

The Contributions of Immigrants Are Essential to U.S. Economic Growth and Competitiveness

As the United States continues its recovery from the pandemic recession, immigrant workers are essential to the continued growth of the labor force and overall productivity. In order to continue adding jobs at a strong pace, the U.S. economy needs more foreign-born workers to drive innovation and business formation.

The United States is currently experiencing a shortfall in the number of immigrant workers. This has exacerbated service disruptions and labor shortages in vital industries that rely on immigrant workers, like leisure and hospitality. However, the impact of this shortfall extends beyond just the industries in which foreign-born workers perform a significant share of the labor. For example, immigrants also help counteract the slowing growth rate of the U.S. population, which helps drive the expansion of the labor force and contributes to overall economic growth.

The U.S. labor market benefits from the contributions of immigrant workers. Foreign-born workers are more likely to participate in the labor force than their native-born peers. As a result, immigrants have helped power the U.S. economic recovery by returning quickly to work, despite being disproportionately affected by job losses during the pandemic.

The importance of foreign-born workers will only continue to grow over time, as these workers remain vital to sectors that drive economic innovation and competitiveness. For example, jobs in STEM (Science, Technology, Engineering and Math), which rely on the contributions of immigrants, are projected to continue growing faster than other occupations. Similarly, foreign-born workers are vital to the care industry, shouldering a significant share of the work performed by home health care and child care workers. Immigrant workers, a significant share of them women, are also helping to meet the growing demand for caregivers as the overall population ages.

The Biden administration has taken [steps](#) to overturn the extreme and restrictive immigration policies of the previous administration. Growing the number of immigrant workers through reforms to [immigration](#) laws would also strengthen the U.S. economy and create opportunities for all workers and families.

IMMIGRANTS HAVE HELPED POWER THE ONGOING RECOVERY, BUT A SHORTFALL IN THE NUMBER OF IMMIGRANT WORKERS IS HOLDING BACK THE ECONOMY

After being disproportionately impacted by the pandemic recession, immigrants have been essential to the U.S. economic recovery

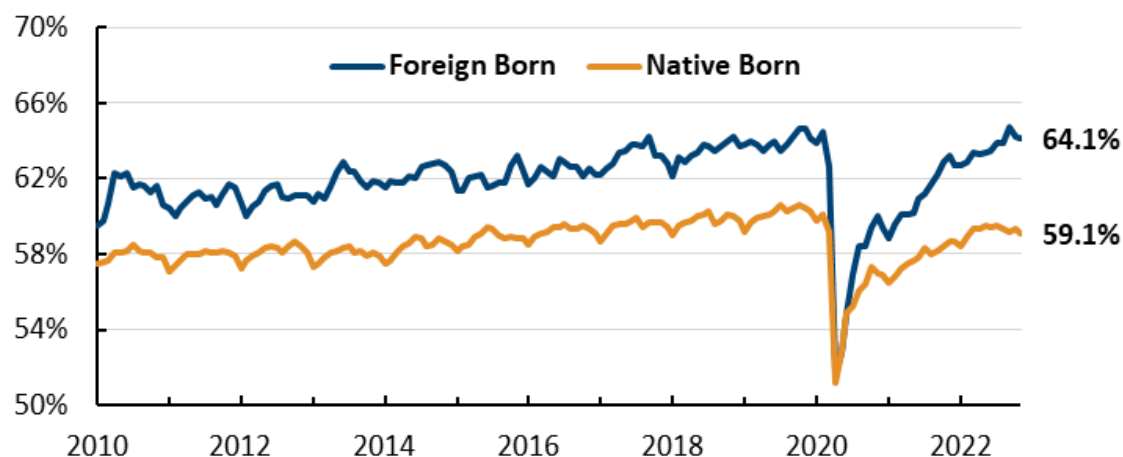
Immigrants returned to work at a rapid pace after the pandemic recession, despite being hard-hit by job losses during the initial spread of the coronavirus. One in five foreign-born workers lost

their jobs between February and April 2020, and the unemployment rate among these workers rose from 3.6% to 16.5%. At its peak, the unemployment rate of foreign-born workers was nearly three percentage points higher than that of native-born workers.

But immigrant workers were also quick to return to work, helping the U.S. recover from the economic impact of the coronavirus pandemic. Foreign-born workers were more likely than their native-born peers to be actively employed by July 2020 (see figure below). Today, about 64% of foreign-born workers are actively employed—strengthening the ongoing economic recovery and helping alleviate pressures that cause inflation—compared to about 59% of native-born workers.

Foreign-Born Americans Are More Likely To Be Actively Employed Than Native-Born Workers

Employment-to-population ratio for foreign- and native-born workers, 2010 to 2022



Source: Bureau of Labor Statistics
Note: Data are not seasonally adjusted.



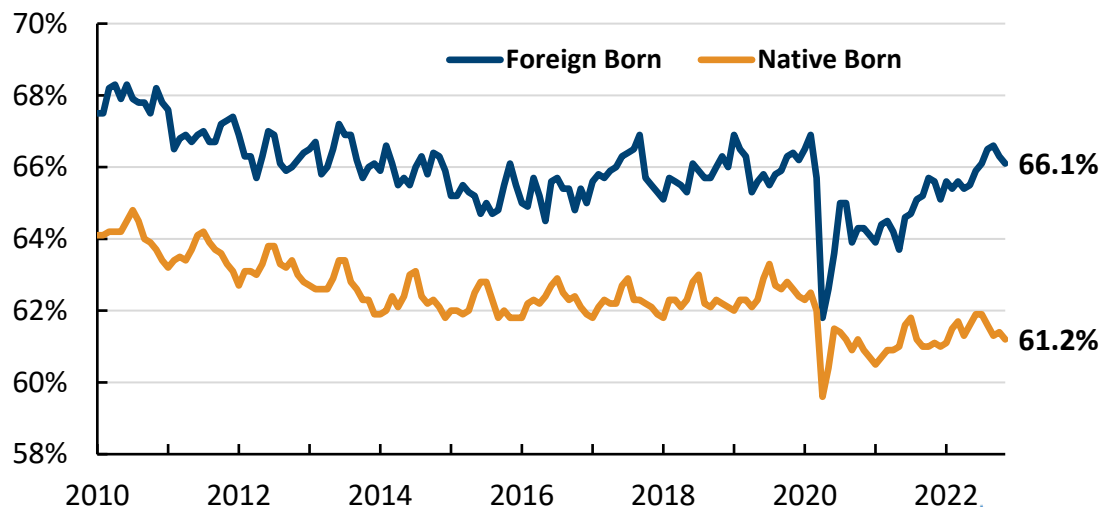
Immigrants help expand the labor force, which is critical for sustained economic growth

Immigrant workers contribute to the growth and strength of the labor market with their high participation rate and attachment to the labor force as prime-age workers. In 2021, foreign-born people [accounted](#) for more than 17% of the labor force. In the two decades prior to the pandemic, foreign-born workers accounted for about [half](#) of the growth of the U.S. labor force. And because foreign-born individuals are also more likely to be of prime working age (between 25 and 54 years old) than their native-born peers, their contributions to the American labor market and overall productivity are important.

Foreign-born workers are also more likely than native workers to be working or actively looking for work, as evidenced by their high labor force participation rate (see figure below). In November 2022, the labor force participation rate of foreign-born workers was about 5 percentage points higher than that of native-born workers. This difference is driven by the high labor force participation rate among foreign-born men (77.3%), who are more likely than their native-born peers (65.8%) to be working or actively searching for work.

Immigrants Are Consistently More Likely To Participate in the Labor Force Than Native-Born Americans

Labor force participation rate for foreign- and native-born workers, 2010 to 2022



Source: Bureau of Labor Statistics

Note: Data are not seasonally adjusted and refer to the population age 16+.

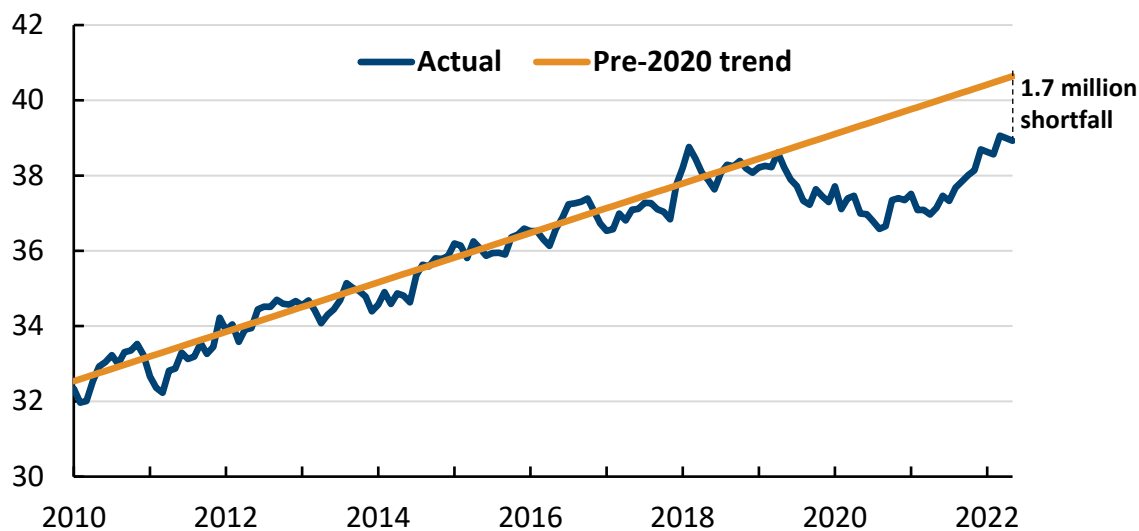


The shortfall in the number of immigrants is limiting the potential of the U.S. economy

The current shortfall of foreign-born workers is hurting the U.S. economy and its labor market. By June 2022, there were about [1.7 million](#) fewer working-age immigrants in the U.S., relative to the number expected if pre-pandemic immigration trends had continued. More than half a million of these missing immigrants are college-educated workers.

The U.S. Has 1.7 Million Fewer Working-Age Immigrants Compared to the Pre-2020 Trend

Working-age immigrants, in millions, 2010 to 2022



Source: Analysis by Giovanni Peri and Reem Zaiour from the University of California, Davis, using Census Bureau CPS data.



While this decline is partly explained by efforts to mitigate virus transmission during the pandemic, it is also the result of former President Trump’s extreme and highly restrictive immigration policies. President Trump treated immigration as a threat to the U.S. economy, rather than the positive gain it is. These policies increased enforcement, limited legal immigration and humanitarian protections and contributed to a shortage of foreign-born labor that has particularly hindered the economic recovery of key industries. For example, the Kansas City Fed [finds](#) that reduced immigration has exacerbated labor shortages in construction and leisure and hospitality. At the same time, the Department of Labor estimates that there is still more than one job opening for every unemployed person, highlighting the need for more workers across all industries.

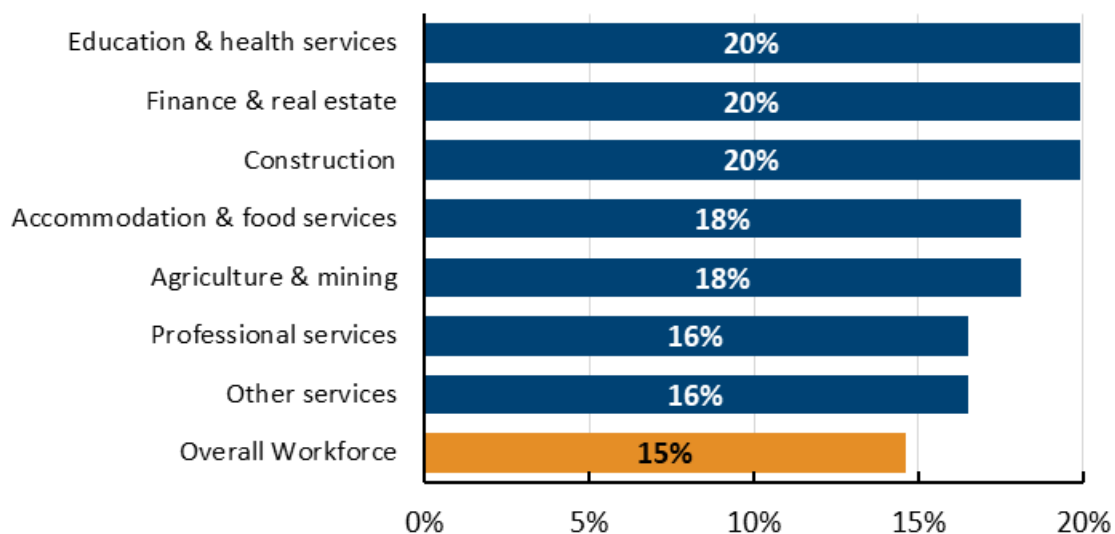
IMMIGRANTS PERFORM A SIGNIFICANT SHARE OF THE WORK IN A WIDE RANGE OF INDUSTRIES THAT FACE INCREASING DEMAND FOR WORKERS

Immigrants work in a wide range of industries and make the economy more resilient

Important industries across the U.S. economy rely on the contributions of foreign-born workers. Overall, about 3 in 20 workers are foreign-born, and the share of immigrant workers has grown over time. However, immigrant workers are overrepresented and carry out a disproportionate share of the labor in industries that range from professional services to education and health services (see figure below).

Foreign-Born Workers Are Overrepresented in Key Industries

Share of workers who are foreign-born by industry, 2021



Source: JEC analysis of 2021 American Community Survey data



Foreign-born workers are also more likely to work jobs that have a [job-multiplier effect](#), meaning that their employment facilitates the entry of other workers into the labor force. Jobs in sectors like education and health services, where immigrants make up about 1 in 5 workers, help caretakers of all backgrounds—particularly women, who perform a disproportionate share of unpaid care work—enter the labor force and grow the economy.

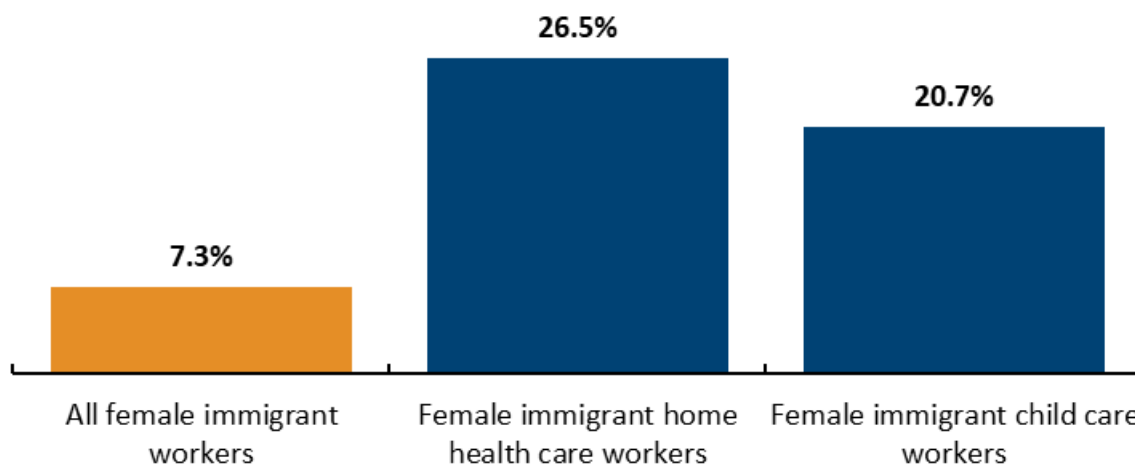
Immigrants help strengthen the care sector

While foreign-born workers account for more than [17%](#) of the overall U.S. labor force, they are overrepresented among care workers. This is particularly true of foreign-born women, who represent only about 7% of the overall workforce but make up [more than 26%](#) of home health care workers.

Home health and personal care aides are one of the fastest growing occupations. Employment in these occupations is [projected](#) to grow by 25% over the next decade, compared to the average (5%) for all occupations. However, there are not enough workers to meet this demand. For example, the United States currently faces an elder caregiver [shortage](#). Recent surveys [show](#) that almost 90% of nursing home providers are facing moderate to severe staffing shortages, with nearly half facing a severe staffing shortage. Without qualified staff available for these jobs, shortages will deprive elders of needed healthcare assistance as they age.

Immigrant Women Are Overrepresented Among Care Workers

Percentage of all female foreign-born workers and those in care work



Source: Economic Policy Institute

Note: "Immigrant women" refers to foreign-born individuals irrespective of citizenship status.



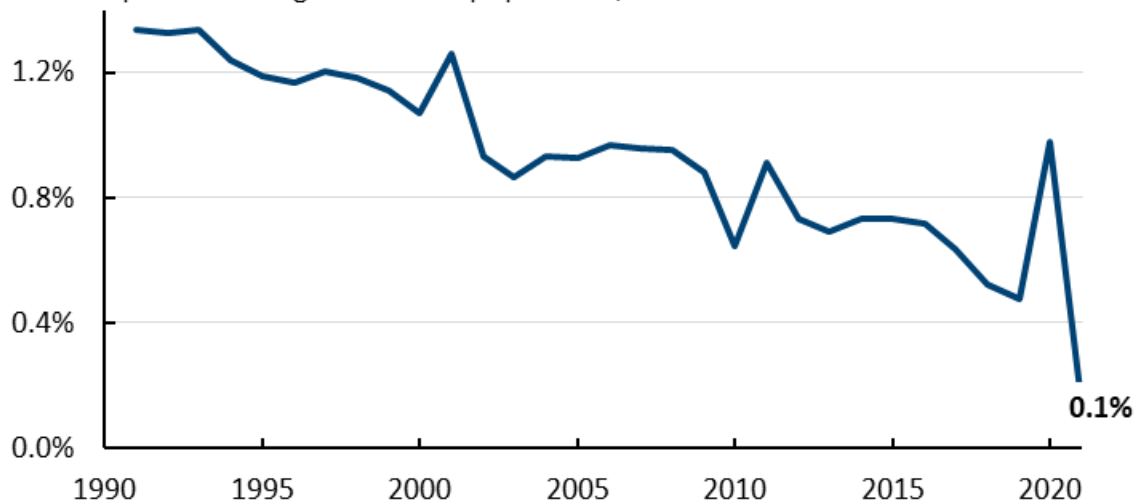
IMMIGRANTS HELP POWER ECONOMIC GROWTH BY GROWING THE LABOR FORCE AND DRIVING INNOVATION AND ENTREPRENEURSHIP

Immigrants are key to growing the U.S. workforce, as population growth fell to record lows

The United States' aging population and slowing population growth negatively impact the growth of the labor force and the broader economy. In 2021, the U.S. population grew at the [slowest rate](#) (0.1%) ever (see figure below). Declining birth rates, reduced net migration and an aging population are contributing to slower population growth. [Economists](#) fear that these trends will limit the growth prospects of the U.S. economy for years to come.

U.S. Population Growth Rate Hit All-Time Low in 2021 Due to Pandemic Deaths and Immigration Restrictions

Annual percent change in the U.S. population, 1990-2021



Source: JEC analysis of U.S. Census Bureau Population Estimates

Note: Data for 1990, 2000, 2010 and 2020 refer to decennial census estimates.



Population and labor force growth are key determinants of economic growth, and immigration is critical for both. From 2020 to 2021 the U.S. experienced a total population change of nearly 400,000 people, with 62% of this growth attributable to immigration. By 2030, immigration is projected to be the [primary driver](#) of population growth for the United States. This means that the overall potential of the U.S. economy and its labor market will remain a function of net migration for years to come.

Immigrants help drive technological innovations and business formation, which make the U.S. economy more competitive

Immigrants play an important and growing role in helping power the innovations and business ideas that drive the competitiveness of the U.S. economy. This is particularly clear when looking at the STEM (Science, Technology, Engineering and Math) fields that drive innovation and productivity across the U.S. economy. Foreign-born students are [more likely](#) than their native-born peers to receive academic training in these fields. Similarly, immigrants with a bachelor's degree hold more than 20% of all STEM jobs in the United States, relative to about 11% of their native peers.

Immigrant representation in STEM is continuing to [rise](#). The [share](#) of immigrants in STEM fields has increased by more than 40% since 2000. At the same time, the absolute number of foreign-born STEM workers more than [doubled](#) between 2000 and 2019.

The demand for STEM workers in the United States is expected to continue growing. The United States will need more immigrants to remain a global leader in innovation and in order to keep up with the growth of the STEM fields. STEM jobs are projected to [grow by more than 10%](#) by 2030, significantly faster than all other occupations. In fact, the Bureau of Labor Statistics

estimates that the United States will need about [one million](#) more STEM workers in 2031, relative to 2021.

Immigrants also more likely than their counterparts to be [entrepreneurs](#) and start their own business, which helps strengthen the competitiveness of the U.S. economy. While [immigrants](#) make up about 14% of the U.S. population, they create about 25% of the new firms. In 2021, [more than 40%](#) of Fortune 500 companies in the United States were founded by an immigrant or a child of an immigrant.

CONCLUSION

Immigrant workers and entrepreneurs generate economic growth and opportunities for all workers and families, but the U.S. economy remains constrained by a shortfall of foreign-born workers. This shortfall has worsened labor shortages in vital industries. Across sectors and industries, immigrants propel economic growth and productivity, driving the growth rate of the U.S. population and labor force in the face of shifting demographics.

Immigrants also continue to drive economic growth via their contributions to innovation in STEM fields and entrepreneurship. The very ideas and opportunities that these innovators and entrepreneurs generate help the United States continue to attract the brightest minds from around the world. Reforming the immigration system can help strengthen the U.S. economy by paving the way for sustained economic growth and by creating opportunities for all.