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CONGRESSIONAL TESTIMONY

The Fiscal Consequences of Executive Amnesty

Testimony before The Committee on Oversight and Government Reform

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Introduction

My name is Robert Rector. I am a Senior Research Fellow at The Heritage Foundation. The views I express in this testimony are my own, and should not be construed as representing any official position of The Heritage Foundation.

Illegal immigration imposes many costs on local, state, and federal taxpayers. President Obama's recent executive order does far more than assert that current U.S. immigration laws will not be enforced. It grants nearly four million illegal immigrants potential access to the U.S. entitlement system. Moreover, an amnesty approach, as we saw from the 1986 amnesty legislation, encourages an increase in future illegal immigration. President Obama's executive order granting legal status to millions of current illegal immigrants will encourage increased illegal immigration in the future, imposing further costs on taxpayers.

The main component of President Obama's executive amnesty is the Deferred Action for Parents of U.S. citizens and legal permanent residents (DAPA). The DAPA program would grant temporary legal status to illegal immigrants with at least one U.S. born child (or child with legal permanent residence) who have resided in the U.S. for the last five years. I estimate that, at least, 3.97 million illegal immigrants would be eligible to obtain legal status under DAPA. The average DAPA-eligible individual has a 10th grade education.

Assuming that 3.97 million illegal immigrants apply for and receive legal status under DAPA, the following fiscal consequences would be likely.

- DAPA beneficiaries would immediately receive Social Security numbers and, in most cases, the eventual ability to obtain Social Security and Medicare benefits. The lifetime costs of Social Security and Medicare benefits to DAPA recipients are likely to be around $1.3 trillion (in constant 2010 dollars).
- DAPA recipients will be given immediate access to two major cash welfare programs: the refundable Earned Income Tax Credit (EITC) and the refundable Additional Child Tax Credit (ACTC). Increased EITC and ACTC cash payments to DAPA recipients would be $7.8 billion per year.
- DAPA recipients will also be permitted to apply for EITC and ACTC cash benefits retroactively for the last three years. The cost of retroactive benefits could be as much as $23.5 billion.
- DAPA-eligible families already receive many means-tested welfare benefits from programs such as Medicaid, the Women Infants and Children (WIC) food program and Food Stamps prior to the Obama executive order. (These benefits

are typically given to illegal immigrant parents on behalf of their U.S. born children.) The average DAPA-eligible family already receives around $6,600 per year in means-tested welfare benefits, prior to Obama's executive action. (The aggregate cost is around $13.4 billion per year.)

- The executive order does not make DAPA recipients eligible for Obamacare. However, if DAPA beneficiaries remain legally in the country for the indefinite future, it is likely that subsequent legislation would make them eligible for Obamacare or other federal medical programs. The cost of providing Obamacare to all DAPA-eligible families who lack current insurance would be at least $14 billion per year.
- On average, the combined cost of means-tested welfare benefits currently received, the EITC and ACTC cash, and potential Obamacare benefits would come to $17,800 per year per DAPA family. The aggregate cost would be over $35 billion per year.
- On the other hand, Obama executive action would encourage DAPA-eligible illegal immigrants to shift from informal "off the books" employment to formal "on the books" employment; this would result in an increase in tax payments. Most experts believe that about half of illegal immigrants work "off the books." If, instead, all DAPA-eligible individuals were employed "on the books," Federal Insurance Contribution Act (FICA) and federal income tax revenues would increase by about $7.2 billion per year.[1]
- Nonetheless, the increase in tax revenue would be equaled or outweighed by the increase in EITC and ACTC cash payments. The value of total means-tested welfare benefits received by DAPA-eligible families exceeded the value of FICA and federal income tax payments made by those families before the executive action and will continue to do so after the action as well.

The aggregate spending and revenue estimates given above are clearly contingent on the percent of DAPA-eligible illegal immigrants who would apply for and receive legal status. If only half of DAPA-eligible individuals actually apply for and receive legal status, then the estimated increase in welfare and entitlement benefits and new tax revenues would be decreased proportionately. The per family figures would not be changed.

Executive Amnesty

On November 20, 2014, President Obama granted Deferred Action for Parents of U.S. citizens and legal permanent residents (DAPA). Under this executive action, illegal immigrants were granted provisional legal status if:

[1] Both the employer and employee share of FICA tax are counted.

- they had on that date a son or daughter who was a U.S. citizen or legal permanent resident;
- were physically present in the U.S. on the date of the executive action;
- had continually resided in the U.S. since January 1, 2010; and,
- have not been convicted of a felony.

According to my analysis at least 3.97 million current illegal immigrants will be covered by DAPA and eligible for provisional legal status. The actual number could be higher.

The Fiscal Impacts of the Executive Order for the DAPA Population

The executive order creates three immediate fiscal impacts.

1. The 3.97 million illegal immigrants covered by DAPA will be immediately eligible for work authorization and Social Security numbers. Upon receiving a Social Security number, the individual can earn entitlement to future Social Security and Medicare benefits by completing 40 quarters (10 years) of work.
2. The DAPA parents will also become eligible for the refundable EITC and refundable ACTC. These are means-tested welfare programs which provide cash benefits to parents who have no federal income tax liability. The EITC is the largest cash welfare program in the country. Together, the EITC and ACTC can provide up to $7,460 in cash welfare benefits each year for a lower income family with two children.
3. Most experts believe that roughly half of illegal immigrants work "on the books" and pay Federal Insurance Contribution Act or FICA and income taxes; the other half work "off the books" and do not pay those taxes. The executive action makes it easier for DAPA recipients to obtain normal on-the-books employment; it also creates an incentive for greater "on-the-books" employment since such employment will create credit for future Social Security benefits.

Earned Income Tax Credit and Additional Child Tax Credit

The Earned Income Tax Credit is the nation's largest means-tested cash welfare program. Although the EITC in some cases reduces federal income taxes owed, its major function is to provide "refundable tax credits" to low income individuals. A "refundable tax credit" is simply a cash welfare grant to individuals who have no federal income tax liability. About 15 percent of the total expense of the EITC goes to tax reduction, while 85 percent goes to refundable cash credits. In 2012, 24.3 million individuals received such cash payments from the EITC at a cost of $56.2 billion to the taxpayer.

The structure of the EITC is complex. A married couple with two children receives a cash payment equaling 40 percent of their earned income for earnings up to $13,430. For earnings between roughly $13,500 and $23,300, the cash payment is fixed at a maximum value of $5,460. As earned income rises above $23,300, the credit is phased down.

The refundable ACTC provided around $22 billion in cash benefits in 2013 to working families with modest incomes. The credit has a value of 15 percent of earned income over $3000 per year up to a maximum value of $1,000 per child. A single -arent family with two children would receive a cash bonus from the program of $2000 per year with an earned income up to around $29,000.

The ACTC credit is added on top of earned income tax credits received by a family. The maximum combined value of the two credits for a family with two children would be $7460. Families continue to receive cash benefits from these two programs on a decreasing scale until their earned income rises above $40,000.

DAPA recipients will be given immediate access to these two major cash welfare programs. Assuming all DAPA-eligible individuals receive legal status, cash payments from the EITC and ACTC to DAPA recipients would equal $7.8 billion per year.[2]

Retroactive EITC and ACTC Benefits

The Internal Revenue Service has declared that DAPA beneficiaries would be permitted to file federal income tax returns retroactively for the three years prior to their obtaining DAPA status. The DAPA beneficiary could receive any EITC or ACTC payments that were owed during that period. Filing a retroactive tax return would be at the discretion of the DAPA recipient; individuals who had a positive unpaid income tax liability during those years would be unlikely to file, while individuals who would be eligible to receive substantial EITC and ACTC cash payments would have a strong incentive to file.[3]

It is erroneous to believe that a DAPA recipient would have to prove his prior employment status to obtain an EITC or ACTC check. A major portion of EITC claims are based on personal reports of "self-employed income." In general the IRS does not verify such self-reports of income before granting cash aid; this is a major reason why the EITC has an erroneous payment rate of around 25 percent.[4] Assuming that all DAPA-

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[2] This calculation excludes DAPA-eligible individuals who are married to U.S. citizens. Such families presumably already receive the EITC and ACTC if they have low or moderate incomes.

[3] Low-income illegal immigrants who had worked on the books using false Social Security numbers during the period would already have paid FICA taxes; they would receive a straight cash payment from the IRS.

[4] Improper payments for the EITC equal, on average, 25 percent of the total value of the credit or roughly $16 billion per year. Since some 26.5 million households claim the EITC each year, this number suggests that some six million households receive EITC benefits after submitting false or erroneous information to the IRS.

eligible individuals who were eligible for retroactive EITC and ACTC payments applied for and received those payments, the cost to the government would be around $23.5 billion. The figure could go higher if the illegal immigrants under DAPA use fictious income figures, a tactic that is very common in the EITC program.

Current Means-Tested Benefits of DAPA Families

President Obama has characterized the DAPA population as "immigrant fathers who worked two or three jobs without taking a dime from the government…"[5] But even before the executive order, families now eligible for DAPA were heavy users of means-tested welfare.

Illegal immigrants are eligible for and obtain aid from the Medicaid Disproportionate Share funding, Women Infants and Children food program, the school lunch and breakfast programs, and the Community Health Center programs. In addition nearly all DAPA families have at least one U.S. born child. These children are fully eligible for all means-tested welfare programs on the same conditions as children born to legal U.S. citizens. As a consequence, receipt of Food Stamps, Medicaid, and SCHIP is common in DAPA-eligible families. (By contrast, receipt of the EITC by illegal immigrant families is uncommon because the parent must be work-authorized and have a Social Security number to obtain the EITC.)

On average, DAPA-eligible families already receive $6,600 per year in means-tested aid, or $13.2 billion per year overall.[6]

Executive Amnesty and Obamacare

Obama's executive order does not make DAPA recipients eligible for Obamacare. But DAPA parents have low wages; about half currently lack health coverage. If DAPA recipients are granted legal status and permitted to remain in the country indefinitely, it seems unlikely that they would be permanently denied all governmental heath care support.

Moreover, once granted legal status, it seems likely that DAPA recipients would increase their use of free medical care in emergency rooms funded by the Medicaid Disproportionate Share program. (Illegal immigrants are currently eligible for this service but may avoid using it because they are fearful of revealing their illegal status.)

[5] President Barack Obama, "Remarks by the President in Address to the Nation on Immigration", November 20. 2014, https://www.whitehouse.gov/the-press-office/2014/11/20/remarks-president-address-nation-immigration

[6] These figures do not include about 570,000 families in which a DAPA-eligible person is married to a U.S. citizen or legal permanent resident.

Since emergency room care is expensive, there would strong pressure to provide alternative forms of medical aid.

It is noteworthy that all major bipartisan "earned citizenship" bills introduced in the last decade have given amnesty recipients full access to over 80 federal means-tested welfare programs following a limited waiting period. If all DAPA-eligible individuals were granted access to Obama care, the cost to the taxpayers would be around $7,300 per DAPA family or $15.5 billion per year.

DAPA Families and the Welfare State

The United States operates a very large means-tested welfare system which provides cash, food, housing, medical care, and social services to poor and lower-income Americans. Last year government spent over $900 billion on means-tested welfare. Major programs included: Medicaid, SCHIP, the refundable earned income tax credit, Supplemental Security Income, the refundable additional child tax credit, Temporary Assistance to Needy Families (TANF), Food Stamps, the Women, Infants and Children (WIC) food program, school nutrition programs, public housing and section 8 housing.

There is a common misconception that individuals who work in the U.S. do not receive welfare assistance. According to this view, illegal immigrants work; therefore, they would receive little welfare, even if legalized. In reality, over the last 20 years, the welfare system has been transformed; it now focuses a major portion of its benefits onto low-wage working families with children. For example, a single mother with two children who earns $20,000 per year will typically receive another $19,000 in cash, food, and medical benefits from the welfare system. If the mother also receives housing aid, the typical benefit package would rise to $25,000 per year.

Another common misconception is that legal immigrants rarely receive welfare. In reality, legal immigrants receive very high levels of welfare aid. In fact, the highest level of welfare aid of all is received by households headed by legal immigrants without a high school degree. The DAPA population consists of families with children headed by parents with very low average education levels. If DAPA families were given full access to welfare system, receipt of benefits would undoubtedly be very high.

As noted, the average DAPA-eligible family already received some $6,600 means-tested aid before the President's executive action. The executive order would give DAPA families access to the refundable EITC and ACTC at an average cost of $3,900 per family. If DAPA families were subsequently given access to Obamacare the added cost would be around $7,300 per family. The total annual benefit package of existing welfare, ACTC, EITC, and Obamacare would come to $17,800 per family. The aggregate annual costs would be over $35 billion. Beyond this there are many other means-tested welfare programs; if DAPA benefiaries become long-term legalized residents, they are very likely to be given access to these programs through future legislation.

DAPA and Increased Tax Payments

President Obama has suggested that one outcome of his executive action is to encourage illegal immigrants to "pay their fair share of taxes." It is true that Obama's executive action would increase tax payments slightly. Most experts believe that around half of illegal immigrants work "off the books" and therefore pay no direct taxes. Legalization would encourage DAPA to shift from informal "off-the-books" employment to formal "on-the-books" employment. This would result in an increase in tax payments. If, all DAPA-eligible individuals were employed "on the books," Federal Insurance Contribution Act (FICA) and federal income tax revenues would increase by about $7.2 billion per year.[7] Nonetheless, the increase in tax revenue would be equaled or outweighed by the increase in EITC and ACTC cash payments.

More importantly, the value of total means-tested welfare benefits received by DAPA-eligible families exceeded the value of FICA and federal income tax payments made by those families before the President's executive action. It would continue to do so after the DAPA beneficiaries received legal status.

Future Social Security and Medicare Benefits

At least 3.97 million illegal immigrants would be permitted to obtain legal status under the President's executive order for DAPA. Under the executive order DAPA recipients will immediately be given authorization to work in the U.S. and a Social Security number. Upon receiving a Social Security number, a DAPA recipient can earn entitlement to future Social Security and Medicare benefits by completing 40 quarters (10 years) of work. Granting nearly four million unlawful immigrants with an average 10th grade education full access to Social Security and Medicare benefits will be very expensive to U.S. taxpayers.

In order to calculate the future retirement benefits in Social Security and Medicare for DAPA recipients, I have assumed that 3.97 illegal immigrants would apply and receive legal status under the DAPA provisions. I further assume that all of these individuals would fulfill at least 40 quarters of minimal employment in the decades ahead and thereby become eligible for Social Security and Medicare benefits.

In future years, deaths would reduce the number of DAPA recipients; my calculations reduce the number of DAPA recipients year by year in the future according to the

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[7] Both the employer and employee share of FICA tax are counted.

standard mortality tables for Hispanic males and females. DAPA recipients would have a very strong financial incentive to remain in the U.S. at least until they have earned eligibility for Social Security; nonetheless, my analysis assumes 10 percent would emigrate before they obtained eligibility.

DAPA recipients would begin receiving Social Security and Medicare benefits at 67. The median age of DAPA-eligible individuals is 36. This means the median-aged DAPA recipient would begin receiving retirement benefits in 2046.

DAPA recipients have low education levels and low wages. The analysis assumes the average DAPA recipient would receive Social Security benefits equal to the average benefit of current retired legal immigrants with the same level of education. This is $11,236 per year (in constant 2010 dollars). The DAPA retiree is assumed to receive Medicare benefits at the average cost per retiree in 2010 or $10,365 per year. Thus the combined Social Security and Medicare costs per DAPA retiree would be $21,601 per year (in constant 2010 dollars). (These figures are almost certainly underestimated because per person Medicare benefits are likely to rise faster than the rate of medical inflation.)

On average, retirees could be expected to receive benefits for 19 to 20 years in retirement at an average lifetime cost of around $421,000 per retiree. The total Social Security and Medicare retirement costs for the DAPA population would be around $1.3 trillion (in constant 2010 dollars).[8]

It is true that amnesty recipients will pay FICA taxes. In fact, after amnesty, the wages of illegal immigrants covered by the executive order should rise and many will switch from "off-the-books" to "on-the-books" employment, meaning that FICA tax payments will increase substantially. However, as noted, DAPA beneficiaries, on average, have a 10th-grade education. This means they will tend work at modest wages throughout their lifetimes. The Social Security and Medicare programs are deliberately designed to heavily subsidize low- and modest-wage workers; the benefits received by them will greatly exceed taxes paid to the Social Security and Medicare systems. On average DAPA recipients will receive two to three dollars of Social Security and Medicare benefits for each dollar of FICA tax paid even if they faithfully pay FICA taxes throughout their working careers.

Moreover, any FICA tax payments made to the Social Security trust fund by DAPA recipients would be illusory gains. The FICA taxes paid would be offset by other

[8] The net present value of these costs is $407 billion. Net present value is difficult to understand. One way to explain it is that in order to fully fund these future obligations in 2015, an additional $407 billion in revenue would need to be raised and set aside today in a lockbox from which DAPA recipients' Social Security and Medicare costs would be paid in the future. Not doing this effectively increases the national debt by $407 billion.

government benefits received by the DAPA families at the time the FICA taxes were paid. These offsetting benefits would be funded from general revenue. Overall, no net tax payments would be made to the U.S. Treasury.

On average, DAPA recipients would make few, if any, net tax payments that would offset their future Social Security and Medicare costs. If DAPA recipients are given full access to Obamacare and other means-tested welfare programs through legislation or administrative action at some time in the future, then the fiscal situation would deteriorate even further.

Conclusion

The fiscal consequences of illegal immigration and amnesty are best understood holistically. The total benefits received by a group from federal, state and local governments should be compared to the total taxes paid. From this perspective, individuals without a high school diploma tend to receive about $4.00 in government benefits for every $1.00 in taxes paid. This is true whether the individual is a U.S. born citizen or a legal immigrant.

Illegal immigrants, as a group, historically have received around $2.50 in total government benefits for every $1.00 in taxes paid. The resulting fiscal burden has been limited because they are barred from receiving Social Security, Medicare and most means-tested welfare.

The Obama executive action removes that bar, granting a large portion of illegal immigrants full access to Social Security and Medicare and increased access to means-tested welfare. This will substantially increase the already vast burden on U.S.taxpayers.

Estimation Methodology

Identifying the Illegal Immigrants and DAPA-Eligible Individuals

The Department of Homeland Security (DHS) estimates the number and type of illegal immigrants appearing in Census surveys each year. DHS assumes that 90 percent of all illegal immigrants appear in Census records. The present analysis identifies an illegal immigrant population within the Census' Current Population Survey (CPS) that closely matches the DHS estimates for illegal immigrants for all available DHS data, including: the number of such immigrants, and their gender, age, date of entry, country of origin and current state of residence. The illegal immigrant population is also assumed to be less educated than the legal immigrant population, because many legal immigrants obtain their status through their higher education.

Within this illegal immigrant population, the DAPA-eligible group was defined as individuals who had at least one U.S. born child and who had entered the U.S. at least five years prior to the survey. The March 2011 CPS was used for the analysis; since the number and composition of the illegal immigrant population has changed only slightly since 2011, estimates with more recent data should be quite similar.

This analysis estimates there are 3.97 million DAPA-eligible individuals in the nation today. By contrast, the Migration Policy Institute has estimated 3.75 million and the Pew Hispanic Center, 3.5 million. The exact number of DAPA-eligible individuals cannot be known with certainty. Differences the DAPA estimates will be driven by differences in the share of illegal immigrants who are estimated to have U.S. born children.

Estimating Tax Revenues and Means-Tested Welfare Benefits

The Census Bureau imputes values for federal income tax, personal FICA tax, the EITC and the ACTC into the Current Population Survey (CPS) based on family structure and income. This analysis doubles the FICA tax payments in the CPS to incorporate both the employer and employee shares of the tax; for low and moderate earned income, this makes FICA taxes equal to roughly 15.3 percent of earnings.

The Census imputations, in effect, assume that all individuals in the CPS are legal and that all earnings are "on the books." By contrast, the current analysis assumes that illegal immigrant families receive neither the refundable EITC nor the refundable ACTC; therefore, the Census-imputed values for these benefits are reset at zero for illegal immigrants prior to President Obama's executive order (status quo ante). The analysis also assumes that 45 percent of illegal immigrants work "off the books" and do not pay direct taxes on their earnings. Census's imputed revenues for federal personal income tax and FICA tax for illegal immigrants as a group are therefore reduced by 45 percent in status quo ante conditions.

After the executive order, all DAPA-eligible families are assumed to receive the full imputed values of the EITC and ACTC. All DAPA-eligible individuals are also assumed to work on the books and therefore pay the full tax revenues imputed by Census for federal income tax and FICA taxes (doubled).

This analysis also used CPS data to estimate the receipt of other means-tested welfare benefits. Census data on receipt of means-tested benefits such as Food Stamps, Medicaid, SCHIP, and public housing are based on the self-report of families in the survey. Adult illegal immigrants do not receive these benefits but their U.S. born children often do; therefore, self-reported receipt of benefits within illegal immigrant families can be higher than many policy makers imagine.

The analysis compared aggregate revenues for specific taxes and spending for specific programs in the CPS to administrative totals for actual revenues and spending. CPS figures were then adjusted for overall under or over reporting. This adjustment assumes the illegal immigrants under-report receipt of welfare at the same proportionate rate as the legal population.

Future Social Security and Medicare Costs

In order to calculate the future retirement benefits in Social Security and Medicare for DAPA recipients, the analysis assumes that 3.97 illegal immigrants would apply and receive legal status under the DAPA provisions. The analysis further assumes that all of these individuals would fulfill at least 40 quarters of minimal employment in the decades ahead and thereby become eligible for Social Security and Medicare benefits.[9]

The projected number of 3.97 million DAPA adults was reduced in future years according to the standard mortality tables for Hispanic males and Hispanic females weighted by the gender distribution of the DAPA group.

DAPA amnesty recipients are currently raising families in the U.S. They also would have a very large financial incentive to remain in the U.S. and at least until they have earned eligibility for Social Security benefits; nonetheless, the analysis assumes that 10

[9] It seems unlikely that large numbers of DAPA recipients would remain legally in the U.S for decades without a minimal employment history. If these individuals were lifetime housewives, they would, in most cases ,be eligible for spousal or survivor Social Security benefits. If the individuals were eligible for no Social Security benefits it seems likely that future legislation would make them eligible for the back up program, Supplemental Security Income (SSI). It seems very unlikely that DAPA recipients would be allowed to remain legally in the U.S. for 30 years or more and then made destitute at age 67.

percent would emigrate before earning eligibility. After reductions for mortality and emigration, 3.13 million DAPA beneficiaries would begin receiving Social Security and Medicare at age 67. (A small number would already be receiving OASDI disability benefits.) The current median age of DAPA-eligible individuals is 36; that individual would begin receiving retirement benefits in 2046.

Estimated future Social Security and Medicare benefits are adjusted for inflation and expressed in constant 2010 dollars. The mean annual Social Security benefit for DAPA recipients ($11,236) equals the average benefits received by current retired, legal immigrants with the same average level of education as the DAPA group. The Medicare benefit level ($10,365) was set at the mean Medicare benefit level for persons over 65 in 2010. The combined annual Social Security and Medicare benefit per person for DAPA recipients was thus assumed to be $21,601 in constant 2010 dollars.

Key Assumptions

In estimating the fiscal consequences of President Obama's DAPA policy, the following parameters or assumptions are the most critical: 1) the estimated number of DAPA-eligible individuals; 2) the estimated percentage of DAPA-eligible persons who would actively apply for and receive legal status; and 3) the estimated future emigration rate of the DAPA-eligible population.

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Robert Rector – Biography

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Robert Rector, a leading authority on poverty, welfare programs and immigration in America for three decades, is The Heritage Foundation's senior research fellow in domestic policy.

Dubbed the "intellectual godfather" of welfare reform (by*National Review* Editor Rich Lowry), Rector concentrates on a range of related issues, including the collapse of the marriage culture, the breakdown of the family and other social ills. He is a vocal proponent of marriage education, especially in low-income communities.

Rector played a major role in crafting the 1996 federal welfare reform legislation, which, for the first time, required recipients to work or get job training in exchange for benefits. Since its passage, he has continued to examine not only the mounting costs to the taxpayer (nearly $1 trillion a year) but the role of welfare spending in undermining families.

Rector's impact on national policy includes the debate over how to fix America's broken immigration system – both today and the last time around. His current research on the long-term fiscal costs to taxpayers of granting amnesty to an estimated 11 million unlawful immigrants, as envisioned in the Senate's "comprehensive" immigration reform bill, builds on his influential work seven years earlier.

His recent papers (among those listed below) include "The Fiscal Cost of Unlawful Immigrants and Amnesty to the U.S. Taxpayer," "An Overview of Obama's End Run on Welfare Reform," "Marriage: America's Greatest Weapon Against Child Poverty," "Reforming the Food Stamp Program" and "Understanding Poverty in the United States."

In July 2012, Rector and Heritage colleague Katherine (Kiki) Bradley blew the whistle on the Obama administration's edict gutting the work requirement in the biggest cash-assistance welfare program among the federal government's 80 means-tested programs. Rector's series of detailed papers and commentary on the action set off denials and back-pedaling by the Department of Health and Human

Services – and led to moves in Congress to reinstate the work requirements of Temporary Assistance for Needy Families (TANF).

As for his prior work on immigration reform, Rector discovered in May 2006 that the Senate's "comprehensive" immigration reform bill potentially would admit an unprecedented 103 million immigrants over 20 years. Such an influx, he wrote, would impose huge budget costs and fundamentally transform the United States socially, economically and politically. "Within two decades," Rector concluded, "the character of the nation would differ dramatically from what exists today."

Rector's research hit Capitol Hill like a "perfectly timed statistical bomb," noted the *San Francisco Chronicle*. Bill sponsors immediately denied Rector's claims. But Rector and Sen. Jeff Sessions, R-Ala., countered the naysayers by quoting chapter and verse from the bill in two packed news conferences on Capitol Hill. Eventually, Rector's analysis prevailed. The bill's sponsors changed the immigration cap to 60 million immigrants over 20 years.

Rector's research had a similar impact in 2007. His report with Heritage colleague Christine Kim, "The Fiscal Cost of Low-Skill Immigrants to the U.S. Taxpayer," found that households headed by immigrants who lack a high-school diploma received nearly three times as much in government services annually as they give back in taxes.

That burden on taxpayers directly applied to the Senate's immigration reform bill – but the bill's supporters didn't mention that before submitting the measure for a vote. As Rector's research gained traction, though, the bill died.

When the welfare reform law of 1996 came up for renewal in 2006, Rector huddled with key Senate and House staffers to strengthen the same work requirements he is fighting to save today. For example, states couldn't count bed rest as "work."

And Rector pushed for a new provision: the Healthy Marriage Initiative. The program aimed to help keep welfare families intact – a critical factor in reducing poverty and the resulting dependency on government. Unfortunately, a new national administration all but undid the effort.

Rector joined Heritage in 1984. He previously worked as a legislative assistant in the Virginia House of Delegates and as an analyst in the U.S. Office of Personnel Management. He served on the congressionally mandated Millennial Housing Commission.

He holds a bachelor's degree from the College of William and Mary and a master's degree in political science from Johns Hopkins University.

He is the co-author of *America's Failed $5.4 Trillion War on Poverty*, a comprehensive 1995 examination of U.S. welfare programs, and co-editor of *Steering the Elephant: How Washington Works* (1987). For his research on welfare reform, he received the Dr. W. Glenn and Rita Ricardo Campbell Award, given annually to a Heritage employee who makes "outstanding contributions to the analysis and promotion of a free society."

Committee on Oversight and Government Reform
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Name: Robert Rector

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N/A

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