National Foundation for American Policy

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New Research: August Jobs Report Shows 1.1 Million Decline in Foreign-Born Workers Since Start of Trump Administration

Immigration Policies Affecting Labor Force and the Economy

Arlington, Va. – The Bureau of Labor Statistics household survey shows a decline of 1.1 million foreign-born workers since the start of the Trump administration in January 2025, and a drop of 1.5 million since a peak in March 2025, according to a National Foundation for American Policy (NFAP) analysis of government data. For comparison, from 2014 to 2024, the average annual growth in the foreign-born labor force was 652,000 a year, or an increase of more than 400,000 over eight months.

The total nonfarm payroll employment rose by only 22,000 in August, according to the Bureau of Labor Statistics.

"It is wrong to assume that shrinking immigration helps U.S. workers when job growth slows," said labor economist Mark Regets, a senior fellow at the National Foundation for American Policy. "The loss of immigrant workers and immigrant consumers is a major cause of slow job growth. Immigrants both create demand for the goods and services produced by U.S.-born workers and work alongside them in ways that increase productivity for both groups. While it is just one factor, we shouldn't be surprised that opportunities for U.S.-born workers are falling despite an estimated one million fewer immigrants in the labor force."

Below is the complete NFAP analysis:

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Due to high standard errors in the monthly survey, the actual decline in the number of foreign-born workers may be smaller. However, the declines since January and March 2025 are statistically significant. For the same reason, the decline may be greater than currently measured. The number of foreign-born workers in the U.S. labor force rose by 173,000 from the July to August report, which may represent a statistical fluctuation in the monthly data rather than a reversal of the overall trend.

Given current and projected Trump administration immigration policies, it is likely that a decline in the foreign-born labor force will continue in the second half of 2025 through 2026. The trend is now significant in both statistical and policy terms.

The decline in the foreign-born portion of the labor force is due to policies on deportation and actions that remove previously authorized workers from the lawful workforce, such as ending humanitarian parole programs and Temporary Protected Status, as well as policies on legal immigration, including the blocking of up to 125,000 new refugee admissions. These actions may have also affected or discouraged immigrants not directly impacted by the policy changes.

Additional details from the data:

- There is no indication that the U.S.-born are being drawn into the labor force as immigrants leave.
    - Labor force participation for the U.S. born aged 16 and older declined slightly from 61.7% in August 2024 and 61.4% in January 2025 to 61.6% in August 2025.
    - Looking at each age group separately, U.S.-born labor force participation is already at or near all-time highs. The sole exception is for U.S.-born under the age of 25, but these, too, are at all-time highs if being in school is included.
    - The total seasonally adjusted labor force has increased by only 34,000 since January 2025 and has decreased by 357,000 since its peak in April 2025.
- A decline of any size in the immigrant labor force is of concern:
    - Immigrants have accounted for over half of American labor force growth in each of the last three decades, and this trend is expected to continue with the aging of the U.S.-born labor force.
    - Census, CBO and SSA all assume increases in the working-age foreign-born population in 2025 and future years, and these assumptions are part of the current forecast of federal debt and of the Social Security Trust Fund.
- The size of the immigrant labor force is affected by new immigration, emigration and immigration policies.
    - The number of deportations has not yet been high by historical comparisons, but arrests and detention also remove workers from the labor force, and immigrant detentions are at record levels.
    - Removing legal status and work permits from individuals by ending humanitarian parole and Temporary Protected Status programs will cause some people to withdraw from the labor force and others to emigrate.
    - There has always been significant emigration of all classes of immigration, including temporary and permanent visa holders. Perception of a less hospitable environment may increase these rates.

The absence of significant labor force growth will likely negatively affect U.S. economic growth in 2025 and 2026. That does not mean it will cause a recession, but it will result in relatively slower economic growth than if the U.S. labor force experiences significant growth. Inability to produce as many goods and services (i.e., increase supply) could lead to inflationary pressures that may limit the Federal Reserve's ability to act. Fed Chair Jerome Powell noted that the increase in foreign-born workers helped reduce inflationary pressure by increasing the supply of goods and services during the post-Covid-19 economic recovery.

About the National Foundation for American Policy

Established in 2003, the National Foundation for American Policy (NFAP) is a 501(c)(3) nonprofit, nonpartisan 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. X.com: **@NFAPResearch**

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