EXECUTIVE SUMMARY

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 National Foundation for American Policy (NFAP) analysis. 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.

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

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

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.
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:

- 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.
DECLINE IN REFUGEES AND IMMEDIATE RELATIVES OF U.S. CITIZENS

Under the U.S. legal immigration system, there are two areas most vulnerable to large declines in legal immigration due to more restrictive executive branch policies: Refugee admissions and the Immediate Relatives of U.S. Citizens category (the spouses, children and parents of U.S. citizens).

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

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

Refugees: Refugees apply for and typically receive permanent residence (a green card) after a year of arriving in the United States. For that reason, the number of refugees who become permanent residents lags a year or two behind admissions. Under U.S. law, annual refugee admissions are determined by the president in consultation with Congress, although under the Trump administration members of Congress have complained about not being consulted. Press reports have indicated that White House senior adviser Stephen Miller has, in effect, personally determined how many people the United States admits each year as refugees.¹

The Trump administration has established an annual ceiling for refugees 84% lower than the final year of the Obama administration, declining from 110,000 in FY 2017 to 18,000 in FY 2020. Additional screening requirements further reduced the number of refugees arriving each year.

In FY 2018, only 22,405 refugees arrived in the United States, compared to 84,988 in FY 2016, a decline of 62,583, or 74%.² The FY 2018 number of 22,405 arrivals was the lowest in the history of the refugee program since the

Refugee Act of 1980 became law. That number will decline to 18,000 or lower in FY 2020 due to the administration’s reduced ceiling.³

The 2018 Yearbook of Immigration Statistics, published by the Department of Homeland Security (DHS), includes in its tables individuals from Cuba who were paroled into the United States and, after waiting a year (or more) applied for and received permanent residence under the Cuban Adjustment Act. In FY 2019, USCIS approved only about 36,000 cases under the Cuban Adjustment Act.⁴ That number will likely decline due to new Trump administration policies on document requirements to prove Cuban nationality and the administration’s policy of forcing many Cubans to wait in Mexico when applying for asylum.⁵

Changes in Cuba policy, including an Obama administration policy on arriving Cubans maintained by the Trump administration, will result in fewer Cubans receiving permanent residence. NFAP estimates the number of refugees who receive permanent residence, including Cubans utilizing the Cuban Adjustment Act, will decline to 50,000 in FY 2021, from the level of 120,216 in FY 2016.

Asylees: Similar to refugees, people who are granted asylum typically apply for and receive permanent residence a year later. Due to Trump administration restrictions on asylum, it is reasonable to project the number of asylees who obtain permanent residence in FY 2021 will be lower, approximately 25,000 for the year, compared to 37,209 in FY 2016.

Immediate Relatives of U.S. Citizens: There is no annual limit on the admission of the spouses, children and parents of U.S. citizens (the Immediate Relatives of U.S Citizens category). When an application for an American citizen to sponsor a spouse, child or parent is refused, there is not a backlog of other potential immigrants to take their place. Making it easier (or more likely) for USCIS adjudicators and consular officers to deny applications in the Immediate Relatives of U.S. Citizens category can lead to lower levels of legal immigration, potentially much lower.

NFAP projects that implementing the public charge rule and the travel ban will result in a 47% reduction in the number of Immediate Relatives who receive lawful permanent residence, falling by 267,575 from the FY 2016 level of 566,706 to 299,131 in FY 20201.

There are two developments that bolster the estimate on Immediate Relatives. First, the estimate for FY 2021 would represent a reduction of (only) 179,730, or 37.5%, from the FY 2018 level of 478,961 Immediate Relatives – and

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⁴ U.S. Citizenship and Immigration Services data on approvals on denials (all forms) for FY 2019.
Trump administration policies in FY 2021 will be more restrictive than those in place in 2018. Those policies in place in 2018 saw the number of Immediate Relatives of U.S. Citizens decline by 87,745, or 15.5%, between FY 2016 and FY 2018, with the admission of 36,209 fewer spouses of U.S. citizens, 21,700 fewer children of U.S. citizens and 29,836 fewer parents. There was a significant increase in visa refusals at consulates in FY 2018 compared to FY 2017.

Second, it is likely, once available, the complete FY 2019 statistics will again show a large decline in green cards for the Immediate Relatives of U.S. Citizens – even before the public charge rule is implemented. Note that State Department consular officers approve or deny “immigrant visas.” The latest data show immigrant visas for Immediate Relatives were down approximately 40,000 in FY 2019 from FY 2018, while family preference categories were down about 21,000 in FY 2019 from FY 2018.

Immigrant Visas for Immediate Relatives dropped from 315,352 in FY 2016 to 186,584 in FY 2019, a decline of 128,768, or 40.8%. Statistics for adjustment of status, for cases decided by USCIS inside the United States, are not yet available for Immediate Relatives for FY 2019.

The combination of lower admissions in the categories for refugees, asylees and the Immediate Relatives of U.S. Citizens is projected to reduce legal immigration by 350,000 a year, or 30%, by FY 2021. The key determinants of the precise level of legal immigration in FY 2021 include implementation of the public charge rule and other restrictions on legal immigration, which means the reduction in legal immigration could be greater than 30%.

For the reduction in legal immigration to reach 40% or 50% (from the FY 2016 level) would mean the public charge rule and potentially other policies exert an even larger impact on processing that leads to deeper cuts in the Immediate Relatives category and affects the number admitted in the family-sponsored preference categories and even the Diversity visa category.

Since consular officers and USCIS adjudicators can only process a limited number of cases in a month, when a case is denied or delayed significantly there may not be sufficient government resources to process and approve other cases, which can result in immigration categories with backlogs not having all the numbers utilized. That is something to watch in the preference categories as the public charge rule is administered.

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6 Table 6, 2018 Yearbook of Immigration Statistics.
7 https://travel.state.gov/content/dam/visas/Statistics/AnnualReports/FY2017AnnualReport/FY17AnnualReport-TableXX.pdf
THE PUBLIC CHARGE RULE

On August 14, 2019, the Department of Homeland Security published its final rule on the Inadmissibility on Public Charge Grounds. The rule was subject to a nationwide injunction. However, on January 27, 2020, the U.S. Supreme Court approved an order that permitted the Trump administration to proceed with the public charge rule while the case is being litigated. A second order permitted the rule to go into effect in Illinois.

“Near half of the U.S. noncitizen population could be at risk of a public-charge determination – up from the current 3%,” concluded the Migration Policy Institute. The technology startup estimated up to 200,000 young married couples would be at risk of not qualifying for a spousal green card under the public charge regulation.9

“The new public charge rule will likely have two separate impacts on numbers, principally on the immediate relatives and the family preference categories,” according to Jeffrey Gorsky, senior counsel at Berry Appleman & Leiden LLP and former Chief of the Legal Advisory Opinion section of the Visa Office in the U.S. Department of State. “The most direct impact will be increased refusals due to public charge findings. But I think there will also be a significant impact due to the complicated nature of the new rules and the enormous amount of new documentation it will require, which will complicate and slow processing. That would result in fewer cases making it through the pipeline even if the refusal rate stays the same, and the changes made in January 2018 to the State Department public charge guidance, which caused a quadrupling in the refusal rate on public charge grounds, show that denials will go up. Clogging up the system with these new document requirements will also have a big impact on lowering immigration numbers.”10

This provides more evidence that any projections made today, prior to implementation of the new policy, may underestimate the impact on legal immigration. While it is not possible to know for certain how the rule will be enforced in practice, it is reasonable to assume enforcement will be strict and that it will block many people from immigrating to the United States. Otherwise, it is unlikely administration officials would have exerted so much time and energy on the public charge rule.

The number of immigrants in the family-sponsored preference categories fell by 21,524 (or 9%) between FY 2016 and FY 2018. These categories are married and unmarried sons and daughters (21 or older) of U.S. citizens, the siblings of U.S. citizens, and the spouses, minor children and adult unmarried children of lawful permanent

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10 Interview with Jeffrey Gorsky.
residents. The categories are heavily backlogged, which means processing delays and denials may be reflected in the lower FY 2018 numbers.

A National Foundation for American Policy comment letter found numerous flaws with the public charge rule. For example, immigrants are generally ineligible for federal benefits during at least their 5 years in the United States after receiving permanent residence, yet the administration did not consider that important.

“The proposed scheme in the regulation to determine if a foreign national might become a ‘public charge’ under section 212(a)(4) of the Immigration Nationality Act is contrived to achieve lower levels of immigration,” according to the NFAP comment letter. “Stating that income levels below 250% of the poverty line will count against immigrants who apply for admission – even though such a figure does not appear in the Immigration and Nationality Act – is one of the most obvious examples of how the regulation is crafted to achieve the result of preventing immigration through administrative means.

“Related to this, the regulation makes an egregious analytical error by projecting future benefits use based on current income. This ignores a substantial body of research that shows immigrants increase their income over time. In short, even if the contrived formulation proposed in the regulation of using projected benefit use were lawful – it should be found to be unlawful for being beyond the statute and authority of DHS – the method devised for adjudicators to determine who may someday use benefits is fatally flawed.

“A look at income relative to poverty level on the most recent Census Bureau data demonstrates how rapidly an immigrant’s income can grow with time spent in the United States. Immigrants in 2016/2017, aged 26 to 40 who had just entered the United States, were, on average, at 239% of the poverty level, while only 4 years after entry to the United States, immigrants with the same entry ages were, on average, at 300% of the federal poverty level, only slightly less than natives of the same age.”

The Travel Ban

On June 26, 2018, the U.S. Supreme Court permitted the Trump administration to use 212(f) authority in a decision that allowed a travel ban to go into effect against nationals of specific countries. The primary impact of the ban has been to prevent American citizens from sponsoring a spouse, child or parent who are nationals of those countries.

The administration’s travel ban caused the number of Immediate Relatives of U.S. Citizens – the spouses, children and parents of Americans – who received permanent residence in America from the five majority-Muslim countries

(Yemen, Iran, Libya, Somalia and Syria) to decline by 69% between FY 2016 and FY 2018, according to a National Foundation for American Policy analysis. In all, 10,544 fewer spouses, children and parents of U.S. citizens from these five countries were admitted to America in FY 2018, after the ban went into effect, compared to FY 2016.

The travel ban will continue to act as a prohibition, with limited waivers, against immigrating to the United States from the targeted countries. It will reduce legal immigration and represents a more severe restriction than the public charge rule for those who are nationals from those countries. On January 31, 2019, the Trump administration expanded the travel ban to nationals of 6 additional countries. Those countries are Nigeria, Myanmar, Eritrea, Kyrgyzstan, Sudan and Tanzania. This will further reduce legal immigration to the United States.

Health Insurance Mandate

On October 4, 2019, Donald Trump issued a presidential proclamation that would bar new immigrants from entering the United States without health insurance. The proclamation states: “Section 1. Suspension and Limitation on Entry. (a) The entry into the United States as immigrants of aliens who will financially burden the United States healthcare system is hereby suspended and limited subject to section 2 of this proclamation. An alien will financially burden the United States healthcare system unless the alien will be covered by approved health insurance, as defined in subsection (b) of this section, within 30 days of the alien’s entry into the United States, or unless the alien possesses the financial resources to pay for reasonably foreseeable medical costs.”

A federal district court has temporarily enjoined or prevented the presidential proclamation on health insurance from being implemented. However, if USCIS adjudicators and consular officers are permitted to enforce the proclamation it would likely have an impact on legal immigration similar to – or potentially be even more restrictive than – the public charge rule.

Conclusion: Slower Economic Growth

Trump administration policies are projected to reduce the annual level of legal immigration 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 National Foundation for American Policy analysis. Depending on implementation of specific policies, the reduction in legal immigration could be more than 30%. This 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. The policies mean many American citizens will be unable to live in the United States with their spouse, child or parent, despite U.S. immigration law as interpreted for several decades.

Admitting fewer immigrants will result in lower economic growth, note economists, since labor force growth is an important element of economic growth. (Economic growth improves the standard of living in a nation.) Immigrants play a major part in both current and future labor force growth. The significant decline in the annual level of legal immigration means lower long-term economic growth may be Donald Trump’s most lasting legacy.

“In summary, slowing workforce growth is likely to be a continuing headwind for U.S. economic growth,” according to Robert S. Kaplan, president and CEO of the Federal Reserve Bank of Dallas. “Finding ways to grow the workforce will be critical to improving GDP [Gross Domestic Product] growth prospects for the U.S.”

Kaplan leaves no doubt that labor force growth is crucial to economic/Gross Domestic Product growth. “As baby boomers increasingly leave the workforce, U.S. labor force growth is slowing,” writes Kaplan. “Slower labor force growth is critically important because GDP growth [economic growth] is made up of growth in the workforce plus growth in labor productivity. Unless slower workforce growth is offset by improved productivity growth, U.S. GDP growth will slow.”

“Labor force growth has been a key aspect of sustained U.S. growth over the past several decades,” explains Kaplan. “Increasing female labor force participation boosted growth from the 1950s to the 1990s. Since the 1990s, U.S. labor force growth has been helped by older workers staying in the workforce longer. Throughout our history, immigration of workers has also been a key aspect of U.S. labor force growth.”

“The Dallas Fed does a substantial amount of research on immigration trends. Pia Orrenius, senior economist at the Dallas Fed, has pointed out that more than 50 percent of workforce growth over the past 20 years has come from immigrants and their children. . . . Her work suggests that if the U.S. is to improve workforce growth in the years ahead, immigration is likely to be a key element of this effort.”

According to the Conference Board: “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.”

14 Ibid. Emphasis added.
15 Ibid.
16 Ibid.
However, far from increasing immigration, as many economists have recommended, Trump administration policies have focused on reducing legal immigration. The National Foundation for American Policy analysis concludes that reducing legal immigration by 30% or more will have a significant negative impact on future labor force growth and, therefore, U.S. economic growth.

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." Given the importance of immigration to estimates of future U.S. population, the report made projections of population size, which included information on the working age population.

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. (See Table 1.) 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.

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.

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The bottom-line conclusion: A large cut in immigration can do a great deal of long-term damage to the U.S. economy.

Without immigrants contributing to the quantity and quality of the labor supply, the majority of the economic growth gains America saw between 2011 and 2016 following the recession would have been eliminated, according to economists at Oxford University and Citi.19

“In the past decade, population growth, including immigration, has accounted for roughly half of the potential economic growth rate in the United States,” concluded Morgan Stanley’s chief global strategist Ruchir Sharma. “Virtually no nation has ever sustained rapid economic growth without strong population growth. And at a time when every major country including the United States faces continued decline in population growth, workers are an increasingly precious source of national economic strength.”20

Labor economist Mark Regets, a senior fellow at the National Foundation for American Policy, said, “You can’t change the labor force by millions of people and have it not be consequential.”21 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.

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19 Ian Goldin, Andrew Pitt, Benjamin Nabarro and Kathleen Boyle, Migration and the Economy, Citi and Oxford Martin School, Oxford University, September 2018.
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. Advisory Board members include Columbia University economist Jagdish Bhagwati, Cornell Law School professor Stephen W. Yale-Loehr, Ohio University economist Richard Vedder and former INS Commissioner James 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