America’s Demographic Challenge: Understanding the Role of Immigration

The U.S. population is aging rapidly, with the 65+ population projected to more than double by 2060. Declining fertility rates, increasing life expectancies, and the retirement of the baby-boomer generation have placed strains on the social safety net and have contributed to sluggish economic growth. The confluence of these factors has also further strained the federal budget. As a percent of GDP, federal debt is larger now than at any point in the nation’s history besides the World War II era.

- Today’s average 65-year old can expect to live five years longer than the average 65-year old in 1960.
- Since the mid-1950’s, fertility rates have declined from over 3.5 children per mother to under 2 today.
- These forces have led to a growing share of older Americans in the U.S. population.

Projected Cumulative Percent Change in Population, by Age (2015-2060)

Population aging carries several economic and budgetary risks.

- It places severe strains on the U.S. Social Security system, as a smaller pool of workers are financing the benefits of a growing number of retirees.
- It can put downward pressure on economic growth due to declining labor force participation. This pressure reduces a country’s productivity, output, and—ultimately—national wealth.
- It is a major factor driving up the national debt, as retiring baby boomers are collecting benefits that are financed by a shrinking pool of tax revenue from a shrinking workforce.
Immigration can and has helped mitigate some of the negative effects of an aging population.

- **Immigration fuels economic growth and eases Social Security strains.** Immigrants tend to be of working-age when they arrive in the U.S. and are more likely to be employed than native-born Americans. This labor force growth boosts the economy and prolongs Social Security solvency.

- **Immigration can also benefit the federal budget.** Immigration increases the labor force and therefore grows the tax base. According to BPC’s modeling, proposals that boost immigration levels could reduce the federal deficit by up to $1.2 trillion over 20 years.

There is little doubt that population aging will lead to long-term economic and social woes, and that immigration has the potential to mitigate these trends. As such, it is crucial that lawmakers implement smart, data-driven, and bipartisan immigration reform—so the United States can better-harness the economic potential of foreign-born individuals who are eager to move here to improve the lives of all Americans.

This document reflects the key findings of the Bipartisan Policy Center’s report, *America’s Demographic Challenge: Understanding the Role of Immigration*.

To read the full paper and learn more about key issues in the immigration debate, please visit [bipartisanpolicy.org/immigration](http://bipartisanpolicy.org/immigration).

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The Bipartisan Policy Center is a non-profit organization that combines the best ideas from both parties to promote health, security, and opportunity for all Americans. BPC drives principled and politically viable policy solutions through the power of rigorous analysis, painstaking negotiation, and aggressive advocacy.