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Prices for all Americans are set to unnecessarily rise under recent and proposed immigration policies impacting the U.S. labor force

American families would pay **$2,150 more each year** for everyday goods and services. New immigration policies would also affect millions of Americans living with immigrant family members.

American families have grappled with inflation in recent years as the costs of essential goods and services have increased, identifying it as the top issue of concern in the 2024 election, far above other issues like immigration. Months after the election, inflation remains a top concern for the majority of Americans.

But recent immigration policies proposed by President Trump, and already underway, such as revoking immigrant work permits, deporting millions of people, and limiting legal immigration, would directly undermine the goal to level out, or even lower, the costs of everyday and essential goods and services.

In fact, all Americans, particularly working-class families, are about to unnecessarily see prices for goods and services like food and housing increase substantially again, above and beyond other economic policies like global tariffs that could also raise prices. Recent and proposed immigration policies will result in American families paying an additional $2,150 for goods and services each year by the end of 2028, or the equivalent of the average American family's grocery bill for 3 months or their combined electricity and gas bills for the entire year. Such an annual increase would represent a tax that would erase many American families' annual savings, and amount to one of their bi-weekly paychecks each year. Unlike past periods of inflation, Americans have not been saving at the same rate as earlier years, and can't as easily absorb these price increases, squeezing American budgets even further.

At the same time, millions of families with immigrant family members are about to face the real, human toll of sudden poverty and family separation as a result of these immigration policies, leaving many immigrant parents unable to support their families, and pushing tens of thousands U.S. citizen children into poverty. Additionally, we would see billions of dollars lost in lifelong earning contributions to the U.S. economy, and the almost immediate loss of immigrant workers, among other negative impacts.

New immigration policies that would most significantly, and unnecessarily, raise the costs of goods and services include:

- The cancellation of work permits for millions of individuals with a temporary status, like people with Temporary Protected Status (TPS) who are unable to return to their countries, paroled immigrants from Afghanistan, and Deferred Action for Childhood Arrivals (DACA), among others.
- The mass deportation of millions of immigrants with or without legal status.
- Significant reductions in new, lawful immigration in the years ahead.

Notably, these policies would negatively affect the economic prosperity for Americans, who benefit significantly from the contributions of immigrants. And, the rise in prices is conservative given the promise of the current administration to push even more undocumented immigrants out of the workforce, through arrest and deportation, or by pushing people to leave on their own. Consequently, the rise in prices shown in our models is likely a middle of the road scenario.

Most of these policies have already been announced and are pending implementation. For example, the administration has canceled TPS for people from Venezuela and Haiti, meaning their work permits will soon expire. The administration has issued executive orders to jump-start mass deportation efforts and set arrest quotas to dramatically increase the number of arrests, detentions and deportations. The administration has also removed deportation protections and work authorizations for those paroled into the country through the Cuba-Nicaragua-Haiti-Venezuela (CHNV) policy. In addition, the administration has previewed renewed efforts to limit legal immigration, including by drastically reinterpreting the "public charge" policy, stopping most refugee resettlement, banning the entry of individuals from certain countries, which will all likely lead to a lower number of new legal immigrants qualified to enter the U.S.

Prices of goods and services are about to rise substantially under new immigration policies

Under these new immigration policies, everyday and essential goods and services would increase in price, according to new FWD.us estimates. Because a large share of impacted immigrants work in agriculture and construction, the goods and services produced by these industries would see the most significant price spikes. For example, **producer prices can be expected to increase by 14.5% for most food products and 6.1% in construction.** America's working class spends most of their income on food and housing, and consequently would experience the highest cost-of-living increases.

Substantial price increases would hit the leisure and hospitality sector (3.9%) like hotel stays and restaurant food and service; transportation (2.2%) like ridesharing trips; and other services (1.5%), including child care and lawn service. These unnecessary percentage increases are above and beyond price increases associated with other potentially inflationary policies, like new widespread tariff increases.

Prices would increase under new immigration policies

Estimated percentage price increases between 2024 and 2028, above and beyond other inflationary policies

Industry	Personal expenditure category, with Bureau of Labor Statistics examples	Price increase under new immigration policies
Agriculture-Food	Food and beverages, tobacco, food to employees	14.5%
Construction-Housing	Rental and ownership costs	6.1%
Leisure-Hospitality	Accommodations, on-site meals and beverages	3.9%
Transportation-Utilities	Vehicle maintenance, transport, travel, utilities	2.2%
Manufacturing	Vehicles, furniture, appliances, household supplies	1.8%
Retail and wholesale trade	Retail and wholesale goods	1.6%
Services	Personal care, household maintenance	1.5%

Note: Percentage increase is the average producer price by industry. Consumer purchases involve bundles of goods and services from various industries. Immigration policies include the expiration of work permits among temporarily protected individuals, the deportation of 1 million immigrants annually, and a reduction of legal immigration by about half.
Source: Industry and expenditure categories based on 2023 PCE Bridge Table, Bureau of Economic Analysis; percentage increases based on FWD.us economic analysis; see methodology for more information.

Everyday and essential goods and services most Americans frequently purchase would experience some of the highest increases. Americans' average weekly grocery bill, for example, would rise from $165 a week to $195 within the next four years, an unsustainable increase in food costs for most American families.

The price of a new home would rise from the 2024 average of $420,000 to $468,000 in 2028, a real shock to families looking to purchase a new home when housing is already largely unaffordable.

To calculate the estimates, FWD.us' team of economists and demographers applied a standard multi-industry, economic model calibrated to account for each industry's reliance on a wide range of occupations. Using FWD.us' immigration status assignments in the 2023 American Community Survey (ACS), we determined the impact of new immigration policies on the labor and capital employed in each industry and simulated the change in industry prices of production of goods and services. (See our methodology below for more detailed information on how we calculated the economic estimates.)

Immigrant workers make food and housing more affordable for Americans

The costs of food, housing, and restaurant food and service would be especially impacted, since immigrants, particularly those without legal status or with temporary protections, are a substantial portion of workers in agriculture, construction, and leisure and hospitality.

Canceling legal work permits for those with TPS and other protected statuses, for example, would result in nearly 2.6 million workers being sidelined from the labor market, including 530,000 workers in construction, 360,000 in leisure and hospitality, 290,000 in retail and wholesale trade, and 280,000 in manufacturing.

Millions of immigrant workers would be sidelined, removed, or restricted from the U.S. labor force under new immigration policies

Estimated number of impacted workers, by industry

Industry	Expiration or revocation of work permits for temporarily protected workers	Deportation of immigrants without legal status	Reduction of future legal immigration
Agriculture-Food	110,000	270,000	50,000
Construction-Housing	530,000	490,000	160,000
Leisure-Hospitality	360,000	320,000	170,000
Manufacturing	280,000	240,000	190,000
Services	150,000	140,000	100,000
Retail and wholesale trade	290,000	250,000	170,000
Transportation-Utilities	190,000	150,000	110,000
Other industries	660,000	540,000	850,000
All industries	2,570,000	2,400,000	1,800,000

Note: Estimates rounded to 10,000. Specific immigration policies include the expiration of work permits among temporarily protected individuals, the deportation of 1 million immigrants annually, and a reduction of legal immigration by about half.
Source: FWD.us immigrant status assignments for the 2023 American Community Survey, projected to September 30, 2024.
See methodology for more information.

Deporting 1 million immigrants without legal status or who once held temporary protections each year, including those in and not in the workforce, would mean the total removal of 2.4 million workers from the labor force by the end of 2028, including as many as 490,000 in construction, 320,000 in leisure and hospitality, 270,000 in agriculture, 250,000 in wholesale and retail trade, and 240,000 in manufacturing.

Finally, if legal immigration were reduced by about half over the next four years, the U.S. labor force would be 1.8 million lower than its projected size under current policies, including 190,000 fewer in manufacturing and 170,000 in leisure and hospitality. With the absence of future immigrant workers in these industries, especially as our U.S. citizen workforce ages and retirement accelerates, the cost of labor would rise as new worker shortages emerge, leading to increased prices for everyone.

New immigration policies hurt American families

Increasing costs is only one part of the economic burden that Americans would face. As communities grapple with the fear and uncertainty of threats of aggressive enforcement actions, the anxiety over the loss of work permits is agonizing for U.S. citizens who live in mixed-status families, especially for children. Immigrant parents are not sure if they will be able to put food on the table and pay for medical and childcare services; community members and business leaders fear they may never see their neighbors or colleagues again.

FWD.us estimates that, at the end of 2024, some 1.6 million U.S. citizen adults and some 1.7 million U.S. citizen children were living in homes with immigrants who had access to work permits. Losing work permits would push many of these families into poverty.

Additionally, an estimated 1.6 million U.S. citizen adults and 1.5 million U.S. citizen children live with the 4 million immigrants without legal status or who once held temporary protections that could be deported as planned over the next four years. These policies would directly cause the separation of hundreds of thousands of families.

Together, canceling work permits and deporting 1 million immigrants without legal status each year would lead to many parents without incomes and unable to support their families, pushing tens of thousands of U.S. citizen children into poverty.

Finally, many immigrants who are in the process of moving to the U.S. as lawful permanent residents during the next several years are spouses, children, parents, or other family members of U.S. citizens. If legal immigration is heavily reduced, U.S. citizens would remain separated from their families abroad for many years, denied their ability to be together as promised by our immigration laws.

Americans simply cannot take another hit to their wallets

Americans already experienced a sustained rise in prices after the COVID-19 pandemic in 2020, leaving many essential goods and services out of reach for so many. Similarly, Americans also felt their family members separated from one another during the pandemic or, sadly, saw family members succumb to the virus. Another unnecessary inflationary spike and massive effort to separate American family members would be disastrous, and wholly unnecessary, for American communities.

These recent and proposed immigration policies, holding all other economic factors constant, would make life more expensive for everyone. And since the added costs would largely be in food, housing, and other basic services, lower- and middle-income consumers—families for whom these goods and services are essential for living—would face some of the highest relative increases.

If we want to stabilize, and even potentially lower, the cost of goods and services for Americans while also adhering to American family values, Congress and the administration should maintain work permits for temporarily protected immigrants, stop mass deportation plans, and find new pathways to legalize immigrants, while also investing in the full functioning of our legal immigration system. Allowing these new immigration policies to go forward would unnecessarily hurt every American.

Methodology

We built a multisector, general equilibrium model of the economy. Each sector, or industry, produces output using capital and labor, which aggregates the services of a wide range of distinct occupations, and capital. Sectoral production functions are assumed to be Cobb-Douglas and calibrated to match the capital and occupational intensities observed in the data, as well as the number of workers in each sector-occupation group by immigrant status. The model also features a representative consumer with constant expenditure shares across the goods and services produced by the various sectors of the economy, also calibrated to match actual consumer expenditures. The economic model was prepared by Francesc Ortega, Professor of Economics, City University of New York (CUNY).

To estimate the changes in sectoral labor arising from the administration's actions, we rely on immigrant status assignments in the U.S. Census Bureau's 2023 American Community Survey (ACS). These assignments are part of a larger set of adjustments to the ACS by FWD.us researchers in order to approximate the immigrant population on September 30, 2024. (See FWD.us' complete methodology of how these immigrant statuses were assigned in the ACS, including by different protected groups.) The demographic estimates were prepared by Phillip Connor, Senior Demographer and Immigration Fellows Director, FWD.us.

The baseline scenario matches the distribution of U.S. domestic and foreign workers (with various immigration statuses) observed in the data in 2024. We then use the model to simulate the impact on sectoral output and prices of various immigration scenarios:

Scenario 1: Removal of all work permits for immigrants with temporary protected status (as of the end of 2024), including TPS, DACA, paroled individuals, U-T visa and SIJS applicants in backlogs, as well as those waiting with an asylum claim.

Scenario 2: Removal of 30% of immigrant workers without legal status through deportation as well as 30% of those who lost their work permits in Scenario 1. This leads to the removal of about 2.4 million immigrant workers in the U.S. labor force by the end of 2028, which is in line with policies to remove a total of 1 million immigrants each year for four years when you include family members without legal status or ones with temporary protections, such as children and spouses, who are not in the labor force.

Scenario 3: A slowing of future legal immigration as operationalized by a 20% reduction in the total number of workers with a nonimmigrant visa (for example, H-1B, student visa) or lawful permanent residency (LPR). These removals from the U.S. labor force are indicative of the slowing of legal immigration experienced toward the end of 2028, and roughly 3 million people across these lawful pathways, both for permanent residency and nonimmigrant visas.

Scenario 4: A combination of all previous scenarios, including the removal of work permits, deportations of immigrants without legal status or who once had temporary protections, and a slowing of legal immigration.

Impacts on prices were calculated both for the short run (within the first year of labor changes) and the long run (within four to five years of labor changes). Price impacts in this report use the long-run estimates as indicative of the change in prices by the end of 2028; however, some of these effects may not fully occur until 2029 or 2030.

The estimate for the long-run costs for the average American family is based on the Bureau of Labor Statistic's 2023 estimate for the average cost of goods and services for families, adjusted upward by 3% for 2024 inflation, and then increased again by 2.7%, the weighted average increase across the basket of goods and services Americans are expected to pay under the new administration's policies.

Goods and services experiencing price increases were selected as everyday items that most Americans purchase. From the purchaser (consumer) viewpoint, these goods are bundles of underlying goods and services. For example, groceries bundle food items produced on farms with transportation, wholesale and retail services, that intermediate the producers and the final purchasers of groceries. The consumer prices for the selected goods and services are constructed as weighted averages of the model-predicted price increases of the underlying goods and services under Scenario 4. The weights reflect the value composition of the goods and services from the consumer perspective, as described in the personal consumption expenditures bridge data (Bureau of Economic Analysis, 2023). Consequently, the predicted price increases at the industry level (producer view) typically do not coincide with the predicted price increases of the consumption items (purchaser view). In addition, the price increase estimates for the specific consumption items (groceries, new home, lunch) include an anticipated inflation of 2.5% per annum.

The removal of immigrants from the workforce would inevitably lead to rising wages in industries with a high reliance on immigrant labor. While American workers could replace these immigrant workers, and rising wages could be beneficial for some American families, many barriers exist to Americans replacing most immigrant workers, including an aging society with a shrinking labor force as more American workers retire than enter the workforce, and worker skill and geographical mismatch of Americans that may be of appropriate age to take these unfilled jobs.

A separate set of estimates takes into account that some vacancies due to deportations could be filled by U.S. citizens. Since studies indicate the limited extent of such adjustments from relocation and retraining costs, and temporary or permanent disabilities or other work impediments, our estimates assume that only 1 in 5 vacancies are filled by new entry of American workers into those sectors and occupations. This reflects the fact that at the end of 2024, the base year for the data, roughly as many unemployed U.S. citizens aged 25 to 54 matched the number of job openings available (in their industry of work), meaning that theoretically, there are already enough jobs for most of these unemployed workers to find a job in their industry of training and expertise. Consequently, most U.S.-born replacement workers would need to be found among working-age, U.S.-born adults who are not in the labor force, a movement of worker training that could take just as long or longer than the effects of the shock of immigrant work permit and worker removals would create. Predictions accounting for new entry of American workers led to moderately lower estimates of price increases (by about 25% to 30%). While a small minority of families could be better off due to improved employment prospects, the widespread increase in the cost of living for all families would still leave most American families in a worse financial position.

Adoption of labor-saving technologies could theoretically offset the loss of immigrant workers. However, such adjustments to production would take considerable time and likely occur after the end of 2028. Some of those technologies are not readily available and employers may hesitate to undertake the significant capital investments required to completely reorganize their production processes.

Finally, the estimates do not take into account other contributors to rising prices forecast by economists for other potential policy changes during the new administration, including new international tariffs or deficit spending leading to higher borrowing rates for the U.S. government. Simulations of the immigration actions assume that other policies remain as they were at the end of 2024.