



Critics Doubt Immigration Overhaul Would Cost Trillions

By: Abby Phillip – May 6, 2013

The conservative think tank the Heritage Foundation is out with a new report today predicting sky-high costs – to the tune of \$6.3 trillion – associated with the legalization of about 11 million undocumented immigrants if the “Gang of Eight” bill becomes law. The report, “The Fiscal Cost of Unlawful Immigrants and Amnesty to the U.S. Taxpayer,” is sure to be fodder for conservative lawmakers concerned about the political costs of supporting an immigration bill.

The “Gang of 8” immigration proposal proposes a pathway to citizenship for undocumented immigrants and beefs up border security. It was released in April by a bipartisan group of Democratic and Republican senators, including Sens. John McCain, R-Ariz., Sen. Marco Rubio, R-Fla., and Sen. Chuck Schumer, D-N.Y.

Chief among the culprits for the high burden on the U.S. taxpayer, according to Heritage, is President Obama’s health care law and entitlements like Social Security and Medicare. Access to public education and public services like police, fire, national parks and roads are also factored into the calculations.

The report acknowledges that giving undocumented immigrants legal status will reduce the deficit in the first 13 years because the Senate immigration proposal blocks their access to entitlements like Social Security and Medicare.

Eventually, however, the undocumented immigrants will draw benefits that exceed their tax payments in the “second phase” of the bill’s implementation, according to Heritage. “Following amnesty, the fiscal costs of former unlawful immigrant households will be roughly the same as those of lawful immigrant and non-immigrant households with the same level of education,” the report states. “Because U.S. government policy is highly redistributive, those costs are very large.”

The report has been heavily criticized by immigration reform advocates, including many Republicans, who say that its authors used questionable methodology to overstate the costs of reform.

At a press conference with reporters today, former Republican senator and Heritage Foundation president Jim DeMint dismissed the report's critics.

"It's clear a number of people in Washington who might benefit for an amnesty as well as a number of people in congress do not want to consider the cost," DeMint said. "No sensible thinking person could read this study and conclude that over 50 years, that this could possibly have a positive economic impact."

Robert Rector, the report's co-author, said that undocumented immigrants will receive \$9.4 trillion in benefits but will pay only \$3.1 trillion in taxes. And although the second generation of immigrants will be better educated and will contribute more in taxes, "there's no way in the world" they could pay back the \$6.3 trillion in the fiscal deficit that the previous generation created, Rector added.

This year's analysis of the immigration bill more than doubled the 2007 document that put the price tag of legalization at \$2.6 trillion. In both reports, the estimated number of undocumented immigrants in the country was between 11 and 12 million.

As for the six-year increase, Rector says that the 2007 analysis did not take into account the benefits that newly legalized immigrants received before retirement.

"That's a big factor that we have both the pre-retirement and retirement costs in this analysis," Rector told reporters today. "That was based on 2004 and 2005 data. Since that time government spending has gone up 40 percent.

"So government is much larger than it was when I did the estimate in 2007," he said. The report comes as the Senate prepares to review and amend a comprehensive immigration bill this week.

But it has come under fire from some conservatives, including "Gang of 8" member Sen. Jeff Flake, R-Ariz., who panned today's Heritage release.

"Here we go again. New Heritage study claims huge cost for Immigration Reform. Ignores economic benefits. No dynamic scoring," Flake wrote on Twitter.

Other conservatives, including Grover Norquist of Americans for Tax Reform and the Cato Institute, last month preemptively discounted the report's findings.

"Robert Rector's work does not speak for the conservative movement; in fact, it does not even speak for the Heritage Foundation," Norquist wrote in a letter to House and Senate immigration staff in April.

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.

“That 2007 report’s flawed methodology produced a grossly exaggerated cost to federal taxpayers of legalizing unauthorized immigrants while undercounting or discounting their positive tax and economic contributions – greatly affecting the 2007 immigration reform debate,” Nowrasteh wrote.

At a news conference today, DeMint said that the group is supportive of immigration overhaul but that a large bill would make an untenable immigration system worse.

“This needs to be done in a step-by-step approach, a piece-by-piece approach,” DeMint said. “I think out of good faith to those who have come to our country lawfully, a piece-by-piece approach that fixes the system so that immigration will work on behalf of Americans, that’s our goal here at Heritage. Any immigration reform should improve the lives, the incomes and opportunities for those who are here in our country.”