

Research Briefing | US

More immigrants are needed, but reform odds are low

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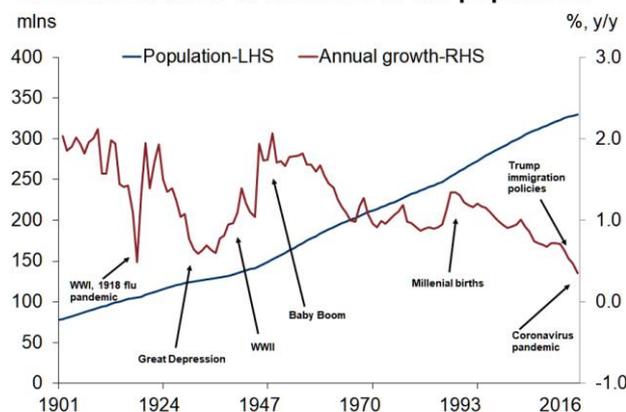
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- Last year, the US population grew 0.4%, the slowest pace since the early 1900s, with a decline in immigration accounting for about 75% of the drop. We expect population growth will fall to about 0.2% in 2021, before increasing to 0.5% annually by 2023 and 0.6% toward the end of the decade.
- Immigration began to fall under Donald Trump's administration, but the decline accelerated during the pandemic. We expect immigration to start climbing in the second half of 2021, and we believe President Joe Biden's reversal of several immigration-restricting policies will help immigration to eventually return to pre-Trump levels of 1mn annually.
- An increase in the foreign-born is critical for overall population and labor force growth in the years ahead as the US population ages. The legislative overhaul of the immigration system Biden has proposed could boost immigration and population growth significantly, but broad reform is unlikely this year.
- The prospects for more targeted measures, like those that would legalize "Dreamers," are better but still face an uphill climb. They would also probably boost population growth, but only quite modestly.

The US population is estimated by the Census Bureau to have grown by 1.2mn, or 0.4%, in 2020, down from 1.5mn, or 0.5%, in 2019. This represents the slowest rate of population growth since the early 1900s (**Figure 1**). Population growth has been sliding for some time, but a drop in immigration has helped fuel the more recent decline. Net immigration was 595,000 in 2019, and averaged 743,000 from 2017-2019, down from an average of 1mn in President Barack Obama's second term. So the fall in immigration accounted for just over half the slowdown in population growth from 2017 through 2019 (**Figure 2**).

Figure 1: A long decline in population growth has gained speed

US: A record-low % increase in the population



Source : Oxford Economics/Haver Analytics. Includes members of armed services.

The US population increased by 0.4% in 2020, the smallest annual gain since the early 1900s. Population estimates are as of midyear, so the data for 2020 doesn't fully reflect the pandemic's impact on population growth.

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Immigration is still falling, but recovery will start in 2022

Immigration declined further during the pandemic as the Trump administration implemented more restrictions. We estimate that it fell to 341,000 in 2020, and we expect it will decline to 180,000 in 2021 before starting to recover. We look for immigration to return to about 1mn annually by the end of the decade. We expect population growth will also continue to decline this year, falling below 1mn in 2021 to around 700,000, which would be the smallest increase since 1919. Sadly, in addition to lower immigration, population growth will drop in 2021 because of a large increase in deaths due to the coronavirus. (Since population estimates are as of midyear, the sharp rise in death rates in late 2020 will be reflected in 2021 population data.)

We expect total population growth to begin recovering along with immigration in 2022 as pandemic-related deaths subside. But population growth isn't likely to return to the 2mn mark last recorded in 2017, given low US birth rates and an aging population, which will eventually lead to a rise in death rates. We project immigration's contribution to population growth will rise, topping 50% by 2029 (Figure 3). Given slower growth in the native-born population -- and the aging of the US population -- steady immigration levels will [be key to maintaining growth](#) in the labor force in the years ahead.

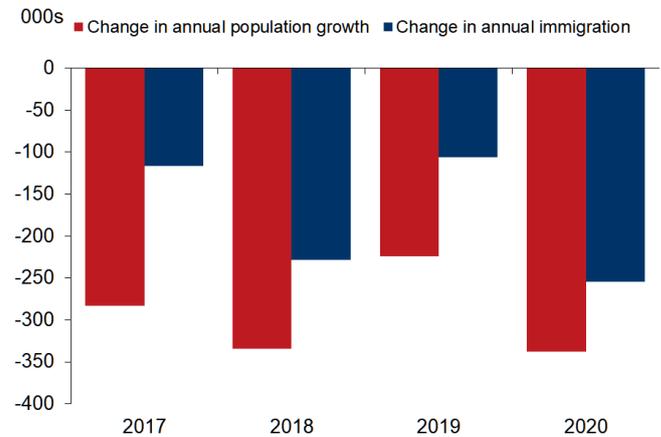
Biden is reversing Trump policies

Our forecast that immigration will begin rising next year is based on Biden reversing many Trump administration policies. He has already revoked many of them through executive actions (Figure 4), including:

- Lifting the travel ban on individuals from Muslim-majority countries and terminating emergency funding for border wall construction.
- Raising the cap on refugees.
- Ending the "Remain in Mexico" policy, which required asylum seekers, mainly from Central America, to remain in Mexico until their cases can be heard. However, Biden has maintained the Trump policy of expelling noncitizens because of the pandemic (aka Title 42, the section of the Public Health Safety Act that permits the policy). Biden has made exceptions, however, including for unaccompanied minors.

Figure 2: Immigration explains more than half the recent slowdown in population growth

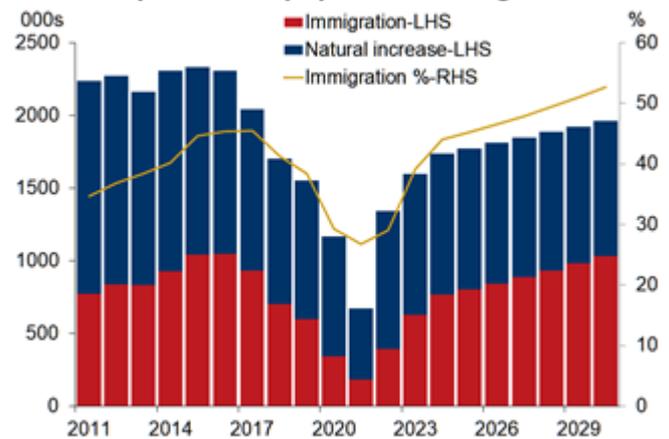
US: Changes in population growth, immigration



Source : Oxford Economics/Haver Analytics

Figure 3: Population growth in 2021 will be the slowest since 1919

US: Components of population change



Source : Oxford Economics/Haver Analytics

Figure 4: Easy come, easy go? Biden has reversed many Trump immigration policies

President Biden's Executive Actions on Immigration
Revoked ban on travel from Muslim-majority countries
Terminated emergency funding for border wall construction
Paused deportations but federal court has banned enforcement
Ending Migration Protection Protocol or "Remain in Mexico" policy
Raising refugee cap from 15K to 62.5K for FY21, TO 125K for FY22
Revoked ban on issuance of immigrant visas for new permanent residents
Revoked ban on temporary work visas
Directed DHS to "preserve and fortify" the DACA program
Source: Oxford Economics

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- Removing Trump’s ban on granting visas to individuals seeking permanent legal status in the US. Green card issuance was down 71% y/y in Q2 2020, when the ban took effect, with large declines in cards issued to both new arrivals and those already in the US (Figure 5).
- Allowing Trump’s ban on temporary work visas to expire on March 31. These visas fell sharply in fiscal 2020 (Figure 6), even though the ban didn’t take effect until June, and the fiscal year ends in September. The decline was seen across all types, including H visas for temporary workers, L visas for foreign individuals transferring from a non-US office, and J visas, often used to hire foreign students for summer work in the US.

Comprehensive immigration reform is unlikely

Biden’s proposal for immigration, introduced in Congress as the [US Citizenship Act of 2021](#), would lift immigration levels and population growth over time relative to our baseline. As proposed, the legislation would remove restrictions on family-based immigration and increase worker visas. It would also create an eight-year path to citizenship for most of the 11 million undocumented immigrants currently living in the US. The bill would also seek to curb immigration by providing financial assistance to address root causes of migration from Central America.

The Congressional Budget Office [estimated that 2013 legislation](#), which passed in the Senate but died in the House and had similar provisions to the Biden plan, would boost population growth by about 6mn, or 3%, over 10 years and would boost labor force growth by 3.5%. Enacting sweeping immigration reform in the current, closely divided Congress seems doubtful, however. Passage isn’t assured in the House, and Biden’s proposal is unlikely to get the 10 Republican votes it would need in the Senate to pass under current rules.

A piecemeal approach to immigration reform

The House recently passed two bills that could provide legal status for more than 3mn of the 11mn undocumented individuals in the US, primarily “Dreamers” – immigrants who came to the US as children – and farmworkers:

- The American Dream and Promise Act would provide a path to citizenship for Dreamers and to individuals living in the US covered by Temporary Protected Status (TPS) or Deferred Enforced Departure (DED) for humanitarian reasons (Figure 7).

Figure 5: Green card issuance plummeted during the pandemic

US: New lawful permanent residents

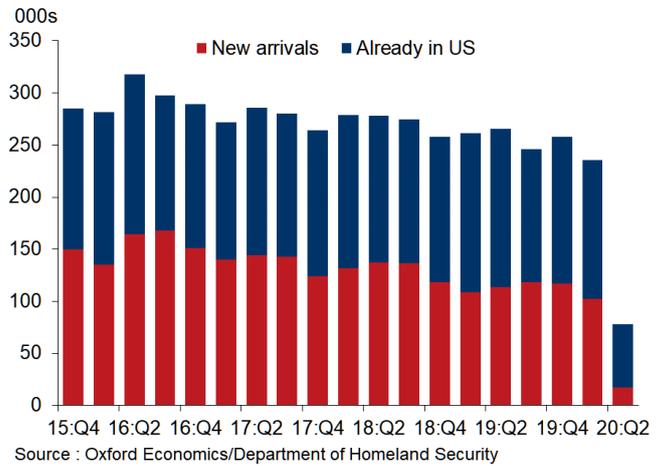


Figure 6: Temporary work visas have also plunged

US: Visas for workers have declined sharply

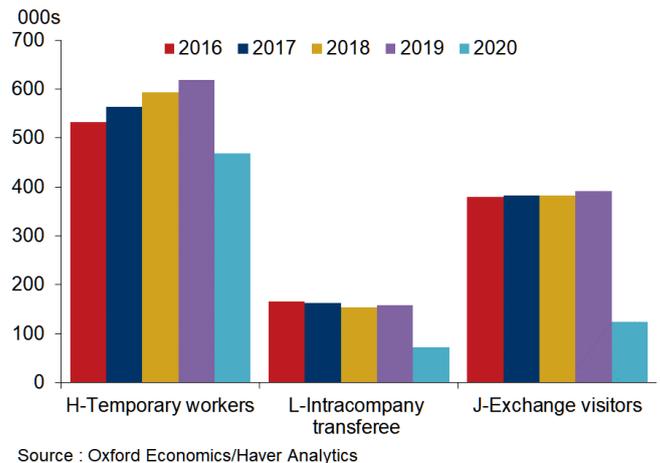


Figure 7: American Dream and Promise Act

American Dream and Promise Act	
Dreamers	
Estimated # of beneficiaries	Roughly 2 million
Terms for conditional permanent residence (CPR)	Current DACA recipient, or 1) came to US as a child, 2) has at least a HS diploma or is enrolled in school, and 3) relatively clean criminal record
Terms for lawful permanent residence (LPR)	Maintains CPR status and also meets one of the following: college degree, or at least 2 years of college; 2 years of military service; employed for 75% of 3 years
Terms for citizenship	Can apply 5 years after acquiring LPR status
Immigrants here under TPS, DED	
Estimated # of beneficiaries	300K to 400K, mostly citizens of Haiti, Honduras, El Salvador and Liberia
Terms for lawful permanent residence (LPR)	Immediately, if lived in US 3 years and were eligible for TPS as of 9/17/17; must pay a fee
Terms for citizenship	Can apply 5 years after acquiring LPR status

Sources: Oxford Economics, Migration Policy Institute

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- The Farm Workforce Modernization Act (FWMA) **(Figure 8)** would allow farmworkers to secure legal status indefinitely for themselves, their spouses, and their minor children, although it doesn't provide an explicit path to citizenship. It would also make changes to the visa program for farmworkers and would establish a mandatory E-Verify system for employers.

Both bills cleared the House with some support from Republicans and have the backing of businesses and farmers as well as immigrant advocacy groups. However, prospects of passage in the Senate – where 10 Republican votes are needed – are unclear. Senate Republicans have supported these measures previously but are balking now in light of the increase in border crossings. So they may demand border-enforcement measures in exchange for their support, which may be a nonstarter for many Democrats. It's also not clear to what degree Democrats will make immigration a priority now that Biden has offered up his [American Jobs Plan](#) and is expected to propose another fiscal package later this month.

Passing the American Dream and Promise Act and the FWMA would not boost immigration and population levels to the same degree as broader immigration reform, but they would have a modest positive impact over time. By [some estimates](#), passing both would raise population growth by about 0.3% over 10 years, or by about 1mn. Granting legal status to undocumented individuals workers can lift population growth in a couple of ways, including by reducing the odds that those individuals will leave the US either voluntarily or through deportation, and also by increasing new inflows of immigrants as these individuals become able to sponsor family members for legal status in the US.

Unfortunately, the Census Bureau only publishes estimates of outward migration of the foreign-born with a considerable time lag. The latest available data is for the 2000s, so we don't have data measuring the impact of either much of the Obama Administration, the Trump Administration, or the pandemic. Emigration of the foreign born averaged about 225,000 from 2000-2009 **(Figure 9)**, rising at the end of the period, with the Global Financial Crisis likely playing a role.

Figure 8: The Farm Workforce Modernization Act

Farm Workforce Modernization Act	
Estimated # of beneficiaries	1 million
Terms for Certified Agricultural Worker (CAW) status	180 days of work in US agriculture over last 2 years Spouses and minor children eligible CAW status can be renewed indefinitely Background checks, clean criminal record required
Terms for lawful permanent residence (LPR)	\$1000 fee Additional 4 years of work for those with 10 years prior work Additional 8 years of work for those with less than 10 years prior work
Terms for citizenship	Can apply 5 years after acquiring LPR status
Other provisions	Streamlines H-2A visa process Allows H-2A visa cap to fluctuate with labor demand Freezes wages for 1 year, caps fluctuations for next 9 years Establishes mandatory E-Verify system

Sources: Oxford Economics

Figure 9: Migration from the US rose toward the end of the 2000s

