



U.S. Workforce Challenges: How Immigration Enforcement Is Impacting the American Economy

Introduction

Since the beginning of the second Trump administration in January 2025, there has been a marked [increase](#) in removals and self-deportations from the interior of the United States and a drastic [reduction](#) in those temporarily authorized for lawful work. As a result, the United States has experienced notable shifts in its foreign-born workforce and consumer population. Estimates indicate that the foreign-born population, which stood at roughly [53.3 million](#) in January 2025, declined to about 51.9 million by June — nearly 1.5 million fewer people in just six months.

Immigrants comprise approximately [one-fifth](#) of the U.S. labor force. Consequently, the reduction of the foreign-born population has had significant [repercussions](#) for employment, industry stability, and economic output, as approximately [1.2 million](#) foreign-born workers left the labor force. President Trump has [acknowledged](#) that the United States needs workers with the necessary skills to fill particular essential job categories, including [agricultural labor](#), [hospitality](#), and [certain H-1B professions](#). Such remarks highlight an ongoing [tension](#) between administration policy goals and labor market realities. Even as the number of foreign-born workers has declined, American workers are [often unable](#) to make up the difference, with employers across various industries reporting [increased difficulty](#) in finding qualified workers.

This paper examines the economic impact of recent immigration enforcement policies. It provides an overview of the labor market implications of workforce losses across key sectors, including agriculture, construction, and the hospitality industry. It also reviews immigrants' fiscal contributions and evaluates the broader demographic implications of a declining immigrant population amid heightened enforcement and sharply reduced irregular migration.

Affected Industries

The effects of declining immigrant labor are most pronounced in industries that heavily depend on these workers. Agriculture, construction, food processing, transportation, hospitality, caregiving, and certain manufacturing segments have all reported tighter labor conditions, reduced staffing, and increased challenges in meeting production and business needs. These pressures reflect not only fewer work-authorized individuals and higher deportation numbers, but also the slowdown in migration, which traditionally replenished labor pools in some regions and industries.

Agriculture

In agriculture, foreign-born workers comprise approximately 70% of the farm workforce nationwide. Many farms report difficulty finding enough workers during critical harvest periods, a challenge that has intensified in the first half of 2025 due to increased interior immigration enforcement. Because agricultural production is highly time-sensitive, shortages often result in a significant share of edible produce going unharvested, increasing food waste, lowering yields, and raising costs for producers. The combined effect of reduced domestic supply and higher production costs can prompt retailers and consumers to pay more for food, leading to increased reliance on imports to fill shortfalls. Although many factors contribute to higher food prices, labor shortages are playing a significant role. As a result, in the period between December 2024 and December 25, food prices rose 3.1%, outpacing overall inflation.

Construction

Construction also relies heavily on immigrant workers. Approximately 30% of workers in the U.S. construction industry are foreign-born, and in some states, such as California and Texas, the share rises to around 40%. Immigration enforcement activities in or near job sites and places where day laborers congregate, increasing interior deportations, and fewer workers showing up to jobs out of fear have contributed to staffing challenges in the sector. Some construction companies have reported losing experienced workers, which limits their ability to recruit replacements. As a result, projects have been postponed or scaled back, contributing to higher housing costs and increased difficulty keeping pace with demand for residential and commercial development. As a

consequence of the [increased deportations](#) — combined with many other significant [factors](#) — the average price of houses sold in the United States [rose](#) from \$498,700 in the third quarter of 2024 to \$512,800 in the second quarter of 2025, a 2.8% increase.

Hospitality

In the hospitality sector, foreign-born workers remain [essential](#) to many businesses in conducting daily operations. Approximately [one-third](#) of hotel and lodging staff nationwide are immigrants, with the highest concentrations in labor-intensive roles, such as housekeeping, cooking, and dishwashing. Hotels and restaurants in major tourist destinations have long [relied](#) on immigrant labor, and the combined effects of increased deportations and reduced migration have made staffing significantly more difficult. Without a steady supply of immigrant workers, hotels and restaurants have [struggled](#) to maintain service levels, resulting in reduced capacity and higher operating costs. Although many [factors](#) contribute to higher prices in hospitality, staffing shortages are playing a significant role. As a consequence, the cost of food in restaurants increased [3%](#) between December 2024 and September 2025. Similarly, the cost of staying at hotel and motel rooms has risen [2.6%](#) in that same period.

Other Sectors

Additional industries, such as [food manufacturing](#) and [home health care](#), have also experienced workforce shortages that impact the normal functioning of the economy. Many of these sectors have [historically](#) faced difficulty attracting and retaining U.S.-born workers for physically demanding or irregular-hour jobs. As a result, the [decline in immigrant labor](#) has intensified existing shortages and limited production capacity.

The Paradox of Labor Needs and Workforce Decline

President Trump's recent [comments](#) stating that the United States does not have enough talented workers to fill certain critical positions reflect a long-standing reality: domestic labor supply alone [cannot meet](#) the needs of the modern U.S. economy. This [applies](#) to specialized occupations in engineering, technology, and healthcare, as well as critical industries such as caregiving, food production, and infrastructure.

This dynamic has created a labor market contradiction. Deportations and the termination of work authorization for many with temporary statuses have removed tens of [thousands of workers](#). At the same time, [reduced migration](#) has slowed the arrival of new workers who historically filled labor gaps in certain regions and industries. At the same time, employers across many [sectors](#) are calling for more workers than the domestic labor pool can currently provide. This mismatch suggests that reductions in the foreign-born workforce are [not being offset by higher employment](#) among U.S.-born workers, leaving persistent gaps in critical occupations.

Now that the administration has significantly reduced irregular migration and strengthened border controls, expanding legal pathways for foreign workers has become increasingly important to ensure the U.S. economy meets its labor needs in an orderly and regulated way.

Immigrants Are Essential Consumers for the American Economy

Immigrants play a significant role in the U.S. economy not only as workers but also as [consumers](#). Foreign-born individuals account for roughly [15%](#) of the U.S. population, representing around 48 million people with an astronomical spending power estimated at [\\$1.7 trillion dollars](#). Immigrants, as well as native-born citizens, purchase housing, food, transportation, healthcare, education, and other goods and services in local communities across the country. Their [spending](#) supports businesses of all sizes, from national retailers to small local shops, and contributes to overall economic demand and sales tax revenues at the state and local levels.

Recent immigration enforcement operations have contributed to a [decline](#) in consumption by immigrants in many regions, with many immigrants staying home rather than going out into their communities to engage in commerce. Retailers in areas with historically large immigrant populations have reported [reduced foot traffic](#) and lower sales volumes, particularly in sectors such as groceries, apparel, and personal services. These effects are most [pronounced](#) in neighborhoods and regional economies where immigrants make up a substantial share of the customer base.

Tax Contributions of Immigrants and Fiscal Implications of Immigration Enforcement

Foreign-born workers also play a vital role in the nation's [fiscal health](#). Immigrants contribute almost [\\$100 billion dollars](#) annually in federal, state, and local taxes, including income taxes, payroll taxes, property taxes (directly or through rent), and sales taxes. They [contribute significantly](#) to Social Security and Medicare, often paying into systems that fund benefits they are ineligible to receive.

The decline in the immigrant workforce — driven by deportations, the termination of lawful temporary statuses, and reduced migration — lowers the number of [taxpaying workers](#) at a time when the United States is experiencing rapid growth in its retiree population. With fewer working-age adults contributing to public revenue systems, the [fiscal burden per worker rises](#), placing additional pressure on federal, state, and local budgets and potentially complicating long-term program sustainability.

Demographic Challenges and the Importance of Immigration

The decline of nearly [1.5 million](#) in the foreign-born population during the first half of 2025 represents a significant demographic shift. Deportations account for part of this decrease, but the reduction in migration has also played a major role by slowing the arrival of new workers and young families. The United States has experienced [low birth rates](#) and an [aging population](#) for [decades](#) — trends that reduce natural population growth and shrink the working-age population. Historically, [immigration](#) has offset these patterns by adding younger workers and future taxpayers to the population. This is a problem that the Forum has been [highlighting](#) since 2021.

Without adequate immigration pathways, the United States faces [slower population growth](#) or potential decline, a [shrinking workforce](#), and [increased fiscal pressure](#) on social insurance programs. [Many economists](#) note that immigration is one of the most effective tools for [maintaining](#) a stable ratio of workers to retirees and supporting long-term economic competitiveness.

Conclusion

The decline in the foreign-born population since January 2025, reflecting increased interior immigration enforcement and deportations as well as a reduction in irregular migration at the border, has reshaped the U.S. labor market, creating challenges for industries that heavily depend on immigrant workers. Key sectors have experienced significant labor shortages, affecting production, service delivery, project timelines, and consumer prices.

The reality is that the United States needs talented workers, including immigrants, to fill essential positions, which President Trump has [acknowledged](#). This reality underscores the central issue: immigrants in the labor force make essential contributions to the U.S. economy. Immigrants play a crucial role not only in filling job vacancies but also in sustaining tax systems, engaging in commerce, supporting population growth, and enhancing the nation's long-term economic potential. Now that the administration has successfully reduced irregular migration, policymakers have an opportunity to put the U.S. economy on a pro-growth path, including expanding legal pathways for foreign workers.

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