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REVIEW & OUTLOOK

Immigration and Welfare

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The immigration debate is roaring again, and we're happy to join the fun. One place to start is a myth that has become a key talking point among restrictionists on the right -- to wit, that immigrants come to the U.S. for a life of ease on the public dole.

Leading this charge is the Heritage Foundation's Robert Rector, who argues in a new study that "the average lifetime costs to the taxpayer will be \$1.1 million" for each low-skilled immigrant household. Hispanic immigrants and their families are a net national drain, he says, because they "assimilate into welfare."

Mr. Rector and Heritage have done some good social science research in the past, but this time they have the story backward: In most cases immigrants will pay at least as much in lifetime federal taxes as they receive in benefits.

Off the Dole

Change in welfare use by immigrants, 1996-2004

Cash Welfare (AFDC)	-73%
Food Stamps	-39%
Supplemental Security Income	-20%
Medicaid	+29%


Source: Ron Haskins

One basic flaw in the Heritage analysis is that, as a study by the Immigration Policy Center points out: "The vast majority of immigrants are not eligible to receive any of these [welfare] benefits for many years after their arrival in the United States. . . . Legal permanent residents cannot receive SSI [Supplemental Security Income], which is available only to U.S. citizens, and are not eligible for means-tested public benefits until 5 years after receiving their green cards."

Illegal immigrants are also ineligible for any kind of federal welfare benefits -- with the exception of emergency health care. Many of the Congressional proposals to legalize this population would not allow these workers to collect welfare until waiting up to eight years for a green card and five years after that.

The "welfare" charge is also refuted by the experience of the federal welfare reform passed 11 years ago. That law reduced the welfare eligibility of new immigrants on the sensible grounds that the magnet for America should be work, not a government handout. Ron Haskins, an architect of that reform and the author of a 2006 book on its consequences, concludes that "the use of welfare by noncitizens has declined rapidly" in the wake of that law.

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The nearby chart shows how rapidly. Between 1994 and 2004, the percentage of immigrant households collecting traditional cash welfare payments, supplemental security income, and food stamps fell by about half. The decline in welfare use was more rapid for immigrants than for native-born Americans. The exception has been Medicaid, thanks to states that have increased immigrant eligibility for the state-federal program in recent years.

However, immigrants have a positive financial impact on the most expensive federal entitlements: Medicare and Social Security. This is because immigrants generally come when they are young and working. Seventy percent of immigrants are in the prime working ages of 20-54, compared to only half of the native-born American population. Only 2% of immigrants are over 65 when they arrive compared to 12% of natives.

As a result, most immigrants contribute payroll taxes for decades before they collect Social Security or Medicare benefits. The Social Security actuaries recently calculated that over the next 75 years immigrant workers will pay some \$5 trillion more in payroll taxes than they will receive in Social Security benefits. These surplus payments more than offset the costs of use of other welfare benefits received by most immigrant groups.

There's no doubt that immigrants draw on public resources, like the roads and the schools. The latter is mandated by a Supreme Court decision, *Plyer v. Doe*, and in any event would our society rather have these children in school, or wandering the streets? Even immigrants who don't own homes, and thus don't pay property taxes, finance public schools indirectly through rents paid to landlords. As for health care and roads, immigrants who receive paychecks have their income taxes withheld, and they also pay sales tax and other levies like everyone else.

Perhaps most important, immigrant earnings and tax payments rise the longer they are here. According to Census data for 2005, immigrants who have just arrived have median household earnings of \$31,930, or about 30% below the U.S. average of \$44,389. But those in the U.S. for an average of 10 years have earnings of \$38,395; for those here at least 25 years, the figure is more than \$50,000. Those earnings wouldn't be increasing if most immigrants were going on the dole. They are instead assimilating into the work force, growing their incomes as their skills increase.

As Congress debates immigration policy, the Members should keep in mind that the melting pot is still working; that taxes by immigrants cover their use of public services; and that finding a way to let immigrants work in the U.S. legally is the humane and pro-growth solution to the illegal immigration problem.

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