THE ECONOMIC IMPACT OF THE TRUMP ADMINISTRATION'S IMMIGRATION POLICIES

EXECUTIVE SUMMARY

The Trump administration's policies on illegal and legal immigration would reduce the projected number of workers in the United States by 6.8 million by 2028 and by 15.7 million by 2035 and lower the annual rate of economic growth by almost one-third, harming U.S. living standards, according to an analysis by the National Foundation for American Policy. This is the first analysis to project the short-term and long-term impact of the Trump administration's policies on both illegal and legal immigration.

Due to fewer workers in the labor force, the Trump administration's immigration policies would lead to a potential labor loss to the U.S. economy of approximately 19 million worker years by 2028 and 102 million worker years by 2035, according to the analysis. The policies would reduce the projected cumulative goods and services produced (GDP) in America by $1.9 trillion, or $5,612 per person, from 2025 to 2028, and by $12.1 trillion, or $34,369 per person, from 2025 to 2035. The policies would also substantially increase the federal debt.

Of the 6.8 million fewer projected workers in the U.S. labor force in 2028, 2.8 million would be due to changes in legal immigration policies, and 4 million would result from policies on illegal immigration. A total of 4.7 million of the 15.7 million fewer workers in 2035 would come from policies on legal immigration. The reductions in legal immigration include suspending and reducing refugee admissions, the travel ban enacted in 2025, ending Temporary Protected Status and humanitarian parole programs, prohibiting international students from working on Optional Practical Training and STEM OPT after completing coursework and other changes, such as an expected public charge rule, to restrict legal immigration.[1] The analysis does not include the likely significant economic impact of restricting U.S. companies' access to high-skilled foreign nationals through regulatory and administrative action, which could affect productivity growth. "When we aggregate at the national level, inflows of foreign STEM workers explain between 30% and 50% of the aggregate productivity growth that took place in the United States between 1990 and 2010," concluded economists Giovanni Peri, Kevin Shih and Chad Sparber.[2]

The National Foundation for American Policy analyzed the impact of the Trump administration's policies by estimating the reduction in immigration, examining the fiscal and economic effects using publicly available tools from the Congressional Budget Office and assuming the policies remain in effect from 2025 to 2028 and from 2025 through 2035. The CBO tools and the NFAP analysis are based on the CBO projections produced in January 2025,

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[1] NFAP assumed a very conservative 1.1% growth rate in the affected populations if Temporary Protected Status and humanitarian parole programs were maintained—the Trump administration has eliminated or soon will eliminate both TPS and humanitarian parole for the relevant populations—and a 4% annual growth rate for Optional Practical Training if not eliminated. The assumption of a 4% annual growth in OPT is based on the average annual growth rate from 2019 to 2024, and a 1.1% annual growth for TPS and humanitarian parole is based upon the current growth rate in the world population. TPS grew significantly more than 1.1% annually in recent years.

[2] Giovanni Peri, Kevin Shih and Chad Sparber, "STEM Workers, H-1B Visas, and Productivity in U.S. Cities," *Journal of Labor Economics*, 2015, vol. 33, no. 3, pt. 2.

as these were done prior to the implementation of the Trump administration's policies, providing the best way to assess the impact of the policies.

Among the findings in the NFAP analysis:

- The Trump administration's policies on illegal and legal immigration would decrease GDP (Gross Domestic Product) growth, also referred to as economic growth, by almost one-third, from a projected average annual rate of 1.8% to a 1.3% average annual rate between FY 2025 through FY 2035.[3] For 2025, GDP growth is projected to drop from 2.1% under the CBO January baseline projections to 1.5% after estimating the impact of the Trump administration's immigration policies; for 2026, the GDP growth rate would decline from 1.8% to 1.1%; for 2027 from 1.8% to 1.3%; and for 2028, from 1.7% to 1.3%.

- The Trump administration's immigration policies would reduce the projected cumulative goods and services produced (GDP) in the United States by $1.9 trillion from 2025 to 2028, and by $12.1 trillion from 2025 to 2035.

- The combination of the Trump administration's policies on illegal and legal immigration would increase the total federal debt held by the public by $252 billion by 2028 (in 2025 dollars) and by $1.74 trillion (or $1.42 trillion in 2025 dollars) between 2025 and 2035. The rise in debt does not include billions of dollars in increased federal spending on border and immigration enforcement.

- The January 2025 Congressional Budget Office projections of debt-to-GDP—a crucial indicator of a national government's ability to manage its debts—would rise from 105.4% in 2028 under the CBO baseline to 112.4% in 2028 after implementing the Trump administration's immigration policies The debt-to-GDP would increase from a projected 118.5% under the CBO baseline to 129.2% in 2035 under the Trump administration's immigration policies.

While uncertainties exist about the number of immigrants affected and the economic effects of the Trump administration's policies, the NFAP analysis is conservative in several ways. First, the CBO's model only allowed NFAP to approximate the impact by summing the effects of different policies to produce a total. However, the fiscal and economic impact would be worse in combination than the sum of the individual parts.[4] Second, NFAP did not measure the impact of economic disruption, such as employers scrambling to find workers after an Immigration and Customs Enforcement (ICE) raid. Third, in estimating immigration reductions, NFAP did not attempt to calculate the

[3] The Congressional Budget Office projects GDP growth to be 1.7% in 2028. See also NFAP's companion study, *An Analysis of the Trump Administration's Policies on Deportation*.

[4] CBO correctly notes that substantial changes would produce effects outside its model, and limits changes to the assumed labor force growth rate to plus or minus three-quarters of a percentage point each year.

indirect effects of policy changes, including how less welcoming policies will affect decisions to remain in or come to the United States. NFAP did not assume an increase in the emigration of legal immigrants directly or indirectly affected by the administration's policies. Fewer people in the country will also mean fewer marriages between U.S. citizens and immigrants, resulting in a decrease in the immigration of immediate relatives.

The 11 million projected fewer workers in 2035 and 4 million fewer workers in 2028 due to the Trump administration's policies represent a reduction from the labor force numbers that CBO assumed in its January 2025 forecast.[5] For purposes of this simulation, we are assuming that the Trump administration's policies on deportations would reduce the number of foreign-born workers by approximately 11 million over 11 years and 4 million over 4 years due to deportations, reductions in unlawful entry and voluntary emigration of unauthorized workers and family members who may be citizens or possess legal status. The administration has stated a goal of deporting one million immigrants a year. Were the Trump administration to achieve its goal of one million annual deportations, the likely effect upon the labor force would be larger than NFAP assumes in this analysis. The Trump administration claimed on September 23, 2025, "2 million illegal aliens have been removed or have self-deported since January 20."[6]

While the Trump administration's policies have been controversial, there has been less discussion of their economic impact. The analysis finds the Trump administration's immigration policies would lower economic growth, increase the federal debt and reduce the supply of productive labor available in the U.S. economy.

[5] CBO updated its demographic forecast on September 10, 2025, to reflect lower net migration, but has not published what the effect of these changes will be on the forecast of the economy or Federal debt. https://www.cbo.gov/publication/61390.
[6] "New Milestone: Over 2 Million Illegal Aliens Out of the United States in Less Than 250 Days," Press Release, Department of Homeland Security, September 23, 2025.

LOWER ECONOMIC GROWTH DUE TO IMMIGRATION REDUCTIONS

The combination of the Trump administration's policies on illegal and legal immigration would decrease GDP (Gross Domestic Product) growth, also referred to as economic growth, by almost one-third, from a projected 1.8% average annual rate to a 1.3% average annual rate between FY 2025 through FY 2035.[7] For 2025, GDP growth is projected to drop from 2.1% under the CBO January baseline projections to 1.5% after estimating the impact of the Trump administration's immigration policies; for 2026, the GDP growth rate would decline from 1.8% to 1.1%; for 2027 from 1.8% to 1.3%; and for 2028, from 1.7% to 1.3%. NFAP's findings result from estimating the loss of workers to the U.S. labor force through 2028 and 2035 under the Trump administration's immigration policies (and those of a subsequent president) using the Congressional Budget Office's publicly available tools to examine the impact.

Table 1
The Impact of Immigration Reductions on Economic Growth (GDP Growth)

YEAR	CBO GDP Growth (Baseline)	CBO GDP Growth After Immigration Reductions	Decline in Economic Growth
2025	2.1%	1.5%	-0.7%
2026	1.8%	1.1%	-0.8%
2027	1.8%	1.3%	-0.5%
2028	1.7%	1.3%	-0.5%
2029	1.8%	1.3%	-0.5%
2030	1.8%	1.3%	-0.5%
2031	1.8%	1.3%	-0.5%
2032	1.8%	1.3%	-0.5%
2033	1.8%	1.3%	-0.5%
2034	1.8%	1.3%	-0.5%
2035	1.8%	1.2%	-0.5%
Average Annual Rate	1.8%	1.3%	-0.5%

Source: National Foundation for American Policy, CBO.

Labor force and productivity growth determine U.S. economic growth, which is crucial for achieving higher standards of living in the United States. Immigrants play key roles in the growth of the labor force and productivity growth. In sum, it is difficult to achieve higher levels of economic growth, also known as GDP or Gross Domestic Product Growth, without a growing supply of labor. Trump officials in charge of immigration policy, including White House Deputy Chief of Staff Stephen Miller, believe that having fewer immigrants will lead to better outcomes for U.S. workers.

[7] The Congressional Budget Office projected GDP growth to be 1.7% in 2028. The CBO tools and the NFAP analysis are based on the CBO projections produced in January 2025, before the Trump administration's policies came into effect.

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 through August 2025, and a drop of 1.5 million since a peak in March 2025. 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 unemployment rate among U.S. workers increased from 4.3% to 4.6% between January and August 2025. The seasonally adjusted U.S. unemployment rate rose from July to August 2025. The total nonfarm payroll employment rose by only 22,000 in August, according to the Bureau of Labor Statistics. It does not appear that U.S.-born workers are entering the U.S. labor force in large numbers as foreign-born workers exit. While the labor force participation rate for the U.S.-born aged 16 and older is slightly higher since January, it has declined from 61.7% in August 2024 to 61.6% in August 2025.

"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. "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 at the same time an estimated one million fewer immigrants may be in the labor force."[8]

TRUMP ADMINISTRATION POLICIES WILL RESULT IN FEWER WORKERS

The Trump administration's policies on legal immigration alone are projected to reduce the number of workers in the United States by 2.8 million by 2028 and by 4.7 million by 2035, if the policies continue, according to an NFAP analysis. Whether the policies persist after 2028 will depend on future elections and administrations. However, reversing immigration policies, such as refugee reductions, can take years, as seen after Joe Biden became president following Donald Trump's first term. A Republican president may be under pressure to maintain the Trump administration's immigration policies. NFAP's estimates on legal immigration calculate the number of workers lost, not all immigrants.

The Trump administration's immigration policies would reduce the projected number of workers in the United States by 6.8 million by 2028 and by 15.7 million by 2035. As explained in the executive summary, for purposes of this simulation, we are assuming that the Trump administration's policies on illegal immigration would reduce the number of foreign-born workers by approximately 11 million over 11 years and 4 million over 4 years due to deportations, reductions in unlawful entry and voluntary emigration of unauthorized workers and family members who may be citizens or possess legal status.

[8] Stuart Anderson, "Immigration Has Declined, But No Evidence U.S. Workers Are Better Off," *Forbes*, September 7, 2025.

The policies that the Trump administration has enacted or is expected to enact that will reduce the projected number of lawful workers in the United States by 2.8 million by 2028 and by 4.7 million by 2035 include:

- Suspending refugee admissions in FY 2025 except for White South Africans and severely limiting future refugee admissions compared to a 125,000 annual ceiling in FY 2025 and potentially higher in future years.[9]
- Ending Temporary Protected Status and humanitarian parole for several countries, including Venezuelans and Haitians.
- In 2025, the Trump administration enacted a new travel ban that blocks visitors, students and family members of up to 19 countries. Lower admissions would decline primarily, at least in the initial years, in the Immediate Relatives category. The administration may add to the list of countries subject to the travel ban.
- USCIS Director Joseph Edlow has said he wants to eliminate the ability of international students to work on Optional Practical Training and STEM OPT after graduating, potentially reducing the number of workers by 250,000 a year. A rule on practical training is on the DHS regulatory agenda. The administration has also implemented policies expected to reduce the enrollment of international students.
- The Trump administration is expected to reintroduce policies from Donald Trump's first term that would reduce legal immigration significantly, such as imposing a restrictive public charge rule and mandating prospective immigrants to buy health insurance.
- Other policies that could reduce legal immigration over time include the administration's actions to make it more challenging to obtain U.S. citizenship, which would reduce potential sponsors, and significantly slower processing. Admitting fewer international students or other temporary visa holders would lower the number of marriages between foreigners and U.S. citizens. Since family and employment preference categories are capped and have backlogs, policies that reduce the number of people sponsored as the Immediate Relatives of U.S. citizens (i.e., spouses, children or parents of U.S. citizens) would have the most significant impact on reducing legal immigration.

Fewer workers will result in a reduction in the goods and services the U.S. economy produces. The policies would reduce the projected cumulative goods and services produced (GDP) in America by $1.9 trillion, or $5,612 per person, from 2025 to 2028, and by $12.1 trillion, or $34,369 per person, from 2025 to 2035.

The Trump administration's immigration policies would result in a potential labor loss of approximately 19 million worker years from 2025 to 2028 and 102 million worker years from 2025 to 2035 for the U.S. economy. That is why the policies are projected to lead to a substantial decline in goods and services produced in America.

[9] Future refugee admissions will be close to zero, according to press reports. "Mr. Trump also is planning to slash the number of refugees allowed into the United States to 7,500 in the upcoming year, a drastic decrease from the limit of 125,000 set by the Biden administration last year," reports the *New York Times*. Zolan Kanno-Youngs and Hamed Aleaziz, "Trump Considers Overhaul of Refugee System That Would Favor White People," *New York Times*, October 15, 2025.

Table 2
The Impact of Immigration Reductions on Gross Domestic Product (2025 to 2035)

Impact Measured	Total Change in Goods and Services Produced: 2025 to 2028 (in 2025 Dollars)	Total Change in Goods and Services Produced: 2025 to 2035 (in 2025 Dollars)
Trump Administration's Legal Immigration Policies	-$882 billion	-$4.2 trillion
Trump Administration's Illegal Immigration Policies	-$1.0 trillion	-$7.8 trillion
TOTAL	-$1.9 trillion	-$12.1 trillion
Per Capita Loss in Goods and Services	-$5,612	-$34,369

Source: National Foundation for American Policy, CBO.

INCREASE IN FEDERAL DEBT

The combination of the Trump administration's policies on illegal and legal immigration would increase the total federal debt held by the public by $252 billion by 2028 (in 2025 dollars) and by $1.74 trillion (or $1.42 trillion in 2025 dollars) between 2025 and 2035. The January 2025 Congressional Budget Office projections of debt-to-GDP—a crucial indicator of a national government's ability to manage its debts—would rise from 105.4% in 2028 under the CBO baseline to 112.4% in 2028 after implementing the Trump administration's immigration policies The debt-to-GDP would increase from a projected 118.5% under the CBO baseline to 129.2% in 2035 under the Trump administration's immigration policies.

The rise in debt does not include $171 billion in new federal spending for border and immigration enforcement, including $45 billion to increase ICE detention capacity, under H.R. 1, which became law in July 2025. High budget deficits will become increasingly problematic for the U.S. economy. "Investors are paying much more attention to the long-term implications of budget deficits. Right now, there is no concrete solution in any major economy to address these high deficits," said economist Emre Tiftik, lead author of the IIF's Global Debt Monitor, reported the *Washington Post*.[10] Increasing the federal debt will reduce living standards in the United States by leading to higher levels of taxation, inflation and interest rates than without such debt.

[10] David J. Lynch, "Trump tariffs help U.S. avoid bond market rout," *Washington Post*, September 6, 2025.

Table 3
The Impact of Immigration Reductions on Debt Held By the Public (2025 to 2035)

Impact Measured	Increased Debt Held by Public in 2028 (in 2025 Dollars)	Increased Debt Held by Public in 2035 (in 2025 Dollars)
Trump Administration's Legal Immigration Policies	$128 billion	$510 billion
Trump Administration's Illegal Immigration Policies	$124 billion	$906 billion
TOTAL	$252 billion	$1.4 trillion

Source: National Foundation for American Policy, CBO.

FOREIGN-BORN WORKERS ESSENTIAL FOR U.S. LABOR FORCE GROWTH

Labor force growth is a crucial part of the economic growth that advances a country's living standards and facilitates the financing of existing debts and obligations. With the U.S.-born population aging and growing at a slower rate, immigrants have become an essential part of American labor force growth.

In each of the three decades since the Bureau of Labor Statistics started keeping separate labor force statistics for immigrants, the foreign born accounted for more than half of American labor force growth. Over the past 30 years, the number of immigrants in the labor force increased by 19.3 million, while the U.S. born grew by only 17 million.

Immigrant workers were responsible for 84.7% of the labor force growth in America between 2019 and 2024, according to a National Foundation for American Policy analysis of government data.[11]

Table 4
Greater Growth in Immigrants Than U.S. Born in U.S. Labor Force: 1994 to 2024

Period	Growth in the Number of U.S. Citizens at Birth in the U.S. Labor Force	Growth in the Number of Immigrants in the U.S. Labor Force	Percentage of Labor Force Growth Due to Immigrants
1994-2004	7,090,608	8,527,082	54.6%
2004-2014	4,240,922	4,279,809	50.2%
2014 to 2024	5,661,000	6,522,866	53.5%
30 Years (1994-2024)	16,992,001	19,329,757	53.2%

Source: National Foundation for American Policy tabulation and analysis of the Bureau of Labor Statistics Current Population Survey. Note: Based upon average labor force numbers over the 12 months of each calendar year. U.S. citizens at birth include both those born inside the United States and those born abroad to U.S. citizens.

[11] The 84.7% figure, based on the full-year data for 2024, updates the calculation from NFAP's October 2024 report using a full year of BLS data.

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. X.com: **@NFAPResearch**