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## Heritage Foundation: Immigration reform will cost \$6.3 trillion

By: David Nather – May 6, 2013

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The Heritage Foundation is sounding the alarms about the cost of immigration reform again – but this time, the right is trying to shout them down.

On Monday, the conservative think tank released a new study warning that the immigration bill by the Senate Gang of Eight would cost taxpayers \$6.3 trillion in new spending on entitlements and social programs. It's an update of a 2007 Heritage study that helped derail the last immigration reform bill that year.

Within hours, high-profile Republicans and conservative thinkers were telling the rest of the GOP not to listen to Heritage.

Paul Ryan said the study ignored the economic growth that would be created by immigration reform. Douglas Holtz-Eakin, an influential conservative analyst, agreed and wrote a National Review blog post arguing that conservatives should think of the economic impact and upward mobility for future generations of immigrants.

And Haley Barbour called it a “political document” that was designed to create alarming headlines – largely by trying to predict the costs over 50 years.

“Why? So the number will seem gigantic,” Barbour said on a conference call with reporters. “If you put the 50-year cost of anything in front of the public, it’s going to be a huge number.”

But Heritage is unfazed – because it says Congress should look out for the interests of the taxpayers.

“It’s clear that any number of people in Washington who would benefit from amnesty, as well as some members of Congress, do not want to consider the costs,” former Sen. Jim DeMint, Heritage’s new president, said at a press conference. “No sensible thinking person could read this study and conclude that over 50 years they could have a positive economic impact.”

Over their lifetime, Heritage says, newly legal immigrants would receive \$9.4 trillion in government benefits under the Gang of Eight bill – including Social Security and Medicare, social programs like Medicaid and food stamps, and new health coverage under Obamacare – while paying back \$3.1 trillion in taxes.

Heritage is focusing what it calls the “fiscal deficit” that would be created over 50 years if illegal immigrants are allowed to stay in the country, arguing that the longer they’re allowed to stay in the country, the more benefits they’d consume – especially Obamacare health coverage.

This time, pro-reform Republicans and conservatives are accusing the think tank of lumping in every possible cost – including public education, which all American children receive – while ignoring the economic growth that would be created by immigration reform.

“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,” Ryan said in a statement.

But DeMint called for a “piece by piece” approach to immigration reform, focusing on less controversial provisions like visas for highly skilled workers, and warned that the federal government “is incapable of administering this plan in a way that doesn’t amount huge amounts of fraud.”

“We know how ‘comprehensive’ works in Washington,” DeMint said.

Like the earlier study, the new one focuses largely on poorly educated immigrants rather than the highly skilled workers sought by businesses.

Heritage estimates that the “typical unlawful immigrant” is 34 years old and has a 10th grade education, and that each household gets more than \$14,000 in benefits beyond what it pays in taxes – a figure that would swell to more than \$29,000 once the household becomes eligible for Obamacare and welfare programs. Under the Gang of Eight bill, that wouldn’t happen for more than a decade.

“At that point, the costs simply explode ... and it becomes extraordinarily expensive,” said Robert Rector, the lead author of the report.

“By and large, a person who doesn’t have a high school education imposes enormous costs,” said Rector. “It doesn’t matter whether he’s born in Kansas, he’s a legal immigrant, or he’s an illegal immigrant. They all look pretty much the same.”

The study is already getting strong pushback from other conservative analysts who support immigration reform – and accuse Heritage of ignoring all of the economic benefits.

Alex Nowrasteh of the Cato Institute said the new Heritage study makes “the same fundamental errors that their previous study did: They do not consider that increased legal immigration will increase the size of the U.S. economy and thus increase tax revenues – contrary to an overwhelming contrary consensus in the economics literature.”

The study could be an enormous political headache for pro-immigration reform Republicans like Marco Rubio and Paul Ryan, who are trying to urge their party to

consider the political benefits of reform – and want to make sure the GOP doesn't get tripped up by the same alarms that buried the last effort.

These Republicans, backed by conservative analysts like Douglas Holtz-Eakin, have already launched pre-emptive strikes against the new Heritage study. They've circulated studies that show immigration reform will create economic growth, which would largely cancel out any new costs.

And they're noting that the Congressional Budget Office has said it will take economic growth into account when it estimates the costs of the new bill. During the last debate in 2007, CBO said the long-term costs to entitlements and social programs would be minimal.

Most economists, on the right and the left, insist that immigration reform would be more or less a wash, because immigrants would be paying taxes during their working years that would help support Social Security and social programs like food stamps and housing aid. Heritage, however, insists that the average immigrant never has a stage where his or her contributions outweigh the social costs.

“Regrettably, this is not true. At every stage of the life cycle, unlawful immigrants, on average, generate fiscal deficits,” the report states. “Unlawful immigrants, on average, are always tax consumers; they never once generate a ‘fiscal surplus’ that can be used to pay for government benefits elsewhere in society.”