

National Academy of Sciences: Amnesty Would Cost Trillions

The long-term costs to taxpayers of immigrants and their descendants are detailed in a new report from the National Academy of Sciences.

The findings in the report indicate that if amnesty for illegal immigrants were enacted, the government would have to raise taxes immediately by \$ trillion and put that sum into a high-yield bank account to cover future fiscal losses generated by the amnesty recipients and their children.

To cover the future cost, each U.S. household that currently pays federal income tax would have to pay, on average, an immediate lump sum of over \$15,000.

The National Academy of Sciences report, "The Economic and Fiscal Consequences of Immigration," provides fiscal balance projections for immigrants and their descendants over 75 years.

The fiscal balance of an individual equals all government taxes paid minus all benefits received. Federal, state and local benefits and taxes are included in the estimates.

The NAS report, released a few weeks ago, shows that the fiscal balances of immigrants vary greatly according to education level: Immigrants with low education levels impose substantial fiscal costs that extend far into the future. The government benefits they will receive greatly exceed the taxes they will pay.

This is critical because current illegal immigrants have very low education levels.

Around 10 million adult illegal immigrants currently are in

the U.S. Nearly half don't have a high school diploma. Overall, adult illegal immigrants are six times more likely to lack that diploma than are residents.

Illegal immigrants currently receive routine government services such as roads, sewers, and police and fire protection. The children of illegal immigrants currently receive heavily subsidized public education at an average cost of \$12,000 per child per year.

Children of illegal immigrants born in the U.S. are eligible for the same welfare benefits (such as food stamps, Medicaid, Obamacare and Temporary Assistance for Needy Families) as children born to U.S. citizens.

Because illegal immigrant families already receive many government benefits and services, they currently impose a fiscal cost on taxpayers. The benefits they receive exceed taxes paid.

Amnesty or "earned citizenship" would provide current illegal immigrants access to an additional level of expensive government entitlements and benefits.

All of the major "comprehensive" immigration reform or "earned citizenship" bills debated in Congress since 2006 would have granted nearly all current illegal immigrants eligibility for future Social Security and Medicare benefits after 10 years of work. These bills also would have given amnesty recipients access to almost the entire U.S. welfare system, after modest delays.

In effect, amnesty would give current illegal immigrants access to the same government benefits as immigrants who are here legally. Thus, as a general rule of thumb, the long-term fiscal balance of an illegal immigrant, after amnesty, would be roughly equal to the cost of a current legal immigrant with the same age and education level.

The NAS report does not distinguish between legal and illegal immigrants. But as noted, the report does provide fiscal projections for immigrants at different education levels. Because the education level of adult illegal immigrants is approximately known, the NAS projections enable us to project the future fiscal costs of illegal immigrants if they were granted amnesty or "earned citizenship" as a group.

Based on the education level of illegal immigrants, the NAS figures project that the net fiscal cost (benefits minus taxes) for 10 million adult illegal immigrants after receiving amnesty would have a net present value of negative \$ trillion.

The concept of "net present value" is complex; it places a much lower value on future expenditures than on current expenditures. One way to grasp net present value is that it represents that total amount of money that would have to be raised today and put in a bank account earning 3 percent interest above the inflation rate in order to cover future costs.

As noted above, this means that if amnesty were enacted, government would have to immediately raise taxes by \$ trillion and put that sum into a high-yield bank account to cover the future fiscal losses that will be generated by the amnesty recipients and their children.

And to cover the future cost, each U.S. household currently paying federal income tax would have to pay, on average, an immediate lump sum of over \$15,000.

Of course, if the federal government were to grant amnesty, it would not actually raise current taxes by \$ trillion and put the money in a high-yield bank to cover the future costs. Instead, in the government's normal pattern, the costs would be unfunded and passed on to future years.

Converting a net present value figure into future outlays requires information on the exact distribution of costs over

time; unfortunately, that data is not provided by the National Academy of Sciences. However, a rough estimate of future net outlays to be paid by taxpayers (in constant 2012 dollars) for illegal immigrants after amnesty is around \$3.6 trillion over 75 years.

Advocates of amnesty have suggested that low-skill immigrants generate large-scale positive economic results that benefit U.S. workers. The NAS report finds no evidence of such effects.

On the other hand, the report clearly shows that the continuing inflow of low-skill immigrants into the U.S. creates large fiscal burdens for taxpayers in the present and the future.

Moreover, granting amnesty is likely to generate even greater flows of illegal immigrants into the United States, adding even more costs. {eoa}

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