



Written by [Warren Mass](#) on September 26, 2016

Report from National Academies Places Cost of Immigration as High as \$296 Billion

A new report from the National Academies of Sciences, Engineering, and Medicine indicated that “first-generation immigrants are more costly to governments, mainly at the state and local levels, than are the native-born, in large part due to the costs of educating their children.”

An article about the report in the *Washington Times* observed that the academies’ “researchers tested eight scenarios, and in each of them taxpayers came out worse.”



The *Times* noted that in the best-case scenario, the federal government came out ahead as a result of immigration, but the states showed negative fiscal effects, for a total loss of \$43 billion in 2013. However, the worst-case scenario showed federal, state, and local governments losing a combined total of \$296 billion in 2013 because of the financial impact of immigration.

The Center for Immigration Studies (CIS) posted its analysis of the report by the National Academies (NAS) on its website that summarized it as follows:

Overall, the report by the National Academies (NAS) shows that immigration, legal and illegal, does create an economic benefit for native-born Americans, but this benefit is generated by reducing the wages of native-born workers, often the least-educated and poorest.

The analysis quoted Steven Camarota, director of research for the CIS, who said:

The new NAS report provides invaluable insight. Immigration is primarily a redistributive policy, transferring income from workers to owners of capital and from taxpayers to low-income immigrant families. The information in the new report will help Americans think about these tradeoffs in a constructive way.

CIS included the disclosure that Dr. Camarota was chosen by the NAS as an outsider reviewer for the report and his research is cited in it.

CIS studied NAS figures to find that there were trade-offs, indicating that while immigration does make the U.S. economy larger by adding workers and population, a larger economy is not necessarily a benefit to natives. As to how these benefits and liabilities work out, CIS states:

Making reasonable assumptions, the NAS report estimates that the actual benefit to the native-born could be \$54.2 billion a year. But relative to the income of natives the benefit is very small, representing a “0.31 percent overall increase in income” for native-born Americans

CIS then explains that while business may profit from immigration, it is only because competition from immigrants reduces the wages of native workers. CIS continues:

To generate that benefit, immigration has to reduce the wages of natives in competition with



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immigrant workers by \$493.9 billion annually. But businesses gain \$548.1 billion from these lost wages, for a net gain of \$54.2 billion. Unfortunately, the NAS does not report this large income redistribution, though it provides all the information necessary to calculate it.

Furthermore, noted CIS, large-scale immigration has a negative impact on the overall U.S. economy:

Turning to the fiscal impact, immigrants do not pay enough in taxes to cover their consumption of public services at the present time. The NAS report presents eight different scenarios based on different assumptions about the current fiscal impact (taxes paid minus services used) of immigrants and their dependent children. All of the scenarios show that immigrants are a fiscal drain. The drain is as large as \$299 billion a year. In all the scenarios dealing with the current fiscal impact the deficit is as large or larger than the economic benefit reported above.

CIS noted that the immigration deficit only adds to the federal budget deficit, because even without the added drain, “Washington is not collecting enough taxes to pay for government generally.”

Furthermore, even “at the state and local level, where budgets tend to be more in balance, immigrants are still a large net drain, while natives are a net fiscal benefit.”

Proponents of large-scale immigration like to point to the days when Ellis Island was in operation and how this “nation of immigrants” put out the welcome mat, and in return, benefited from the contribution of those millions of immigrants. However, a big difference between then and now was that the vast array of government social-welfare services did not exist back then. Nineteenth-century and early 20th-century immigrants worked and paid taxes, but their families did not receive nearly as many benefits, such as healthcare and education, as today’s immigrants do. One significant factor in keeping down the education costs of the earlier immigrants was the establishment of the extensive private school systems by Irish and other Catholic immigrants in the 1800s. Practically all of today’s immigrant children, in contrast, are educated at taxpayer expense.





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