

# WebMemo



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## Setting the Record Straight: Illegal Immigrants Will Receive Welfare Under Senate Bill

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In criticizing recent Heritage Foundation research on the cost of low-skill immigration and amnesty, proponents of the Senate immigration legislation (S. 1348), including Administration spokesmen, have falsely claimed that the proposal would not give illegal immigrants access to the U.S. welfare system.<sup>1</sup>

While provisions of the Senate bill would delay illegal immigrants' access to welfare for several years, over time nearly all amnesty recipients would be offered legal permanent residence and access to more than 60 federal means-tested welfare programs.

Specifically, Z visa holders would immediately be given Social Security numbers and would begin earning entitlement to Social Security and Medicare (which are not means-tested welfare programs). Some ten to thirteen years after enactment, amnesty recipients would begin to gain access to a wide variety of means-tested welfare programs, such as Temporary Assistance to Needy Families, public housing, and Food Stamps. The amnesty process under S. 1348, and the different stages of the process at which amnesty recipients become eligible for different government benefits, are precisely described in "Amnesty Will Cost U.S. Taxpayers at Least \$2.6 Trillion."<sup>2</sup>

The fact that amnesty recipients will have limited access to means-tested welfare in the first ten years or so after enactment will have only a marginal impact on overall costs. As the Heritage study states:

The initial limitation on receipt of means-tested welfare will have only a small effect on governmental costs. Welfare is only part of the

benefits received by immigrant families. Moreover, the average adult amnesty recipient can be expected to live more than 50 years after receiving his Z visa. While his eligibility for means-tested welfare will be constrained for the first 10 to 15 years, each amnesty recipient will be fully eligible for welfare during the last 30 to 40 years of his life. Use of welfare during these years is likely to be heavy.<sup>3</sup>

The Heritage analysis of the costs of amnesty was a study of the fiscal costs (benefits received minus taxes paid) of amnesty recipients during their retirement years. It concluded that amnesty recipients would impose a likely net cost of \$2.6 trillion dollars on the taxpayers during that period and that these costs would mainly occur in two non-welfare programs (Social Security and Medicare) and in one means-tested program (Medicaid). The study explicitly states that these costs will not commence until 25 to 30 years after the bill is enacted.<sup>4</sup> To claim that amnesty recipients will not have access to the welfare system evidences an unfamiliarity with the provisions of S. 1348 as well as the Heritage analysis.

Defending S. 1348 on the grounds that amnesty recipients would not be eligible for welfare also is

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[www.heritage.org/Research/Immigration/wm1509.cfm](http://www.heritage.org/Research/Immigration/wm1509.cfm)

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hypocritical, because the position of the Administration has been to reduce the restrictions in current law on immigrants' use of welfare. For example, the 1996 welfare reform law prohibited legal permanent residents (green card holders) from receiving welfare for their first ten years in the country. In 2002, the Bush administration successfully promoted a change in the law to allow non-citizen green card holders to receive Food Stamps after five years in the country.<sup>5</sup>

It is also claimed that a second study by The Heritage Foundation, "The Fiscal Cost of Low Skill Immigrants to the U.S. Taxpayer," is an outlier in the field of research.<sup>6</sup> This study examined the net fiscal cost (total government benefits received minus total taxes paid) of households headed by immigrants without a high school degree. It found that these low-skill immigrant households, on average, receive three dollars in benefits for every one dollar in taxes paid. Low-skill immigrant households (both legal and illegal) now comprise five percent of the U.S. population and impose a net cost of \$89 billion per year on the U.S. taxpayer.

There is one previous study of the fiscal impact of low-skill immigrants: the National Academy of Sciences' 1997 *New Americans* study.<sup>7</sup> The findings in that study match those of Heritage research: immigrants without a high school degree imposed a substantial net cost on the taxpayer, and the initial

fiscal burden was so severe that it was not erased by the earnings and taxes of subsequent generations. Even when the net taxes paid by the immigrants' descendants over the next 300 years (roughly 10 generations) were estimated, the net present value to the taxpayer of low-skill immigrants remained slightly negative.<sup>8</sup>

The same National Academy of Sciences study also argued that low-skill immigration produced an economic gain, mainly by reducing prices. Most Americans, however, would find the reason for this gain unsettling: "There is a direct correspondence between the fact that some domestic workers suffer wage reductions and the fact that we gain as a nation" from immigration.<sup>9</sup>

Low-skill immigration reduces prices of some consumer goods because it reduces the relative wages of the workers producing those goods, including the wages of millions of low-skill non-immigrants who compete with the low-skill immigrants. As the National Academy of Sciences put it, "Although wage declines are real losses to the affected [non-immigrant] workers, they are also the source of a national 'gain' from immigration."<sup>10</sup> A national policy that reduces consumer prices by reducing the wages of the least skilled American workers is hardly a recipe for long-term social and political stability.

1. Interview with Tony Snow, CNN, American Morning, 7:51 AM, June 12, 2007. "I understand that it's important to try to total costs and benefits, but you have to take a look at the actual bill. . . . this bill does not guarantee; it says the people do not have access to the welfare system."
2. Robert Rector, "Amnesty will Cost the U.S. Taxpayers at least \$2.6 Trillion," Heritage Foundation *WebMemo* No. 1490, June 6, 2007, at [www.heritage.org/Research/Immigration/wm1490.cfm](http://www.heritage.org/Research/Immigration/wm1490.cfm). Since the publication of this paper, an amendment introduced by Senator Jeff Sessions and passed by the Senate has modified the bill to delay a Z visa holder's access to the Earned Income Tax Credit.
3. *Ibid.*
4. *Ibid.*, p.6.
5. The White House, *Working Toward Independence: The President's Plan To Strengthen Welfare Reform*, February 2002, p.33, at [www.whitehouse.gov/news/releases/2002/02/welfare-reform-announcement-book.html](http://www.whitehouse.gov/news/releases/2002/02/welfare-reform-announcement-book.html).
6. Robert Rector and Christine Kim, "The Fiscal Cost of Low-Skill Immigrants to the U.S. Taxpayer," Heritage Foundation *Special Report* No. SR-14, May 21, 2007, at [www.heritage.org/Research/Immigration/sr14.cfm](http://www.heritage.org/Research/Immigration/sr14.cfm).
7. National Research Council, *The New Americans: Economic, Demographic and Fiscal Effects of Immigration* (Washington, D.C.: National Academy Press, 1997).
8. *Ibid.*, pp., 334, 342.
9. *Ibid.*, p. 140.
10. *Ibid.*, p.141.

The Heritage studies in question show that while college-educated immigrants pay more in taxes than they receive in benefits, low-skill immigrants do not. The best public policy would encourage the more

high-skill and less low-skill immigration. Unfortunately, S. 1348 moves in the opposite direction.

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