



How Immigration Reform Revenue Estimates Stack Up

By: Ted Hesson – June 19, 2013

Immigration reform would boost economic growth over the next 20 years, according to a report released by a nonpartisan government office on Tuesday.

The Congressional Budget Office (CBO) found that an immigration bill being considering in the Senate would cut the federal deficit by \$175 billion over first 10 years of its enactment and by \$700 billion over the decade after that.

The CBO also put out a second economic estimate that incorporates the broader economic impact of reform. That showed even bigger gains.

In an era when just about everything is partisan, or viewed as such, the CBO is well respected for its independence. As Slate wrote back in 2011, "the CBO routinely succeeds in frustrating Republicans and Democrats alike."

So let's use the budget office's cost estimate as a baseline and see how it stacks up against other reports on immigration reform:

1. Congressional Budget Office

To sum it up, the CBO said that the immigration bill would be revenue generating over the next 20 years, which is as far as it would project into the future.

The office gave two separate cost estimates for the Senate legislation, using different methodologies. The bill was estimated to reduce the deficit by anywhere from \$897 billion to roughly \$1.2 trillion in the 20 years after its enactment.

For more a more detailed look, [click here](#). Now let's see how that comes to some other well-known studies.

2. The Cato Institute

The libertarian think tank published a report in 2012 that said immigration reform would create \$1.5 trillion in added Gross Domestic Product (GDP) over the next 10 years. The CBO doesn't break out its numbers in quite the same way, but we can still make a comparison.

The CBO found that the Senate immigration reform bill would increase the GDP by 3.3 percent over 10 years. But the budget office doesn't tell us what they expect the GDP to be during that period, so we can't get an exact dollar amount for the total GDP gains immigration reform would bring.

But if you look at the most recent GDP figures you can get a ballpark idea of how Cato's estimate compares to the CBO.

The GDP in 2011 was about \$15 trillion. If you took 3.3 percent of that it would be about \$500 billion. That's about the third of the size of the gains Cato predicts 10 years down the road.

I'm oversimplifying things, but basically the Cato estimate could be between two to three times higher than what the CBO is projecting. Both reports show gains for the country's gross economic output, however.

3. The Heritage Foundation

Last month, the conservative think tank released a cost estimate of immigration reform. The report faced harsh criticism from pro-immigration reform Republicans like Grover Norquist and Marco Rubio, not only because of its methodology, but because it was co-authored by Jason Richwine, a Harvard grad who believes there are deep differences in intelligence between races, partly based on genetics.

All the controversy aside, let's look at the central claim of the Heritage study. It said immigration reform will cost \$6.3 trillion over 50 years.

For the sake of comparison, let's look at a shorter window, 20 years. Over that period, Heritage says immigration reform will add \$2 trillion to the federal deficit.

The CBO came to a much different conclusion: it found that reform would trim anywhere from \$700 billion to \$1 trillion from the deficit over that period.

The difference: Heritage looked at the costs, but not the broader economic benefits that would come with immigration reform. When you look at the overall economic picture, the net gains are clear.

Heritage concedes in its report that immigration "clearly" makes the GDP larger, but says that isn't the central issue.