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A REPORT BY THE FEDERATION FOR AMERICAN IMMIGRATION REFORM

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By Spencer Raley | August 20, 2020

Introduction

The debate over how to save the Social Security program, and how immigration may be a factor, is decades old. In 2005, the Social Security Advisory Board announced that they "do not view immigration as a panacea or free lunch – for saving Social Security."

Advocates for mass immigration prefer that recommendation remains buried, yet the Board's advice has proven true and it's time to refresh facts, especially in light of a newly revealed and alarming milestone: the total cost of the Social Security program in 2020 is projected to be higher than its income. According to an internal assessment, the ratio of reserve funds to annual costs are projected to decline from 273 percent at the beginning of 2019, to only 130 percent by 2028. If the program continues as currently administered, the trust fund's reserves are expected to be completely depleted by 2034. That means that the program will be bankrupt in less than 15 years! Additionally, it is predicted that the Social Security Disability Income (SSDI) fund will meet the same fate by 2052.[1]

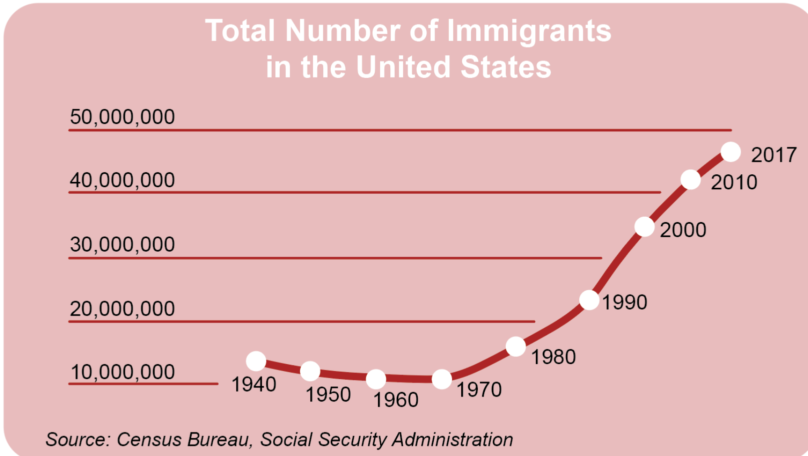
This report summarizes and dispels two closely related arguments claiming that massive immigration is necessary for the survival of Social Security.

The "Not Enough Workers" Claim

A simplistic and often-cited reason that Social Security is failing is because the ratio of retirees to workers is expanding far too quickly. In 1970, 35 years after the program was signed into law, there were approximately 4 workers paying Social Security taxes for every one beneficiary. By 1990, that ratio shrunk to 3.4, and down further to 2.9 by 2010.[2] This downward trend is expected to continue into the future. Experts believe that by 2034, the ratio of workers to beneficiaries could be as low as 2 to 1.[3]

One factor driving these decreasing ratios is rapidly increasing lifespans thanks to tremendous developments in the medical field. Indeed, in the 1940s, the percentage of people who survived from the age of 21 to 65 was only 54 percent for males and 61 percent for females. By 1990, that number had drastically increased to 72 percent for males and 84 percent for females.[4] Early iterations of the Social Security program failed to account for these increases in life expectancy.

Special interests for immigrants, cheap-labor employers, and political interests have pounced on this phenomenon and claimed that increasing immigration - legal and otherwise - will increase the ratios of workers to retirees. This approach has two major flaws:



1. Massive numbers of new immigrant workers create labor surpluses and perpetuate low wages. However, with fewer immigrant admissions, the labor market would tighten, wages would rise, and welfare costs would decrease. And when wages rise, so will the taxes paid into Social Security. And now, especially in a COVID-economy with high levels of unemployment, maintaining equilibrium between the availability of jobs and the supply of labor that elevates wages is more important, and ethical, than ever.

2. Just as important to the solvency of the program - yet not well recognized - is that immigrant workers generally consume more Social Security benefits than they contribute compared to native-born workers. No program is sustainable over the long run when the “investors” take out more than they put in. This is the focus of the next section.

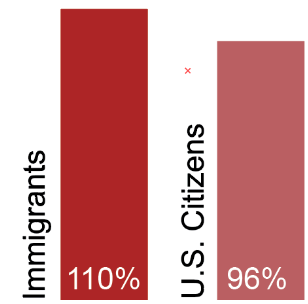
The “We Need Their Money” Claim

Over the past few years, one of the most common arguments in favor of mass-immigration is that it would boost payments into the Social Security trust fund. For example, a 2019 article by *Vox* claims that inviting a surge of immigration could reduce the Social Security trust fund deficit by billions of dollars annually in the short term.[5]

The reality ignored by those who claim mass immigration will save Social Security is that the influx of migrants they want will someday be ready to claim retirement benefits as well. That raises a crucial question: will the program be able to cover these new beneficiaries – many of whom would only have worked for a few years prior to collecting benefits? In short, the answer is no.

The SSA averages the 35 highest earning years of a person’s career to determine retirement benefits. Because of this, a native-born citizen who receives an average wage and works for 45 years can expect to pay approximately $282,000 into the program over the course of their career.[6] Throughout retirement, based on the current average lifespan in the United States, the same worker can expect to receive back about $271,000 in benefits, or 96 percent of what they paid into the program.

Average Percentage of Social Security Contributions Recouped During Retirement



Source: Census Bureau, Social Security Administration

However, since immigrants typically do not spend their entire careers in the United States, and earn an average annual salary that is slightly less than U.S. citizens, they end up paying considerably less into the program. For example, a foreign-born worker who has a working career that is just 5 years shorter than the average native-born citizen can expect to pay approximately $250,000 into the Social Security program. However, despite paying $32,000 less in Social Security taxes than the average native-born citizen who worked 45 years, this foreign-born worker can expect to receive only about $2,000 less in retirement benefits – or 108 percent of what they paid into the program.

With the average age of new immigrants increasing from 26 in 2000, to 31 in 2017, assuming a 40-year career is extremely generous.[7] Based on this data, the average career for migrants is closer to 30-35 years. This means they will receive approximately 110-120 percent of what they paid into the program.

Immigrant retirees receive up to 120 percent of what they paid into Social Security, compared to 95 percent for native-born Americans

Thanks to the chain migration policies that currently drive the United States' immigration system, the average age of new migrants will continue to grow, giving them significantly fewer years to work before receiving retirement benefits. But, as noted previously, the SSA only uses the highest 35 years of earnings to calculate benefits. So what happens when someone has not worked for that many years? A "0" is added for each missing year. As a result, foreign-born workers will appear to receive a lower average earning throughout their careers.

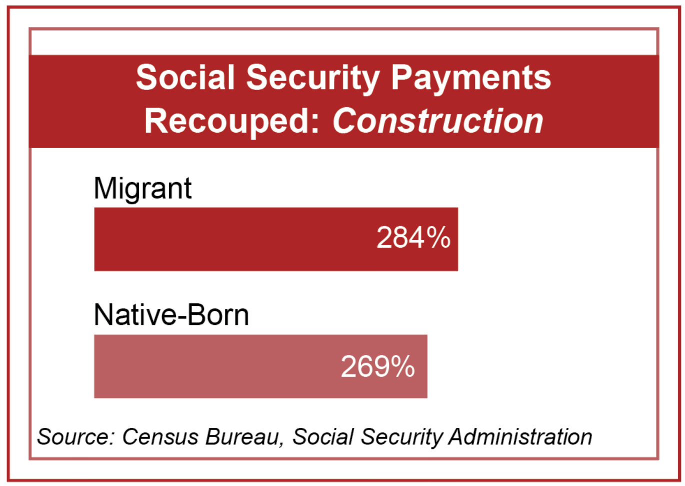
Social Security retirement benefits work on a progressive scale. This means that while foreign-born workers may receive fewer retirement benefits than the average native-born citizen, they will likely receive a larger proportion compared to what they paid in taxes.

For example, a foreign-born worker may arrive to the United States at an older age and only work for 20 years. While this is far shorter than the average career for a native-born American, it is still long enough to receive retirement benefits. This foreign-born worker – assuming they earn an average wage – can expect to pay approximately $124,000 into the Social Security program. In return, they can expect to receive approximately $158,000 in retirement benefits, or 127 percent of what was paid into the program. If a foreign-born worker has an even shorter career – say only 15 years – they would receive an average of 140 percent of what they paid into the program.

This picture doesn't necessarily improve when individual career paths are examined either. Below are several examples of high and low earning careers that are common among migrants, and how much native-born and immigrant workers who are employed in these fields pay in Social Security taxes:

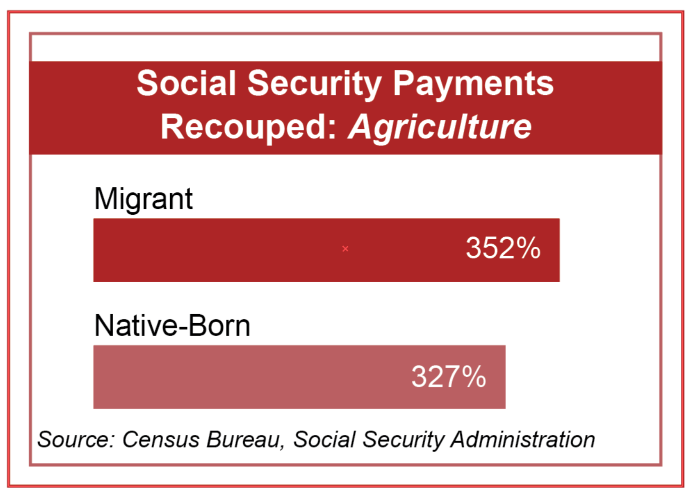
Example #1: Construction

Lower to average earning migrants, such as those with careers in the construction industry, receive back only slightly larger portions of their lifetime payments into the Social Security program than their American-born counterparts. However, this is hardly a positive thing, because both migrants and native-born Americans in this field receive far more in benefits than they pay in Social Security taxes. So, importing more migrant workers only serves to make the problem worse.



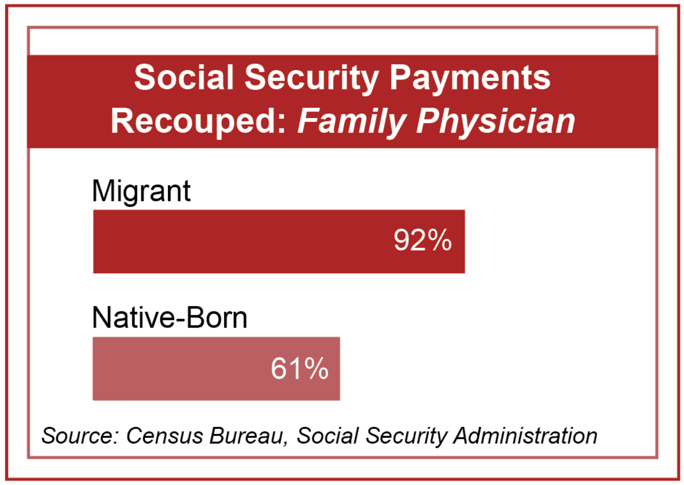
Example # 2: Agriculture

Despite receiving more than $22 billion in subsidies from the Federal government in 2019,[8] the American Agriculture industry is becoming increasingly dominated by foreign-born workers. As more migrants enter the United States to work in this industry, it's imperative that lawmakers consider the impact that non-temporary migrants will have on the Social Security program. And with retired migrants in the agriculture field set to receive an average of 352 percent of the amount they paid in taxes, continuing to flood this industry with migrants will undoubtedly place immense pressure on the future of the Social Security program.



Example #3: Family Physicians

Family physicians, whether migrant or U.S.-born, make an average lifetime annual salary of just over $200,000 per year (when adjusted for inflation). However, as explained earlier in this study, the average career of a migrant doctor is significantly shorter than that of a physician that was born in the United States – approximately 15 years shorter, in fact. Because of that, a migrant family physician will likely earn back more than 90 percent of what they pay into the Social Security program, whereas an American-born family physician is only likely to earn back around 60 percent of what they pay into the program.



Source: Census Bureau, Social Security Administration

One need not be a mathematical genius to understand that a program cannot remain solvent when a rapidly increasing number of people receive a far greater value in benefits than they contribute in taxes. So, while flooding the United States with new migrants may give the program the quick infusion of cash needed to keep it solvent for a few more years, it will completely condemn the program over the long term.

A Word about Illegal Immigration

Mass immigration advocates often engage in statistical trickery to masquerade illegal immigration as a fiscal gain for the United States

Throughout this report, we have considered the impact of legal immigration on Social Security, yet there those who actually advocate that illegal immigration is also means to shore up the retirement system. The proponents of these arguments often engage in statistical trickery to masquerade illegal immigration as a fiscal gain for the United States. Their primary method is simple: offer impressive-looking statistics that appear positive, then deliberately ignore any important context that may expose their figures as misleading.

For example, the radically open-borders organization, The New American Economy, touts that illegal aliens pay roughly $10 billion into the Social Security program every year.[9] Here again, the arguments are flawed. First, while some illegal aliens pay taxes, millions are working off the books in the underground economy and pay no taxes at all. Secondly, illegal aliens take jobs that could go to American workers at higher wages, thus creating more tax revenues. Finally, as FAIR has noted repeatedly, the costs of illegal immigration on U.S. taxpayers ($132 billion) far outweigh any taxes they pay.

Potential Solutions

While the situation may be dire, it's still possible to save the Social Security programs that millions of Americans rely on every year. Significant reforms could make the program solvent beyond 2034. Many politicians recommend changes such as raising taxes and/or cutting benefits,[10] but as FAIR is an immigration reform group, we want to consider only those immigration-related changes that could help improve the program's fiscal state.

The following are some common-sense reforms that would not only help the Social Security Program regain fiscal stability, but also make the system fairer to both migrants and native-born Americans:

End Chain Migration

Chain migration unfairly prioritizes those who are related to earlier immigrants over those who can better contribute to American society. This has resulted in the average age of migrants increasing continually as the parents and older relatives of migrants are admitted ahead of younger migrants who exhibit the skills and ability to further the United States' cultural and economic priorities.

A good start to fixing this problem would be to pass the Reforming American Immigration for a Strong Economy (RAISE) Act, or similar legislation. Introduced by Senators Tom Cotton (R-Arkansas) and David Perdue (R-Georgia), the RAISE act would end unfair chain migration and replace it with a system that attracts immigrants who hold job skills that are currently needed in the U.S. economy, as well as the education and language ability required to succeed at a high level.[11]

Additionally, the RAISE act would give preference points to those potential migrants who are under the age of 35 and hold a college degree in fields that would further the interests of the United States.[12]

Long careers that produce higher than average wages are crucial to ensuring that the Social Security program stays solvent. The RAISE act would help ensure that those migrants who enter the United States pay at least as much into the system than they receive in retirement benefits.

Public Charge Enforcement Reform

Pursuant to Section 212(a)(4) of the Immigration and Nationality Act (INA), any person seeking admission to the United States, or applying for permanent residency, is ineligible if they are likely to become a "public charge." A "public charge" is defined as any individual who is likely to become dependent on government benefits for their survival.

Unfortunately, this rule is rarely enforced. As a result, 63 percent of non-citizen households are currently enrolled in at least one welfare program, compared to just 35 percent for U.S. citizen households.[13] And, according to data from the Census Bureau's Survey of Income and Program Participation (SIPP), more than 13 million immigrants will be on welfare by 2030.[14]

In October 2018, the federal government proposed tweaking the existing "public charge" rule to ensure that those who enter the United States are able to provide for themselves.[15] The rule adjustment states that "aliens who seek adjustment of status or a visa, or who are applicants for admission, must establish that they are not likely at any time to become a public charge, unless Congress has expressly exempted them from this ground of inadmissibility or has otherwise permitted them to seek a waiver of inadmissibility." Exempted groups include asylees, refugees, and the victims of trafficking or crime.

Low-earning households almost always take in far more in Social Security benefits than they contribute to the program throughout the duration of their careers. Enforcing the "public charge" rule would help ensure that those migrants who enter the United States earn enough to support themselves and their families. These higher incomes would lead to increased contributions to the Social Security program.

Conclusion

The demographics of the United States have changed dramatically since the Social Security program was created in 1935. Thanks to tremendous improvements in medicine and technology, Americans are living much longer today than they did in the first half of the twentieth century. While this is something to be celebrated, it has also caused the proportion of working Americans to retirees to drop significantly. The immigrant population in the United States has increased by more than 35 million since 1950, adding even more stress to the program.

In this study, FAIR examined both the overall Social Security benefits received, as well as the taxes paid by migrants. What we found is that the same story repeats itself over and over – since the average careers of migrants are much shorter than native-born Americans, they have become a net burden to the Social Security program.

When this concerning reality is combined with the fact that the proportion of Social Security contributors to retirees continues to shrink at an alarming rate, the future fiscal solvency of the program becomes very much in doubt.

Mass immigration apologists try to ignore this inconvenient truth by pointing only to the contributions made by migrants and ignoring the fact that they will someday claim benefits as well. However, just like a high-interest loan gives a borrower a quick infusion of cash now at a high cost later, importing large numbers of immigrants into the United States will only offer short-term fiscal relief while greatly increasing liabilities down the road. The long-term consequence of our irresponsible immigration policies will result in an alarming deficit that could utterly destroy the American Social Security program in the near future.

It doesn't make sense that anyone should be permitted to come to the United States and pay far less into the Social Security program than native-born U.S. citizens, yet a higher amount in benefits, especially when the program is rapidly running out of funds. Such a policy does not serve the best interests of American citizens and, over the long term, will harm both migrants and citizens alike. U.S. lawmakers need to take a long, hard look at the Social Security program and implement immigration-related changes that protect the long-term solvency of it.

A Note on Methodology

Since there is no easily accessible database that details how much migrants pay into the Social Security program versus how much they take in benefits, we had to determine many of these figures ourselves based on figures provided by the federal government.

The current and historical incomes, along with the career lengths of both migrants and U.S. Citizens are based on data obtained from the most recent American Community Survey (ACS) from the Census Bureau and the Bureau of Labor Statistics (BLS).

Length of retirement is calculated by subtracting the average retirement age in the United States by the average lifespan in the country. For most figures, we set that retirement age at 67, since that will soon be the required retirement age to receive 100 percent of federal benefits.[16]

To determine the percentage of Social Security payments earned back, we essentially divided the total lifetime benefits received by the total lifetime Social Security taxes paid. Keep in mind that the Social Security Administration (SSA) adjusts income data for inflation and changes in cost of living, as necessary. We incorporate these adjustments into our figures when needed.

Unless otherwise noted, all figures are derived from statistics made available by the ACS, BLS, and SSA.

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