

Heritage study sets off immigration bill squabble

By: Erica Werner – May 6, 2013

A bipartisan Senate immigration bill would cost the government a net \$6.3 trillion over the next 50 years to provide benefits for millions of people now living in the U.S. illegally, the Heritage Foundation said in a report Monday, setting off a fierce dispute with fellow conservatives who attacked the study as flawed and political.

The Heritage study said immigrants granted new legal status under the bill would eat up more than \$9 trillion in health, education, retirement and other benefits over their lifetime, while contributing only around \$3 trillion in taxes. Republicans and conservative groups who support the bill quickly countered that the study failed to measure broader economic benefits from an immigration overhaul, including a more robust workforce that would boost the gross domestic product.

"The Heritage Foundation document is a political document; it's not a very serious analysis," said former Mississippi Gov. Haley Barbour, a Republican who's part of a task force with the nonprofit Bipartisan Policy Center that supports the bill. "This study is designed to try to scare conservative Republicans into thinking the cost here is going to be so gigantic that you can't possibly be for it."

Former Sen. Jim DeMint, R-S.C., the Heritage Foundation's new president, dismissed such criticism.

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

The brouhaha developed as both sides prepare for the landmark bill to undergo its first tests later this week in the Senate Judiciary Committee, which will begin voting on amendments Thursday. It underscored the high political stakes for both supporters and opponents, as each jockeyed to define the legislation. And it laid bare splits within the Republican Party, where business-oriented leaders such as Barbour and anti-tax activist Grover Norquist are pushing for immigration reform, while more ideologically focused lawmakers and groups are voicing increasingly loud opposition.

The Heritage report was a reprisal of a study the group released at the height of the last congressional debate on immigration, in 2007, which said the bill being considered then would have cost \$2.6 trillion. That figure, too, was disputed, but it carried weight with Republicans and helped lead to the legislation's eventual defeat in the Senate.

This time, supporters of the bill are determined not to let opponents wrest control of the debate. Anticipating Heritage's release of its new report, bill supporters responded quickly with conference calls and talking points criticizing its methodology and the foundation's agenda.

The Heritage authors acknowledged their report does not attempt to offer a comprehensive analysis of the entire 844-page immigration bill, which would boost border security, change legal immigration and worker programs, require all employers to check their workers' legal status and offer eventual citizenship to the estimated 11 million immigrants already living in the country illegally.

Instead, the Heritage study focused almost exclusively on the added costs the government would incur in providing benefits to immigrants here illegally once they gain legal status. These include Social Security, Medicare, unemployment insurance, health care, welfare, public education, services like police and fire protection, highways and parks. The study said an average adult now living in the U.S. illegally would receive \$592,000 more in government benefits over her lifetime than she would pay in taxes.

"It becomes extraordinarily expensive," the lead author, Robert Rector, said at a press conference near the Capitol for unveiling the report.

Costs are higher for this bill than the last one in 2007, Rector said, partly because government spending itself has grown more generous.

Other groups criticized several the Heritage report's assertions, including an assumption that most newly legalized immigrants would remain in households that consume more government benefits than they pay in taxes, discounting the possibility that many of them would become upwardly mobile, move into higher tax brackets, pay more in taxes and use fewer services.

"It doesn't match what has happened in America," Barbour said.

Barbour was joined on a conference call by economist Douglas Holtz-Eakin, a former director of the Congressional Budget Office and chief economic adviser to Republican Sen. John McCain's 2008 presidential campaign who now heads the American Action Forum, a conservative public policy institute.

Holtz-Eakin dismissed the Heritage study, saying it failed to measure broader economic benefits from the legalization of a large new workforce and that 50 years is too long a time frame for an accurate assessment of the impact. Holtz-Eakin has conducted an analysis concluding that because of low U.S. birth rates, the economy and population will decline without immigration. An immigration overhaul, he said, would boost annual GDP growth by nearly a percentage point and reduce federal deficits by a total of \$2.5 trillion over 10 years.

"All that is absolutely absent from this study, which as a result is a narrow, incomplete look at the immigration reform issue and focuses, in what should be a benefit-cost analysis, almost exclusively on costs," Holtz-Eakin said.

The Libertarian-leaning Cato Institute also made experts available to criticize the study, which it derided ahead of time as "fatally flawed." House Budget Committee Chairman Paul Ryan, R-Wis., who's taking an increasingly visible role backing immigration

legislation, weighed in with a statement saying, "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."

Authors of the immigration bill, which was introduced last month by a group of four Republican and four Democratic senators, are waiting to get an official cost estimate of the costs of the bill from the Congressional Budget Office. They have pledged it will not cost the government money, partly because the bill puts immigrants who have been in the country illegally in a provisional legal status for 10 years during which they can't get government benefits. The CBO typically measures costs of bills over a 10-year period.