

The Washington Post

Heritage: Immigration bill would cost \$6.3 trillion

By: Aaron Blake and David Nakamura – May 6, 2013

The conservative Heritage Foundation has issued a scathing report against the immigration reform bill proposed by the Senate's "Gang of Eight," arguing that the bill would cost more than \$6 trillion — a claim summarily rejected by Republicans pushing for the bill.

The report states that legalizing current illegal immigrants would cost \$9.4 trillion over a lifetime and pay just \$3.1 trillion in taxes, resulting in a net cost of \$6.3 trillion. And the authors of the study, Robert Rechter and Jason Richwine, say that's a conservative estimate.

"It probably understates real future costs because it undercounts the number of unlawful immigrants and dependents who will actually receive amnesty and underestimates significantly the future growth in welfare and medical benefits," Rechter and Richwine write.

At a press conference Monday morning, the new head of the Heritage Foundation, former senator Jim DeMint (R-S.C.), said that bill would be a huge burden and would also be unfair to legal immigrants.

"Amnesty will only make the problem worse in the future," DeMint said. "We contend, especially after this study, that amnesty is unfair to those who come here lawfully, and it will cost the American tax payer trillions of dollars over the next several decades and will make our immigration problem worse. We should not repeat past mistakes by offering the promise of amnesty with only promises of solutions. We need a piece-by-piece approach, a merit-based, selective, lawful immigration system that benefits everyone."

Republicans who are pushing for the immigration bill quickly sought to undercut the Heritage study, noting that essentially every other estimate finds the costs significantly lower or even that it could be a boon to the economy.

The conservative American Action Forum, for example, has estimated that comprehensive immigration reform could cut the deficit by as much as \$2.5 trillion. Sen. Jeff Flake (R-Ariz.), a member of the Gang of Eight, tweeted his displeasure.

Here we go again. New Heritage study claims huge cost for Immigration Reform. Ignores economic benefits.No dynamic scoring.

— Jeff Flake (@JeffFlake) May 6, 2013
As did former Mississippi governor Haley Barbour (R):

Haley Barbour on the Heritage report: “It’s a political document. It’s not serious analysis.”

— Jordan Fabian (@Jordanfabian) May 6, 2013

The libertarian Cato Institute has also rebutted the Heritage Foundation’s analysis and said Monday that it fails to take into account the economic benefits of immigration reform.

“We’re very disappointed that our fellow free-marketers at Heritage, who have done such great work promoting dynamic scoring methodology for so long, would fail to employ it on immigration reform,” Cato spokesman Chris Kennedy said.

Republicans have also noted that Heritage in 2006 issued a report arguing that comprehensive immigration reform would have a positive impact on the economy. Heritage spokesman Mike Gonzalez said the concept of comprehensive immigration reform has changed since then, and noted that the 2006 report didn’t talk about a path to citizenship.

“Washington has really defined what ‘comprehensive’ means,” Gonzalez said.

Here are the costs of the bill, as laid out by Heritage in the new report:

- As noted, at the current time (before amnesty), the average unlawful immigrant household has a net deficit (benefits received minus taxes paid) of \$14,387 per household.
- During the interim phase immediately after amnesty, tax payments would increase more than government benefits, and the average fiscal deficit for former unlawful immigrant households would fall to \$11,455.
- At the end of the interim period, unlawful immigrants would become eligible for means-tested welfare and medical subsidies under Obamacare. Average benefits would rise to \$43,900 per household; tax payments would remain around \$16,000; the average fiscal deficit (benefits minus taxes) would be about \$28,000 per household.
- Amnesty would also raise retirement costs by making unlawful immigrants eligible for Social Security and Medicare, resulting in a net fiscal deficit of around \$22,700 per retired amnesty recipient per year.

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- Under current law, all unlawful immigrant households together have an aggregate annual deficit of around \$54.5 billion.
- In the interim phase (roughly the first 13 years after amnesty), the aggregate annual deficit would fall to \$43.4 billion.
- At the end of the interim phase, former unlawful immigrant households would become fully eligible for means-tested welfare and health care benefits under the Affordable Care Act. The aggregate annual deficit would soar to around \$106 billion.
- In the retirement phase, the annual aggregate deficit would be around \$160 billion. It would slowly decline as former unlawful immigrants gradually expire.

Updated at 5:46 p.m.