National Foundation for American Policy

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New Research: Public Charge Rule and Other Administration Policies Will Reduce Legal Immigration by 30% or More

Trump Immigration Policies Projected To Reduce Significantly Labor Force Growth in America

Arlington, Va. – The public charge rule, which goes into effect today, and other Trump administration policies are projected to reduce the annual level of legal immigration to the United States by 30%, resulting in 350,000 fewer legal immigrants receiving permanent residence each year compared to the FY 2016 level of 1,183,505, according to a new analysis by the National Foundation for American Policy (NFAP), an Arlington, Va.-based policy research group. NFAP projects in the long term that the average annual U.S. labor force growth, a key component of economic growth, will be between 35% and 59% lower in America as a result of Trump administration immigration policies, if the policies remain in place. The significant decline in the annual level of legal immigration means lower long-term economic growth may be Donald Trump's most lasting economic legacy.

The reduction in legal immigration will take place without any change in the law by Congress but as a result of policies that include the public charge rule, the travel ban and lower admission of refugees. Depending on implementation, the decline in legal immigration may be greater than 30%. Immigrant visas issued by U.S. consular officers already have declined by 25% between FY 2016 and FY 2019, and that is before the public charge rule went into effect. Fewer people will have the opportunity to live and work in the United States. Many American citizens will not be allowed to live in the United States with their spouse, child or parent, despite U.S. immigration law as interpreted for decades.

The report, "The Impact of Administration Policies on Immigration Levels and Labor Force Growth," can be found at https://nfap.com/.

"The Trump administration bypassed Congress by implementing several actions that will reduce legal immigration by an estimated 30% or more and prevent many Americans from living with a spouse, child or parent in the U.S.," said NFAP Executive Director Stuart Anderson, who served as executive associate commissioner for policy and planning and counselor to the Commissioner of the INS in the George W. Bush administration. "If the policies remain in place, the amount of long-term economic damage caused by substantially reducing U.S. labor force growth will far outweigh any other Trump administration economic policies. It's not possible to say you are pro-growth and also substantially reduce a key part of future economic growth, namely the number of new workers."

Economists have concluded that admitting fewer immigrants will result in lower economic growth, since labor force growth is an important element of economic growth, and immigrants play a major part in both current and future labor force growth. Economic growth improves the standard of living in a nation. The Trump administration's reduction in legal immigration will mean slower growth in the labor force and a lower rate of economic growth. The bottom-line conclusion of the National Foundation for American Policy analysis of the impact of reductions in immigration under the Trump

administration is that a large cut in immigration can do a great deal of long-term damage to the U.S. economy.

A February 2020 report from the U.S. Census Bureau concluded, "Higher international immigration over the next four decades would produce a faster growing, more diverse, and younger population for the United States."

The National Foundation for American Policy used the information provided by the Census Bureau to calculate the growth in the U.S. labor force based on a 30%, 40% and 50% reduction in legal immigration from the FY 2016 level of legal immigration. The NFAP analysis assumes the reduction would remain in place through 2060. Part of the impact is not only from fewer immigrants working but also fewer immigrants having children in the United States who eventually would have entered the labor force.

Among the findings of the analysis:

- A 30% reduction in legal immigration, which appears likely under current Trump administration policies, would result in a 35% reduction in the average annual growth of the U.S. labor force, with the annual growth in the labor force going from a pre-2017 forecast of 0.45% to 0.30%. A 30% immigration reduction means the U.S. labor force would grow by 13.9% to 180,394,000 by 2060, compared to 193,227,000, or 22%, if legal immigration levels had not changed.

- A 40% reduction in legal immigration would mean the U.S. labor force would grow 47% less as compared to pre-2017 levels. The average annual labor force growth would be only 0.24%, compared to 0.45% without the 40% reduction. Instead of the U.S. labor force growing by 22% to 193,227,000 in 2060, it would only grow by 11.2%, to 176,100,000.

- A 50% reduction in legal immigration would mean the U.S. labor force would grow 59% less as compared to pre-2017 levels. The average annual labor force growth would be only 0.19%, compared to 0.45% without the 50% reduction. Instead of the U.S. labor force growing by 22% to 193,227,000 in 2060, it would only grow by 8.5%, to 171,806,000.

"The U.S. will not be able to maintain its current standard of living unless the U.S. government acts to significantly increase immigration, improve labor force participation, and, together with employers, raise labor productivity growth," according to the Conference Board. However, far from increasing immigration, as many economists have recommended, Trump administration policies have focused on reducing legal immigration. Over time, the impact of hundreds of thousands of fewer immigrants per year will have a significant negative cumulative effect on the U.S. economy and America's ability to deal with its aging population.

Table 1
U.S. Labor Force Growth Under Different Immigration Scenarios

	Census Base Case for 2016-2060 Growth	With a 30% Reduction in Legal Immigration (2016-2060)	With a 40% Reduction in Legal Immigration (2016-2060)	With a 50% Reduction in Legal Immigration (2016-2060)
Size of U.S. Labor Force	193,227,000	180,394,000	176,100,000	171,806,000
Percentage of Labor Force Growth 2016-2060	22.0%	13.9%	11.2%	8.5%
Average Annual Labor Force Growth 2016-2060	0.45%	0.30%	0.24%	0.19%
Change in Average Annual Labor Force Growth From Census Base Case	____	-35%	-47%	-59%

Source: U.S. Census Bureau, National Foundation for American Policy. The Census Base Case for 2016-2060 is based on immigration patterns and projections for 2017 and later. Note: Analysis assumes labor force participation rates derived from the 2018 American Community Survey. Estimates based on immigration reductions remaining in place over the time periods covered.

Table 2
Projected Level of Legal Immigration in FY 2021

Persons Obtaining Lawful Permanent Resident Status	FY 2016 (Actual)	FY 2021 (Projected)	Change FY 2016 to FY 2021
Immediate Relatives of U.S. Citizens	566,706	299,131	-267,575 (-47%)
Refugees (Including Cuban Adjustment Act)	120,216	50,000	-70,216
Asylees	37,209	25,000	-12,209
Family-Sponsored Preferences	238,087	238,087*	0
Employment-Based Preferences	137,893	137,893	0
Diversity	49,865	49,865	0
Rest of Legal Immigration System	33,529	33,529	0
OVERALL LEVEL OF LEGAL IMMIGRATION	**1,183,505**	**833,505**	**-350,000 (-30%)**

Source: National Foundation for American Policy; Department of Homeland Security. *There will likely be some decline in family-sponsored preferences due to processing.

About the National Foundation for American Policy

Established in 2003, the National Foundation for American Policy (NFAP) is a 501(c)(3) non-profit, non-partisan public policy research organization based in Arlington, Virginia focusing on trade, immigration and related issues. The Advisory Board members include Columbia University economist Jagdish Bhagwati, Ohio University economist Richard Vedder, Cornell Law School professor Stephen W. Yale-Loehr and former INS Commissioner James W. Ziglar. Over the past 24 months, NFAP's research has been written about in the *Wall Street Journal*, the *New York Times*, the *Washington Post*, and other major media outlets. The organization's reports can be found at www.nfap.com. Twitter: **@NFAPResearch**

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