

Immigration Reform Could Help Fix Country's Social Security Problem: Study

By: Jillian Berman - April 18, 2013

As politicians grapple with the best way to deal with the soaring costs of Social Security, they might be interested to find out that pursuing comprehensive immigration reform could do a lot to solve the problem.

Keeping the nation's current immigration system in place would put many undocumented immigrants at risk of being deported. But if the number of immigrants in the U.S. were to decrease, the nation's labor force would begin to shrink in 2015, putting even more pressure on an already taxed Social Security system, according to a new report from Business Forward. The organization, which many view as an ally of President Barack Obama, includes members like Walmart, McDonald's and Citigroup.

That's because fewer workers would be contributing to the Social Security Trust Fund at the same time that the number of retirees relying on the fund is growing. More than 80 percent of projected population growth over the next 40 years comes from immigrants and their children, according to the report.

"When you're thinking about our long term budget problems, getting rid of the immigrants frankly isn't an option," Nikhil Joshi, the research director at Business Forward, told The Huffington Post. "We need them to pay the bills."

Undocumented workers already contribute about \$15 billion per year to the Social Security Trust Fund, according to the report. Overall, their contributions account for about 10 percent of the total trust fund. And laws that make undocumented workers nervous about their status in the country decrease the likelihood that they'll contribute to federal coffers in the future.

"When immigrants are here on a undocumented basis, it's less likely that they and their children will stay in the country and get jobs and pay taxes," Joshi said.

The findings come as politicians debate the politics of immigration reform and the best way to address the national debt. Obama unveiled in his budget plan last month a proposal that would cut Social Security spending by tying its cost of living adjustments to a different measure for inflation. The inclusion of the plan, known as chained CPI, has stoked the ire of many of his liberal supporters.

Meanwhile, the so-called Gang of 8 senators tasked with immigration reform drafted a

comprehensive reform bill that includes a provision to allow undocumented immigrants to eventually gain citizenship.

Some conservative groups have claimed that immigration reform would actually increase the burden on government social safety net programs because the new laws would make more people eligible to receive benefits. The reality, according to Joshi, is that undocumented immigrants cost the benefit system the most when they first get into the country because their children attend schools.

That means that much of the cost of undocumented immigrants being in the country has already been incurred. And as they stay in America longer and their children get older and get jobs, immigrants will wind up contributing to the nation's coffers, not taking away from them.

“The cost that immigrants have are really immediate,” Joshi said. But as soon as they turn 20, “it more than makes up for the cost that we face when they come here.”

Other recent reports -- including from conservative sources -- have echoed Business Forward's findings. The American Action Forum, a conservative think tank, released a paper earlier this month that argued immigration reform would reduce the federal deficit by \$2.5 trillion, in part by reversing a decline in workforce participation that started 10 years ago, according to the Washington Post.

Conservative groups have also begun distancing themselves from a 2007 study from the right-leaning Heritage Foundation, which claimed that immigration reform would cost the country at least \$2.6 trillion in Social Security and Medicare benefits by the time immigrants reach retirement age.

In a blog post earlier this month, the Cato Institute, a libertarian think tank debunked some of the study's claims, calling it “flawed” because it exaggerated the cost of immigration reform while downplaying newly-legal immigrants' tax and economic contributions.