



## CBO Cost Estimates on Senate Immigration Bill Celebrated, Challenged

When the Congressional Budget Office's cost estimate of S. 744 — the [Gang of Eight's](#) controversial immigration bill — [was published on Tuesday](#), there was celebrating on both sides of the issue. Said Senator Charles Schumer (D-N.Y.), one of that gang and the original sponsor of the bill:

Simply put, this report is a huge momentum boost for immigration reform. It debunks the idea that immigration reform is anything other than a boon to our economy and robs the bill's opponents of one of their last remaining arguments [against it].



Another gang member, Senator Marco Rubio (R-Fla.) [was equally ebullient](#) about the CBO's estimate:

The CBO has further confirmed what most conservative economists have found: reforming our immigration system is a net benefit for our economy, American workers and taxpayers. There remain some key areas that need to be tightened up to prevent those who have violated our immigration laws from accessing federal benefit programs. But overall, the CBO report offers encouraging evidence that the status quo is unacceptable and we can end it without burdening our already burdened taxpayers and, in fact, reduce the deficit over the next 20 years.

On the other side was Senator Jeff Sessions (R-Ala.), the ranking member of the Senate Budget Committee, who saw serious shortcomings in the CBO's analysis, calling it "manipulative" and "misleading":

The bill's drafters relied on the same scoring gimmicks used by the Obamacare drafters to conceal its true cost from taxpayers and to manipulate the CBO score. There is a reason why eligibility for the most expensive federal benefits was largely delayed outside the 10-year scoring window: to mislead the public.

As Ranking Member of the Budget Committee, I asked CBO to provide a long-term estimate. Sadly, CBO did not provide the long-term estimate as requested. As a result, the score effectively conceals some of the biggest long-term costs to taxpayers contained in this legislation, including providing illegal immigrants with Medicaid, food stamps, and cash welfare.

S. 744 deals with [two major issues](#): what to do with the estimated 11 million illegal aliens ("undocumented immigrants" in the PC language of today) already living and working in the United States, and how to secure the porous borders in the future that have allowed those 11 million to come in illegally.

The CBO study restricts its analysis to just the economic impact of the bill. After concluding that there would be a significant increase in legal immigration — and only small reduction in illegal immigration —



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if S. 744 becomes law, the CBO determines that federal tax revenues would increase, reducing deficits over the next 10 years by about \$175 billion and another \$700 billion over the following decade.

But the report was filled with caveats and assumptions: “However [said the report], the net impact of the bill on federal deficits would depend on future actions by lawmakers who could choose to appropriate more or less than the amounts estimated by CBO. In addition, [our] procedures consider only the on-budget effects of [the proposed] legislation and not the off-budget effects, such as the effects on Social Security taxes and spending.”

It further reduced its own credibility with additional disclaimers about consequences of the bill that will impact the actual true taxpayer burdens of S. 744. One could drive a truck through them:

The bill also would have a broader set of effects on output and income that are not reflected in this cost estimate. Those additional economic effects include changes in the productivity of labor and capital, the income earned by capital, the rate of return on capital (and therefore the interest rate on government debt), and the differences in wages for workers with different skills.

Some of those effects are obvious, but missing from the CBO study. If incoming immigrants earn less than American workers, the overall wage level for all workers would likely decline. If the average immigrant family is relatively uneducated, their contribution to tax rolls would be less but their dependence upon various means-tested state and federal benefits would go up. And what happens after 2033, when the CBO ended its study? Do those immigrants just disappear into the woodwork? They will likely move on to become dependent upon what’s left of Medicare, Medicaid, and Social Security, but the CBO didn’t count that.

Further disclaimers against accuracy emanate from the CBO report:

S. 744 would impose several intergovernmental and private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA). Most of those mandates *would fall on employers* and other entities that hire, recruit, or refer individuals for employment. [Emphasis added.]

CBO estimates ... that the aggregate annual costs of the mandates imposed on private entities would total at least \$700 million once the mandates were fully in effect, probably by 2016.

Isn’t this part of the cost involved if S. 744 becomes law? Instead, it appears as a footnote to the study. And, in a final flourish of transparency, the CBO noted that it didn’t take into account any impact the passage of S. 744 would have on state, local, or tribal governments:

The substantial increase in population that would occur if S. 744 is enacted would have many other effects (both negative and positive) on the budgets of state, local, and tribal governments, but CBO does not estimate the overall effects of legislation on the budgets of those governments.

Another study, mainly solid and perhaps much more realistic, of S. 744 was done [by the Heritage Foundation back in May](#), using fully disclosed assumptions and publicly available statistics. It showed that the actual cost of an immigration bill similar to S. 744 would be vastly higher. Robert Rector and Jason Richwine, the authors of the Heritage study, said they counted every conceivable impact newly legal immigrants would have on the economy, and on the federal, state and local governments, including

Direct benefits, such as Social Security, Medicare, unemployment insurance, and workers’ compensation,

Means-tested welfare benefits [of which there are, at present, more than 80!] including cash



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disbursements, food stamps, housing allowances, medical services, the refundable Earned Income Tax Credit ([which has been subject to substantial abuse for years by immigrants](#)), Supplemental Security Income, and Temporary Assistance for Needy Families,

Public education, costing local taxpayers an average of \$12,300 per student per year, and

Population-based services such as fire, police, highways and parks.

After measuring what families absorb from these benefits compared to what they pay in taxes, the Heritage authors came up with a not-so-surprising conclusion: Poorer families are less well-educated and take more from the system than they give back.

For example, in 2010, in the U.S. population as a whole (according to the authors), households headed up by persons without a high-school degree absorbed \$35,113 more per year from the system than they contributed. And the education of the head of the average “unlawful immigrant” family is only the 10th grade! According to the Heritage study, “The average unlawful immigrant would receive \$592,000 more in government benefits over the course of his remaining lifetime than he would pay in taxes.” The total tab for the U.S. taxpayer for all those “illegals” now made “legal” by S. 744? \$6.3 trillion.

As noted in its Executive Summary, “Those who claim that amnesty will not create a large fiscal burden are simply in a state of denial.” What’s unnerving are the Heritage Foundation’s disclaimers:

This [\$6.3 trillion estimate] should be considered a minimum 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.

In the great immigration debate, CBO’s estimates are unhelpful, unrealistic, and deceptive, serving partisan political interests rather than the truth.

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