be able to draw upon once they completed a 13-year pathway to citizenship.

"If you do a cost-benefits study of only cost, then there is only one way it can turn out," said Doug Holtz-Eakin, the Congressional Budget Office director under President George W. Bush who currently is president of the right-leaning think tank American Action Forum. "What is most important about this study is what's left out."

Holtz-Eakin told ABC News that the report left out many important reforms associated with more economic growth, such as border security, employer verification and visa reforms

"There are lots of things to immigration reform," he said. "This is narrowly focused on one slice of the bill ... [and] leaves out a vast amount of the real estate."

The report stipulates that 100 percent of those who would qualify for a pathway to citizenship would not only use 100 percent of the government benefits available to them, but presumes every individual also qualifies for all government programs.

"They stacked it on the upper bound," Holtz-Eakin said. "It presumes everyone remains in poverty, no upward mobility here, and the American Dream is dead."

One of the Gang of Eight members, Sen. Jeff Flake, R-Ariz., tweeted today: "Here we go again. New Heritage study claims huge cost for Immigration Reform. Ignores economic benefits. No dynamic scoring."

Rep. Paul Ryan, R-Wis., the former Republican vice presidential contender, said in a statement provided to CQ Roll Call that "the Congressional Budget Office has found that fixing our broken immigration system could help our economy grow. A proper accounting of immigration reform should take into account these dynamic effects."

Appearing on ABC News' "This Week" Sunday, former Sen. Jim DeMint, R-S.C., now the Heritage Foundation president, dismissed the criticisms of the new report.

"Heritage is only organization that has done an analysis on the cost," DeMint said.

"If you consider all the factors related to the amnesty -- and, believe me, this is comprehensive -- ... it will have a negative long-term impact on our gross domestic product," he added. "So we just want Congress, for once, to count the cost of a bill. They're notorious for underestimating the cost and not understanding the consequences."

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The report tally mainly came from federal benefits used by all undocumented immigrants over the next 50 years.

"You have to also remember, 20 years from now Social Security is supposed to take across-the-board cuts of 25 percent," Holtz-Eakin said. "If you forecast 50 years of costs, you have to anticipate some reduction in overall benefit costs. ... If anything, this is a ringing endorsement of entitlement reforms."

The Heritage Foundation report also stipulated that children of immigrants are not likely to see improved education status, which will lead to continued burden on the government.

"The children [of immigrants], on average, are not likely to become net tax contributors," the report said. "The children of unlawful immigrants are likely to remain a net fiscal burden on U.S. taxpayers, although a far smaller burden than their parents."

However, according to the Pew Hispanic Center, Hispanics in colleges account for more than 16 percent of college attendees -- making up the largest minority group on college campuses.

Additionally, according to the Pew Hispanic analysis, "76.3 percent of all Hispanics ages 18 to 24 had a high school diploma or a General Educational Development (GED) degree in 2011, up from 72.8 percent in 2010. And among these high school completers, a record share -- nearly half (45.6 percent) -- is enrolled in two-year or four-year colleges."

"We know that, historically, children of lawful immigrants get college and advance degrees at higher rates than native born," Holtz-Eakin.

He added that to stipulate it wouldn't be the same for those benefiting from immigration reform is "an extreme position."

Holtz-Eakin and the American Action Forum published a study in April that found immigration reform to increase the GDP by 0.9 percent and individual income by more than \$1,500, while reducing the federal deficit by \$2.7 trillion.

"Native-born population has low birth rate and, in the absence of immigration reform, our population actually shrinks," he said. "Much of our economic growth is dictated by our immigration choices. We'd

not only get more bodies working, but bodies that typically work more and work longer, and start businesses at higher rates."

In 2007, the Heritage Foundation released a similar study to today's report that was highly criticized for its methodology.

Alex Nowrasteh, a fellow at the libertarian Cato Institute, cautioned in a post in April that the 2007 report was riddled with errors that Heritage would be wise to address in its update. Nowrasteh cited several methodological choices that he said overstates the net cost of legalization.

Today, he said, once again, Heritage has produced a "fatally flawed" analysis that does not take into account that a larger labor force makes the economy bigger and more productive -- what critics say a "dynamic scoring" methodology would have resolved.

"I'm so disappointed in Heritage doing this because they've made such a name for themselves in dynamic scoring. That's a cornerstone of conservative economic analysis," Nowrasteh said. "The benefits of immigration are increasing all the time. Because they have not included them in their study, they get a massively biased estimate of the fiscal cost."

"They don't count the other dynamic changes like growth in GDP or increases in American productivity," he added.

Holtz-Eakin agreed, saying the new report did not improve any of the methodological errors.

"They changed nothing. ... [It] seems odd you would not improve the methods when you had a good 6 years to do so," he said. "It's intent is to disrupt the progresses of legislation. I am a believer of the fact that if you actually understand the numbers you discount what they are telling you."