

CBO's Immigration Projections

June 18, 2024

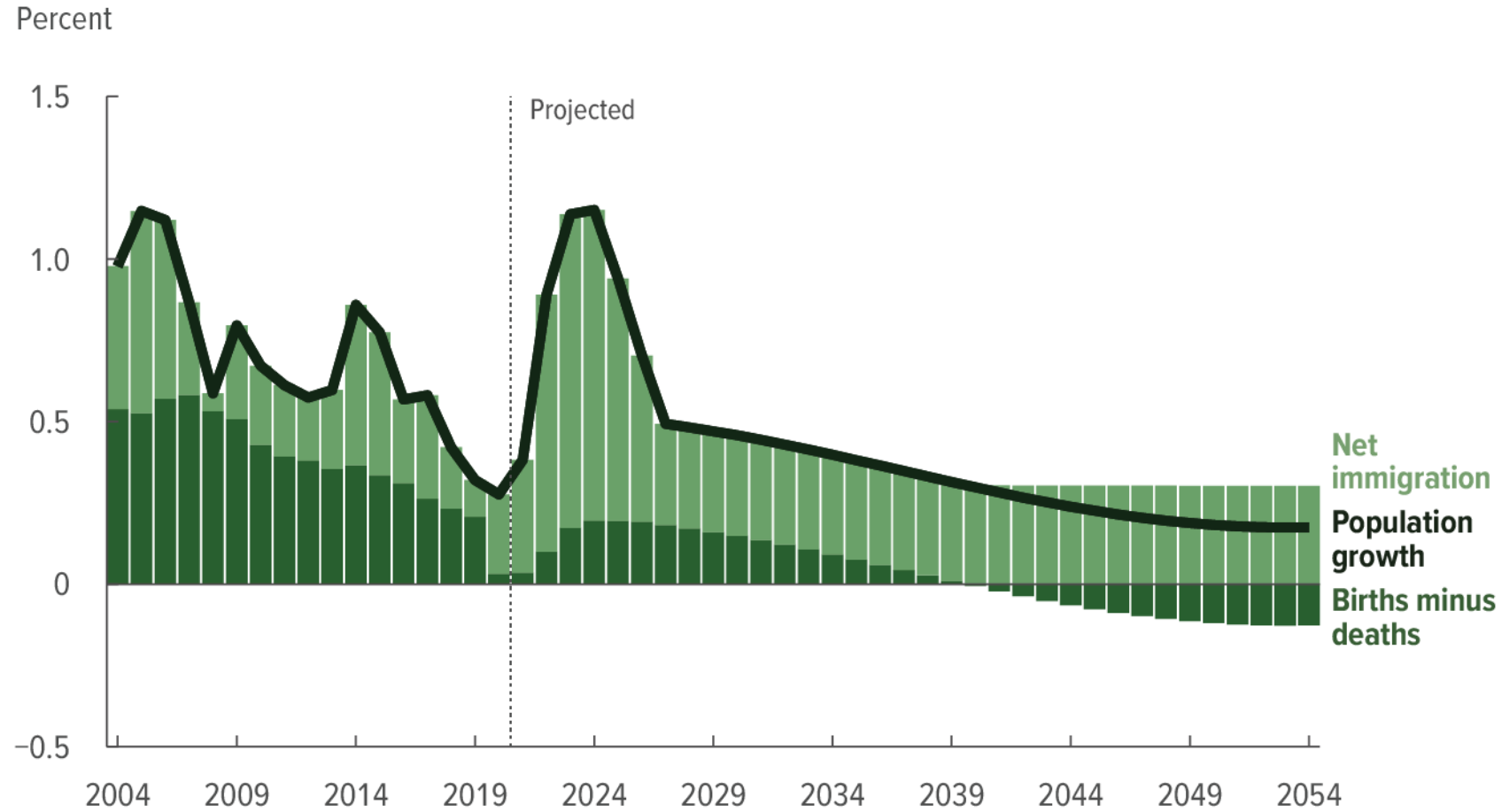
Presentation at the 16th Annual Meeting of the OECD Working Party of Parliamentary Budget Officials and Independent Fiscal Institutions

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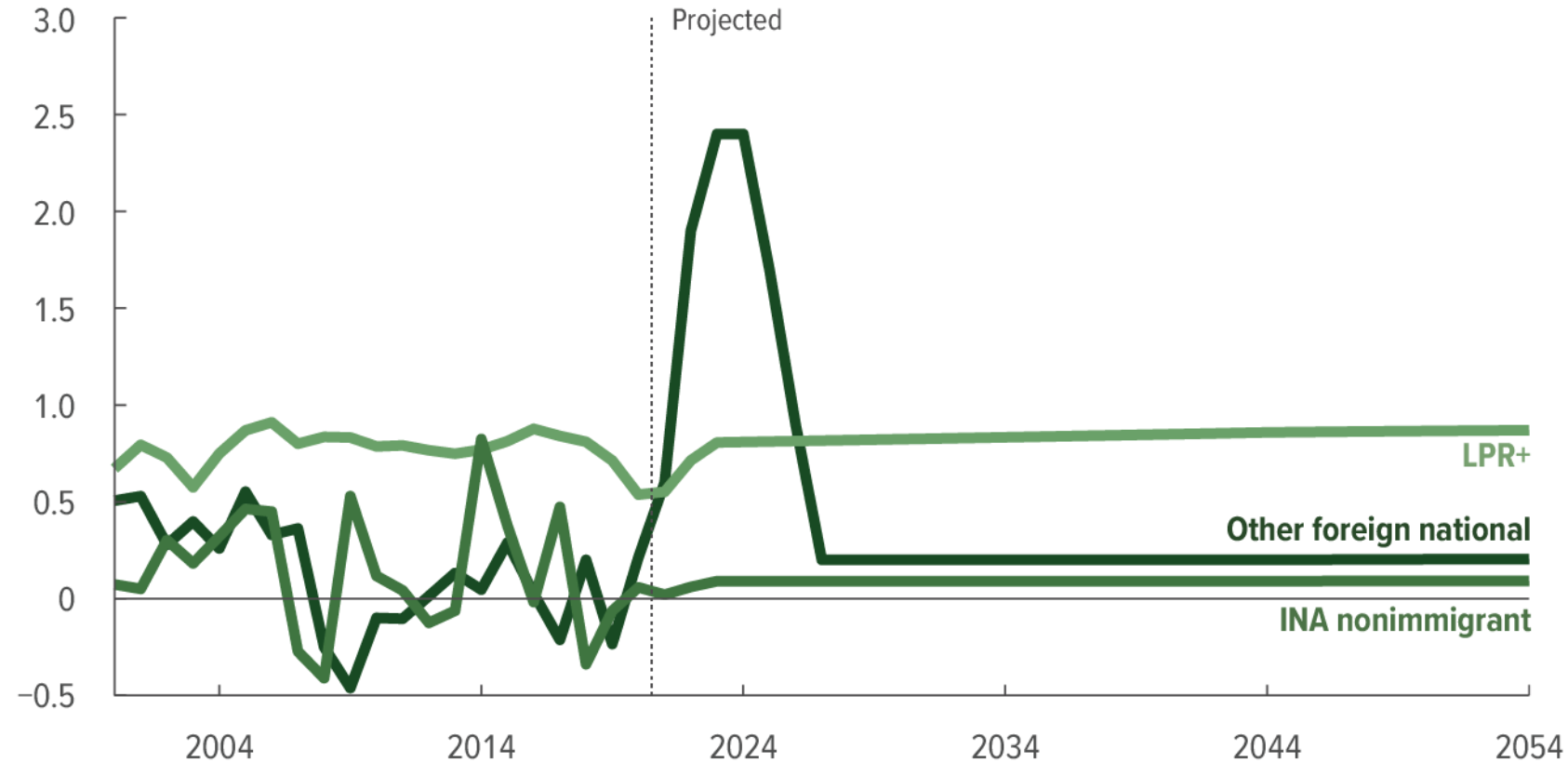


CBO's Projections of Population Growth



Net Immigration, by Category

Millions of people



Net immigration is the number of people who enter the United States in a given year minus the number who leave in that year. The **LPR+** category includes lawful permanent residents (LPRs) plus people who are eligible to apply to become LPRs on the basis of their current status, such as asylees and refugees. The **INA nonimmigrant** category refers to people admitted as nonimmigrants under the Immigration and Nationality Act (INA), including students and temporary workers. The **other-foreign-national** category consists of people in the United States who are not in the first two categories and who have not subsequently become U.S. citizens or received LPR, asylee, or nonimmigrant status—such as people who entered the United States illegally and people who were permitted to enter through the use of parole authority and who may be awaiting proceedings in immigration court.

Why Immigration Projections Are Important

Immigration's Effects on CBO's Baseline Economic Projections

A surge in immigration affects every aspect of the economy through changes in demand and supply.

An increase in immigration boosts the overall demand for goods and services.

In the long run, potential gross domestic product (GDP) is affected by changes in:

- The civilian noninstitutionalized population age 16 or older,
- Investment and capital services,
- The labor force participation rate,
- Total factor productivity in the nonfarm business sector, and
- The noncyclical rate of unemployment.

Additionally, a surge in immigration increases long-term interest rates, modestly increases inflation, and slightly increases the unemployment rate by initially reducing tightness in the labor market.

Immigration's Effects on the Federal Budget

Changes in the size of the U.S. population and in its age and sex composition significantly affect the federal budget.

Increases in immigration result in increases in revenues. For example, the number of people who are employed and paying taxes on their wages depends on the size of the population ages 25 to 54.

Increases in immigration also result in additional federal spending. For example, the number of beneficiaries of some federal programs (including Social Security and Medicare) depends on the size of the population age 65 or older.

In CBO's estimation, the net effect of increased immigration is to reduce federal deficits.

Challenges in Projecting Immigration

Counting immigrants is difficult.

- Immigrants may not be observable in census, survey, or administrative data.
- Data on some groups are scarce.
- Data may be inconsistent across sources.

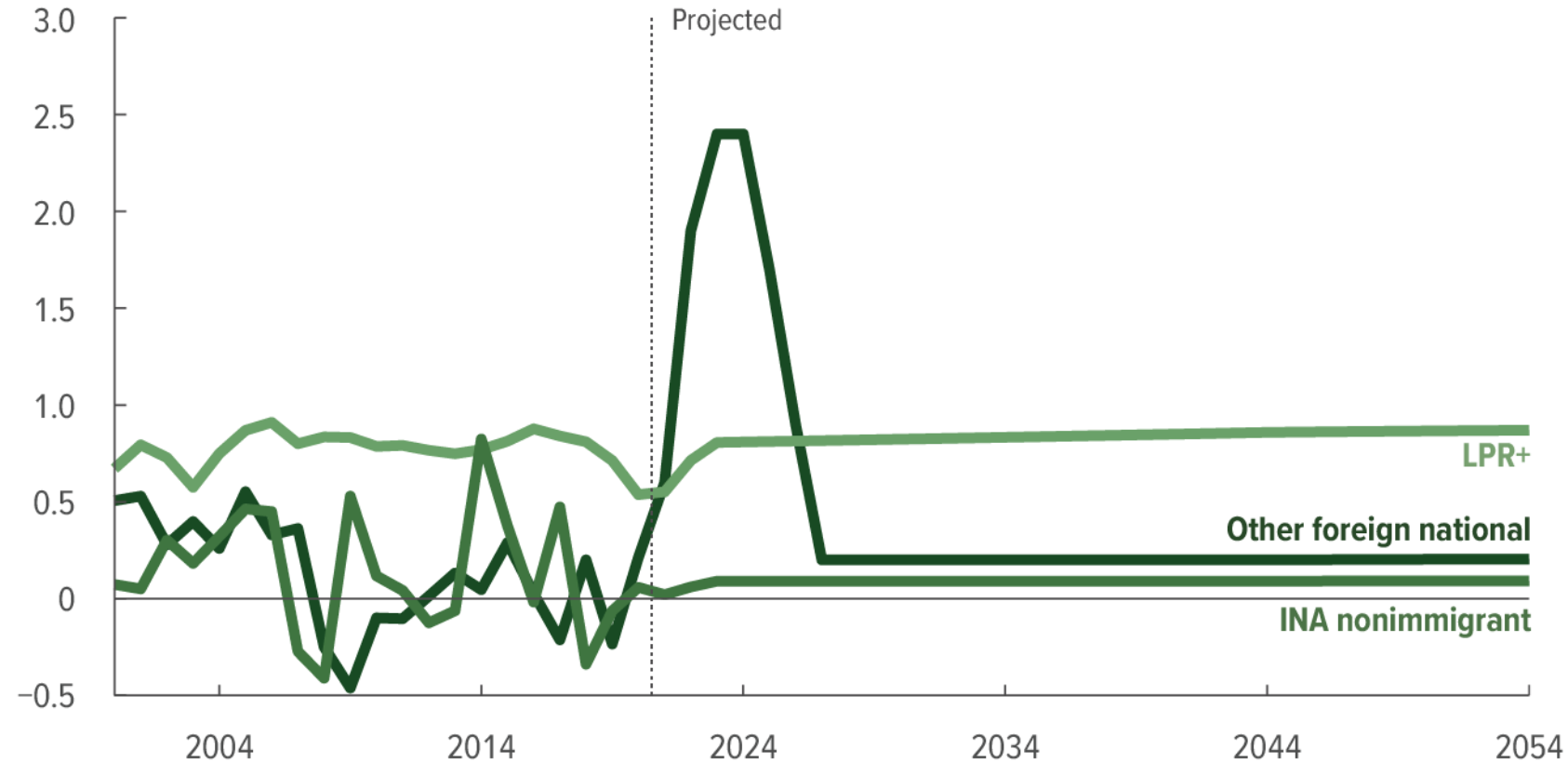
Measuring or estimating immigrants' demographic characteristics is difficult but matters for estimating effects on the budget and the economy.

Measuring or estimating how long immigrants stay once they arrive is also difficult.

Changes in CBO's Immigration Projections

Net Immigration, by Category

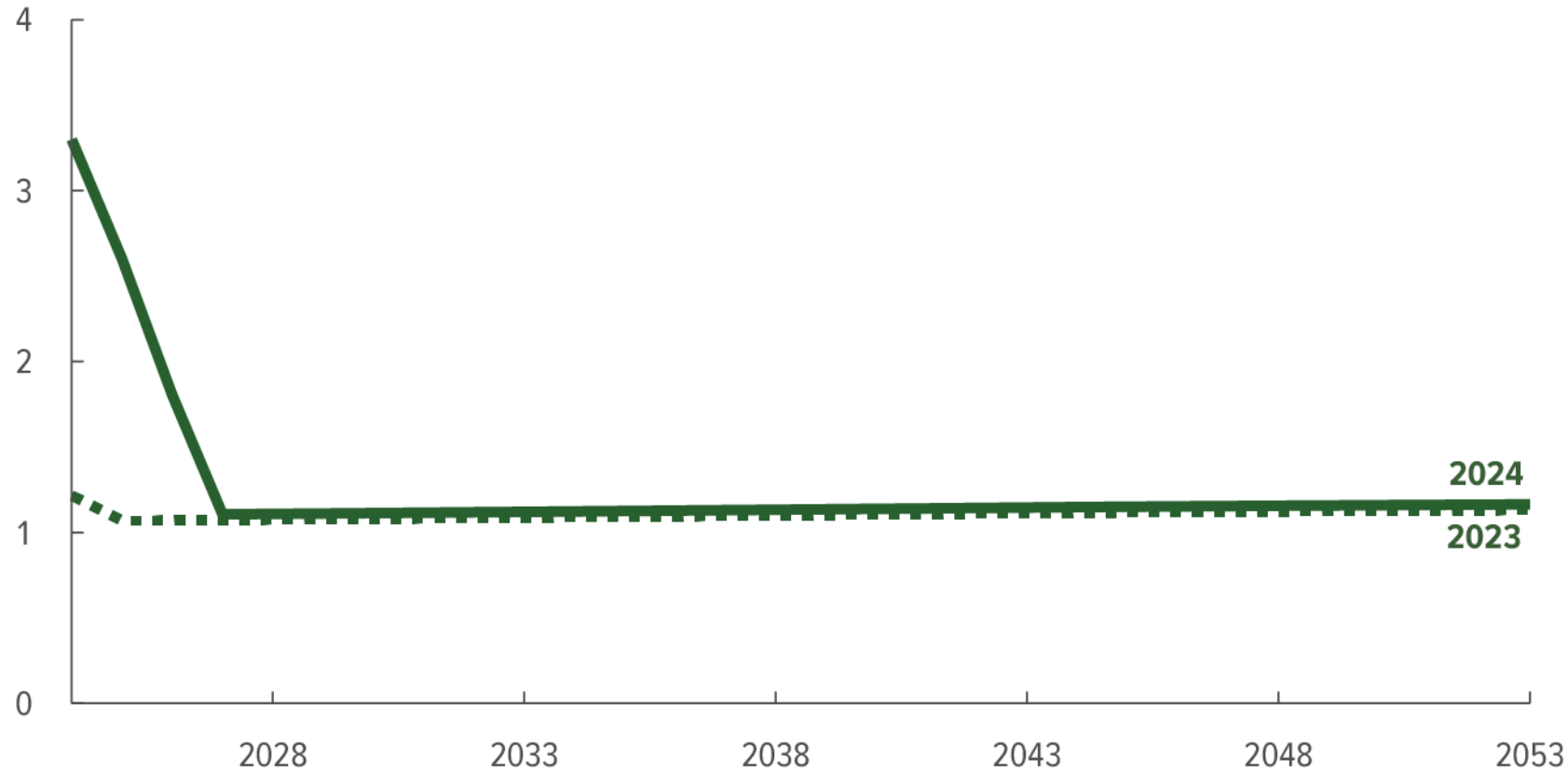
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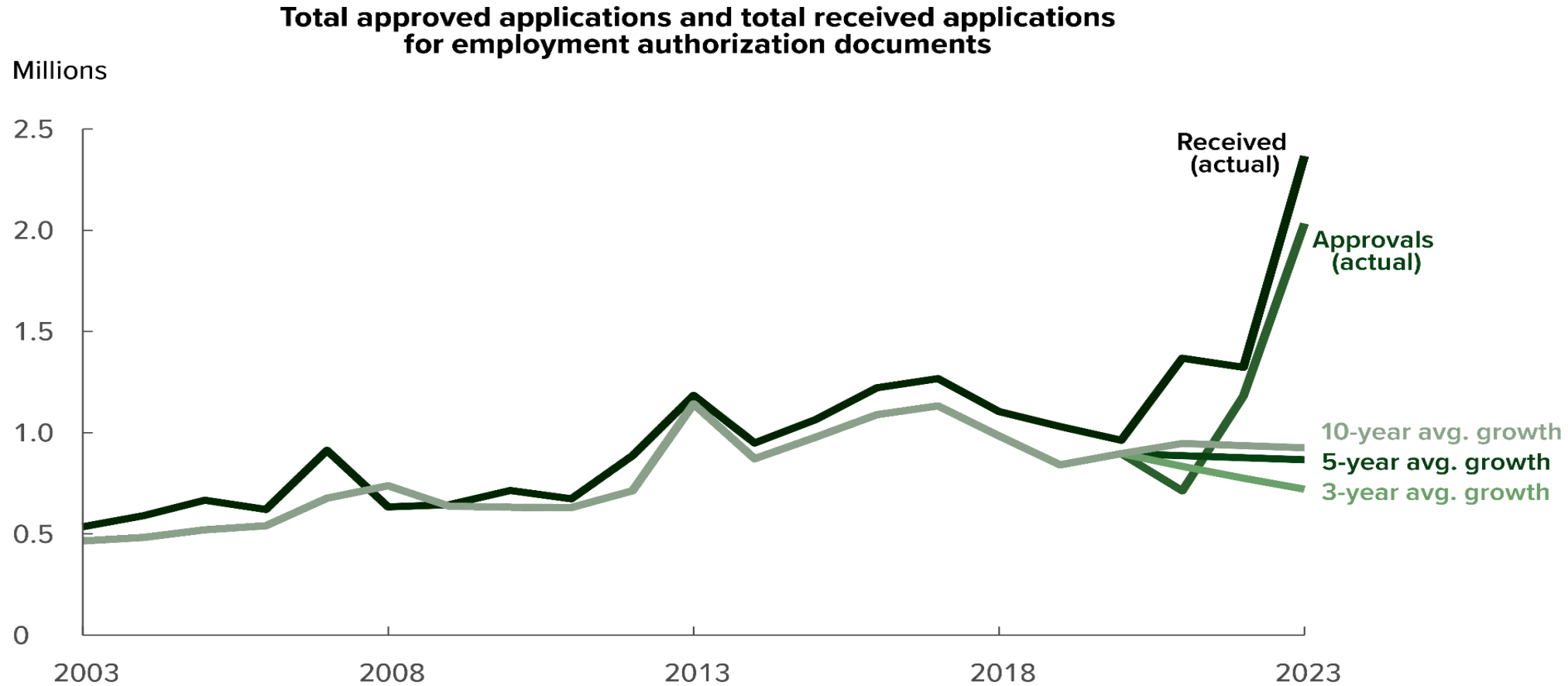
Net Immigration in CBO's 2023 and 2024 Projections

Millions of people



Net immigration is the number of people who enter the United States in a given year minus the number who leave in that year. The **other-foreign-national** category includes the following groups of people: those who entered the United States illegally and have not obtained a permanent legal status; those who were permitted to enter the country lawfully through the use of parole authority and who may be awaiting proceedings in immigration court; and those who previously resided in the United States legally in a temporary status but who remained in the country after that legal status expired. Net immigration of people in the other-foreign-national category encompasses people who enter that category after arriving from foreign countries as well as people who previously resided in the United States in a temporary status.

Some Validation: Evidence From Applications for Employment Authorization Documents



Things to Consider

- Think broadly about sources of data.
- Validate the estimates.
- Be transparent about data sources, methods, and assumptions.
- Engage with the research community and outside experts in academia.