

Immigration Reform Would Cost \$6.3 Trillion, Heritage Foundation Report Says

Report Does Not Account for Economic Benefits, Critics Charge

By: Napp Nazworth – May 6, 2013

The immigration reform bill proposed by the Senate's "gang of eight" would cost taxpayers \$6.3 trillion, according to a report by The Heritage Foundation, a conservative think tank and advocacy organization. Critics of the report charge that it fails to take into account the benefits to the economy that immigration reform would bring.

The report estimates that, if enacted, formerly unauthorized immigrants would pay \$3.1 trillion in taxes but receive \$9.4 trillion in government benefits over their lifetime. Those costs include government programs for the poor (such as the Earned Income Tax Credit and Temporary Assistance for Needy Families), public education, population-based services (such as police, fire, roads and parks), and retirement benefits (Social Security and Medicare).

The report takes into account the highly redistributive nature of the U.S. government. High income earners pay more in taxes than they receive in government benefits while low income earners receive more in benefits than they pay in taxes. Since most unauthorized immigrants are not college educated, the report reasons, they will receive more in benefits than they pay in taxes.

One of the main problems with the report, according to critics, is that Heritage failed to use "dynamic scoring." Dynamic scoring is when economists take into account the tax revenue generated from greater economic activity. Ironically, Heritage often criticizes reports from the Congressional Budget Office for not using dynamic scoring to account for the economic benefits of tax cuts.

"I'm very disappointed that Heritage did not use a dynamic scoring model to estimate the costs," Alex Nowrasteh, Immigration Policy analyst at the Cato Institute, a libertarian think tank, told The Christian Post Monday. "I think they massively overestimated the net fiscal costs, specifically by underestimating the tax revenue increases that would occur through immigration reform."

The economy would grow "quite a bit" and Americans would become more productive if immigration reform is passed, Nowrasteh explained. "GDP would be bigger. American companies would be more productive. And the other American workers, 90 percent, who have different skills than most skilled immigrants, would have higher wages as a result." "They're going back on some of their own principles and the lessons of policy analysis that they taught us years ago," Nowrasteh complained.