

Heritage Study: Gang of Eight's Legalized Immigrants to Cost Taxpayers a Net \$6.3 Trillion

By: Andrew Stiles – May 6, 2013

The current population of illegal immigrants, if legalized, would cost American taxpayers *a minimum* of \$6.3 trillion over the lifetimes of those immigrants, according to a Heritage Foundation study released Monday.

The study, titled “The Fiscal Cost of Unlawful Immigrants and Amnesty to the U.S. Taxpayer,” could pose a setback to the Gang of Eight’s immigration-reform bill, which would almost immediately offer legal status to the estimated 11 million illegal immigrants living in the United States. It is an updated version of a Heritage Foundation study from 2007, the last time Congress tried (and failed) to pass comprehensive immigration-reform legislation. Since then, the estimated cost to taxpayers (\$2.6 trillion) has more than doubled.

The study seeks to calculate the total amount of taxpayer-funded benefits and services illegal immigrants would, if given legal status, consume over their lifetimes, compared with the amount they would contribute in taxes. The various benefits and services taken into account include direct benefits such as Social Security and Medicare, means-tested welfare programs such as food stamps and public housing, public education, and other services such as police and fire departments.

The study shows that, in 2010, the average illegal-immigrant household received \$24,721 in government benefits and services while paying \$10,334 in taxes, creating a fiscal deficit (benefits received minus taxes paid) of \$14,387 that must be borne by other taxpayers. That figure “would soar,” the study says, if those illegal immigrants were given legal status, and therefore made eligible for federal welfare programs, which even immigrant households here legally are more likely to receive than U.S.-born households. Under the Gang of Eight’s proposal, the average illegal-immigrant household would produce a net fiscal deficit of nearly \$600,000 over the course of a lifetime, the study found.

In evaluating the total cost that legalization would incur, the study’s authors – Heritage Foundation senior fellow Robert Rector and senior policy analyst Jason Richwine – evaluated the three phases in which the Gang of Eight’s proposed “amnesty” would be implemented.

During the ten-year “interim phase” after the bill is passed, in which illegal immigrants would be given legal status but would be ineligible for means-tested welfare programs and Obamacare, the average fiscal deficit for their households would fall to around \$12,500 a year because of increased tax payments. Following this initial period, however,

government spending would “increase dramatically” — once formerly illegal immigrants become eligible for those programs, average fiscal deficits would rise to about \$29,500 per household. During retirement, when former illegal immigrants, now permanent residents or citizens, would be eligible for Social Security and Medicare benefits, the net cost to taxpayers would remain high, at around \$22,700 per retiree per year.

Because the average illegal immigrant is about 34 years old, restricting access to benefits during the interim phase would have only a “marginal impact” on the long-term aggregate cost. The study found that, under current law, illegal-immigrant households produce a combined fiscal deficit of about \$54.5 billion per year. After legalization, that number would fall to \$43.4 billion, but would climb to \$106 billion once households become eligible for welfare benefits, and would increase still further to around \$160 billion during the retirement phase.

In total, current illegal immigrants would receive around \$9.4 trillion in government benefits and services over the course of their lifetimes, the study found, and would pay about \$3.1 trillion in taxes, resulting in a net fiscal deficit of \$6.3 trillion. “This should be considered a minimum estimate,” the authors write, because it likely undercounts the total number of illegal immigrants that would ultimately be legalized and as a result would become eligible for welfare and medical benefits. “Those who claim that amnesty will not create a large fiscal burden are simply in a state of denial concerning the underlying redistributive nature of government policy in the 21st century,” the authors conclude.

The Heritage study has already received some preemptive criticism, including from the Cato Institute, Americans for Tax Reform, and Media Matters for America. Supporters of the Gang of Eight’s bill are likely to insist that its cost be calculated using “dynamic” scoring, as the Congressional Budget Office has agreed to do to some extent. The American Action Forum, which supports the Gang’s effort, recently estimated (using dynamic scoring) that the bill would *reduce* the federal deficit by more than \$2.5 trillion.

Rector will join Heritage Foundation president and former U.S. senator Jim DeMint at an 11:30 A.M. press conference to announce the results of the study. DeMint previewed the results Sunday on ABC’s *This Week*, and predicted that “if people read the bill, it will be blocked.”