



## Study: Immigration overhaul will cost \$6.3 trillion

By: Alan Gomez – May 6, 2013

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Shunning criticism that its report is politically motivated, Heritage Foundation President Jim DeMint says the "Gang of Eight" amnesty plan would not bring in enough tax revenue to make economic sense.

The conservative Heritage Foundation estimates that a sweeping immigration plan being pushed by a bipartisan group of senators will cost the country \$6.3 trillion over the next 50 years, a figure they hope persuades Republicans to oppose the effort.

Through their use of government services, their reliance on welfare benefits and their eventual use of Social Security, Medicare and benefits through President Obama's health care law, the report found that the nation's 11 million unauthorized immigrants would receive \$9.4 trillion in benefits and services, but pay only \$3.1 trillion in taxes.

"Amnesty consists of a very, very large burden that will be placed on the U.S. taxpayer and huge deficits at a point that the country is already going bankrupt," said Robert Rector, a Heritage Foundation researcher who co-authored the report.

The report, released Monday, was panned by Democrats and others who say it did not factor in the many economic benefits that will come with legalizing the nation's unauthorized immigrants.

Douglas Holtz-Eakin, former director of the Congressional Budget Office who served as the chief economic policy adviser to Sen. John McCain, R-Ariz., during his 2008 presidential run, said the study gives a "narrow, incomplete" look at the economic picture for immigrants. McCain is among the "Gang of Eight" senators who are supporting the immigration legislation.

Holtz-Eakin said the Heritage study does not consider the ability of unauthorized immigrants to advance in the workplace and earn more money — in turn, paying more taxes — if they are placed in a legal status.

He said high rates of entrepreneurship among immigrant communities result in new businesses and new job opportunities for themselves and American workers. When that is taken into consideration, legalizing the people living here illegally would lead to a \$2.5 trillion reduction in the federal deficit, an April report by Holtz-Eakin said.

Alex Nowrasteh, an immigration policy analyst at the Cato Institute, said the Heritage report also does not consider that legalizing unauthorized immigrants would lead to

increases in how much they're paid, which in turn would raise the wage rates of American workers. He also said the work of low-skilled immigrants boosts productivity of American businesses.

Jim DeMint, former South Carolina senator and Heritage's president, said Monday that only a small percentage of the 11 million people slated for legalization have the education or work skills to become a net addition to the tax rolls. He compared the immigration bill to the 2010 Affordable Care Act, which he said was supposed to reduce the federal deficit by \$132 billion over 10 years but will increase health care costs instead.

DeMint dismissed criticism of the report as politically motivated. He said the report clearly illustrates that the government would have to increase its debt, or taxes, to cover the massive economic losses of the Senate's immigration plan and would further lower wages of low-skilled American workers.

"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 cost," DeMint said Monday. "No sensible-thinking person could read this study and conclude that over 50 years that this could possibly have a positive economic impact."

The report comes as the Senate's "Gang of Eight" prepares for a week of Senate committee hearings analyzing its immigration bill. The Congressional Joint Economic Committee will begin hearings on the economic impact of immigration on Tuesday, and the Senate's Commerce Committee will hold a similar hearing on Wednesday.

The study is an update of a 2007 Heritage Foundation study by Rector that estimated the cost then of legalizing unauthorized immigrants at \$2.6 trillion. At that time, it was used as part of a successful effort by conservatives to strike down attempts to overhaul the nation's immigration efforts.

Haley Barbour, the Republican former governor of Mississippi, described the report as a "political document."

"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," said Barbour, a member of a task force with the Bipartisan Policy Center that supports the bill.

But Sen. David Vitter, R-La., said the \$6.3 trillion price tag should disqualify the "Gang of Eight" proposal from passage.

"Our federal debt severely threatens our economy as it is now," he said. "The last thing we should be doing is granting amnesty to illegal immigrants, giving them all the taxpayer funded benefits and advantages of citizenship, while completely turning our back on enforcement."