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Old Promises and New Blood: How Immigration Reform Can Help America Prosper in the Face of Baby Boomer Retirement

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Foreword from the Reform Institute

As the economy has risen to the top of the national agenda, immigration has dropped as a voter concern. However, these two issues are not mutually exclusive and should not be treated as such. While the present economic crisis requires immediate attention and action, an even greater economic challenge, posed by the aging of our society, lies directly ahead. As we seek to recover from the current recession, the onset of the aging effect may hold back our recovery, due to a mounting fiscal deficit, workforce shortages, and weakened housing demand.

This paper from eminent demographer Dowell Myers explores how the aging of the population, epitomized by the impending retirement of the baby boom generation, will be a watershed event with severe ramifications for our economy and the standard of living of all Americans. Dr. Myers observes how immigration can mitigate the adverse effects of this monumental demographic shift and make America more resilient in the face of this colossal challenge.

The current housing crisis precipitated a major economic downturn that has roiled markets around the globe and caused much anxiety among Americans regarding their financial security. Likewise, aging boomers placing their homes on the market en masse could unhinge the housing market anew, with significant consequences for the economy. However, new arrivals from abroad eager and able to purchase homes could moderate the effects of such a circumstance.

The U.S. has benefited immensely from its ability to confront massive challenges and emerge a stronger nation. As this paper illustrates, reforming our broken immigration system will be crucial to enhancing our resilience in the face of the demographic and economic challenges ahead.

The Reform Institute

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EXECUTIVE SUMMARY

America is facing a demographic tsunami. The aging of the population will have a profound impact on the federal budget, the workforce, and the housing market. The response to these perils will determine if the United States continues to be a global leader in the 21st century capable of supporting high economic growth and a rising standard of living.

Immigration will play a vital role in confronting the challenges posed by an aging society and keeping three promises at the heart of our economic success: a secure retirement for seniors; an ample and competent workforce for employers; and a healthy housing market for families.

Policy makers cannot afford to view immigration and the retirement of baby boomers as two separate phenomena. We must evaluate our immigration needs in light of the pending massive movement of a significant portion of the population out of the labor pool and housing market and into government funded entitlement programs.

Keeping our bedrock promises will require new blood from beyond our borders. Immigrants can significantly mitigate the three crises.

By firmly grasping the implications of the graying of America we can develop a practical immigration policy that meets the nation's future needs and enhances our resilience against powerful demographic and economic forces that threaten our global standing and competitiveness.

BACKGROUND

America's future is being shaped at the intersection of two great demographic forces: the aging of the baby boom generation and the settlement and advancement of foreign-born residents.[1] Strangely, the debate over immigration has proceeded as if aging does not exist or as if decisions about immigration reform are being made for the 1980s or 1990s rather than for the 2010s. Demographers are well agreed about the significance of these two megatrends for the 21st century,[2] and yet they are treated as separate and unrelated issues in public policy and political discussions. Before it is too late, we need to learn how to connect these major dots.

No distinction is made in this report between legal and illegal immigration. Experts of both liberal and conservative persuasion are coming to consensus that the real debate is about immigration in general.[3] In political debates and public opinion, the term "illegal" has taken on a broader meaning of simply "unwanted." If we wanted more immigrants, we could make it easier to gain legal entry, and if we wanted fewer, we could make that more difficult. The key decision that we as a nation must make involves how much immigration do we desire.

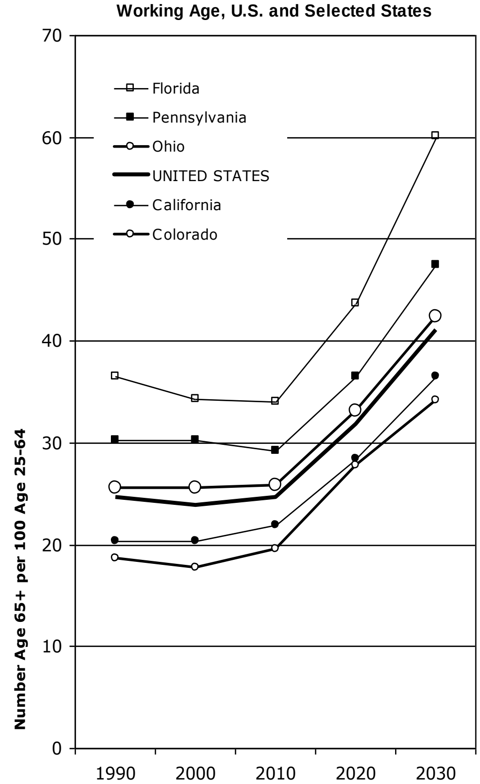
The answer to how much immigration we want depends less on the immigrants themselves—their rights or their personal qualities—than on the needs and preferences of the rest of us who are American citizens. In that, the most important group is the baby boom generation, born from 1946 to 1964 and 78 million strong. Not only does this group dominate the electorate, due to its size and position in prime voting ages, but it also will wield the greatest impact on the nation's economy in the coming decade. The leading edge of the boomers has just begun to turn 62 this year and file for Social Security benefits, but that is merely a trickle of the impacts expected to follow in the coming decade.

There are three different perils of an aging society that must be carefully negotiated. This includes not only the *entitlements crisis* of mounting demands on Social Security and Medicare, which is relatively well known, but also a debilitating *workforce crisis* due to so many retirements. In addition, older Americans make other predictable changes in later years, including the sale of homes once occupied by their families. As summarized below, a *home sellers crisis* will stem from the severe imbalance in the housing market created if the smaller-sized younger generation cannot absorb all the homes for sale.

Immigrants and their children will have a vital role to play in addressing all three crises. Typically arriving at young ages, immigrants help to reduce the rise in the senior ratio and contribute much needed retirement support. No matter that they themselves will have become seniors by 2040, we need their help most in the next two decades of rapid aging. Immigrants already are bolstering our workforce growth and propping up housing markets with willing home buyers.

Debates about the role of immigrants in American society should be placed in the context of how immigrants can help us bear the brunt of the aging society. This is not a matter of evaluating what immigration has done for us in the past, or what we prefer about immigration today, but rather how much we expect immigration to help us in the coming decade or two. Two key questions are intertwined in making this evaluation: will immigrants assimilate to productive roles, and how much will we need their help? Answers to these questions must begin first with how much the nation's needs are changing in the coming decade.

Figure 1:Soaring Ratio of Seniors per 100 Working Age, U.S. and Selected States



A SOARING SENIOR RATIO AND THREE PERILS FOR AMERICA

The impacts of the aging baby boom generation have been long expected in the realm of Social Security, but few have considered the broader ramifications to follow. In recent years, a series of studies have emerged that call attention to different consequences from this imminent threat. To grasp the magnitude of the aging problem, one simple ratio provides the needed backdrop on how much aging will dominate our nation's social and economic affairs over the next two decades. The senior ratio is the number of residents ages 65 and older divided by all persons of prime working age, 25 to 64.

This ratio has been invisible to us all because it has remained relatively constant through several decades. Today the ratio in the nation stands at about 24 seniors per 100 working age, but with the first baby boomers poised to reach age 65 in 2011, the senior ratio is primed to climb sharply over the next two decades, reaching 41 seniors per 100 working age adults. After decades of stability, this 67 percent increase in the senior ratio indicates how much our society and economy may be thrown out of our accustomed balance. Anything that seniors do that is different from working age residents will be impacted by this imbalance, and the suddenness of the increase will deliver a terrific jolt.

The sudden surge in the senior ratio will be felt nationwide, impacting states whose population today is either young or old. This is illustrated for a few selected states, along with the U.S. as a whole, in Figure 1. Florida already has a very high ratio of seniors—the highest in the nation—but that will rise much further, hitting 60 seniors for every 100 working age residents. In contrast, Colorado is among the youngest of states, but by 2030 it will have the same high ratio of seniors that Florida does today. In fact, the aging impacts of the baby boom generation are so pervasive that no state will experience less than a 50 percent rise in the senior ratio, as detailed in Table 1.

What does this sudden surge in the senior ratio imply for all our states? Three perils of an aging society can be identified. First, the best-known challenge to the nation involves the growing demand for retirement supports, including pensions and health care, along with the fiscal impacts that result from delivering these entitlements. Second, a much less recognized peril stems from the workforce impacts posed by the flip side of the retirement coin. The high rate of retirements will create growing needs for replacements in the workforce, and the diminished growth in workforce threatens to slow economic growth. A third peril that is little recognized at present also stems from the rising senior ratio: the massive increase in older Americans will create a surge in the number of likely home sellers that potentially outweighs the number of younger home buyers. All three perils deserve greater attention because they form the vital context in which immigrant contributions will be made.

Peril 1: The Entitlements Crisis and Fiscal Deficit

The figurehead for the growing entitlements crisis and mounting fiscal deficit is Social Security, although this amounts to only a small part of the peril. The Social Security Administration (SSA) has warned of a looming "silver tsunami" to be unleashed by the retiring baby boomers.[4] As the baby boomers reach retirement age, the number of workers available to support beneficiaries will decline, and after 2010, the ratio of expenditures to payroll taxes collected will increase rapidly.[5] The Social Security Board of Trustees projects that by 2017 the inflow of tax revenues will fall below program costs. At this point, the surplus that had been built up in the Social Security Trust Funds will begin to be drawn down and ultimately depleted in 2041.[6]

Even greater than the threat to Social Security is the more rapidly growing burden posed by Medicare. In 2007, Medicare had approximately 44 million beneficiaries and expects to have 32 % more by 2018.[7] Meanwhile, the cost per person served is also skyrocketing as a reflection of the general crisis in health care affordability. According to the U.S. Government Accountability Office, the growth in Medicare expenditures will increase from 15 percent of projected federal revenue in 2008, to 20 percent in 2016 and 31 percent in 2032 (data described below).

The growth in expenditures for Social Security, Medicare, as well as Medicaid, has severe implications for the nation as a whole, not just the prospective program beneficiaries. The fast-growing entitlement expenditures and lack of tax policy changes have prompted the U.S. Congressional Budget Office, Government Accountability Office (GAO), and Office of Management and Budget to issue warnings that the federal government is on an "unsustainable" fiscal path.[8] The urgency of this crisis has also prompted budget experts of both conservative and liberal persuasion to jointly urge that the federal government re-examine its "autopilot" mandatory spending policies because the entitlement programs "already comprise 42 percent of the federal budget, even before the baby boomers begin to retire."[9] In addition, the persistent annual fiscal deficit in the budget has been made worse because of growing interest payments on the mounting debt and the costs of war in Iraq and Afghanistan.

The outlook for the future is indeed dire. Under the assumption that all expiring tax laws are renewed and that discretionary spending grows in proportion to GDP, budget simulations by the GAO show Social Security and Medicare expenditures rising from 38 percent of federal revenue in 2008 to 46 percent in 2016; it then mushrooms to 65 percent by 2032. In order to maintain other functions of government, there will be acute pressure to borrow more heavily; the annual interest paid on federal debt is expected to increase even more dramatically, rising as a share of total federal revenue from 9 percent in 2008 to 13 percent in 2016 and then to 30 percent in 2032.[10] Effectively, this budget outlook foresees only undesirable alternatives: curbing all government spending on necessary functions like defense, education, or transportation; engaging in ever heavier borrowing and debt repayment; or raising taxes. At the root of this dilemma lies the surging increase in the senior ratio.

Peril 2: The Challenge of Grooming Workforce Replacements

Growing effects of a globalizing economy have been a dominant factor reshaping U.S. prosperity. An equally dramatic impact has been the downshift in the rate of workforce growth in recent decades, falling from 2.6% per year in the 1970s to 1.3% in the 1990s, and expected to decline to 0.6% in the coming decade of the 2010s, bottoming out at 0.4% in the 2020s.[11] The high rate of growth in the 1970s accompanied the entry into adulthood of the giant baby boom generation, and the extremely low growth 40 years later accompanies their retirement from the workforce. It bears emphasis that this workforce slowdown would be even steeper if older workers continue to retire as early as they did in the 1970s. Instead, the Bureau of Labor Statistics foresees a pattern of more delayed retirement. By 2020, it is anticipated that the share of men and women remaining in the workforce at ages 65-69 will begin to resemble the share observed in 1990 as still working at ages 60-64.[12] In essence, retirement is being pushed back to an older age, which moderates the effects of aging on losses from the workforce: the ratio of non-working seniors to all labor force increases "only" 55.4% in the next 20 years.[13] Nonetheless, despite delayed retirements, workforce growth will be virtually stagnant.

The slowing rate of workforce growth is a drag on the nation's overall economic growth, posing a threat that was explored at length in the 2007 Economic Report of the President.[14] A nation's economic growth is essentially the growth in the total output produced in the nation, which is equal to the total number of workers multiplied by the output per worker. For the economy to grow, either output per worker (labor productivity) must increase or the number of workers must grow, or both. In the calculations used by economists, the slowing rate of workforce growth directly subtracts from the rate of GDP growth. As a result, the projections of GDP growth for the next decade range from 2.2 percent to 3.1 percent, as compared to 3.8 percent GDP growth in the mid-1990s.[15] Thus, the economic threat posed by slowing workforce growth is that it leads to weaker growth in GDP, and that makes it even more difficult to absorb the growing fiscal impacts of the entitlements expected by the retiring baby boomers.

The rate of retirements will have a heavy impact in all occupations over the coming decade and still greater impact in the decade after that. This varies by occupation in terms of the typical ages of workers and the historic difficulties in filling vacant positions. Two examples spotlighted by the Bureau of Labor Statistics are informative. A total of 1.9 million Americans work as waiters and waitresses and 67.1% of these waitstaff are under the age of 30. In fact, there is a high rate of "retirement" from this occupation for everyone over age 25, as 49.3% leave this occupation by the time they reach age 25-29.[16] In turn, they are replaced by a fresh cohort ages 16 to 24.

Registered nurses represent a particularly important example, because they are a professional occupation with training and licensing requirements that already has a widely cited shortage of workers. In 2000, the deficit of RNs was estimated to be approximately 110,800, but this shortage is expected to increase by *eightfold* by the year 2020, reaching 808,500.[17] In the nursing occupation, only 11.4% are under the age of 30 and in contrast nearly a third (30.6%) are age 50 and older. Retirements from nursing are negligible for workers under age 50. Only 6.4% retire in their early 50s, while 23.8% retire in the late 50s, and another 53.0% retire in their early 60s.[18] As the baby boomer cohort of nurses advances into their 60s, the expected retirements will rise markedly. Meanwhile the demand for nurses is expected to escalate due to the greater health care needs of the growing numbers of seniors. By far the largest number of replacement nurses enter the profession in their late 20s, but that cohort may not be as large as the number of retirees. It is a serious question how the nation's health care needs will be met in the face of the baby boomer retirements.

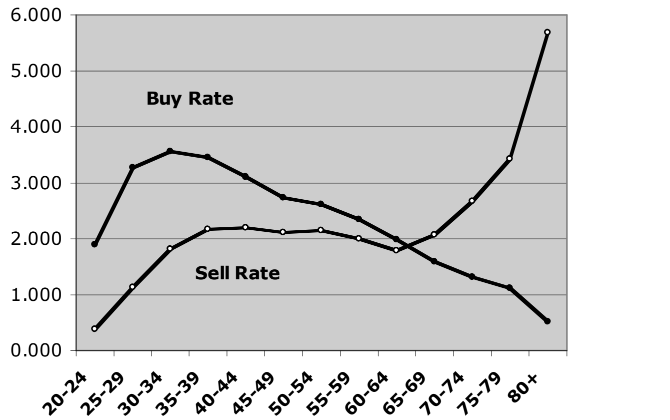
Taking all occupations together, the nation faces replacement needs of approximately 3.3 million workers each year from 2006 to 2016.[19] The losses over the coming decade amount to 22.1% of all workers employed in 2006. Some occupations have higher replacement needs, such as chief executives, of whom 27.3% will need to be replaced due to their generally older age. However, many of the larger or more critically important occupations face similar losses and will need to compete for replacements. Anticipated losses include 21.1% of all engineers, 25.7% of electricians, 24.9% in law enforcement, and 36.4% of firefighters. These are only the losses through 2016, before the baby boomer retirements reach their full impact.

Employment projections generally are only prepared for a 10-year time horizon, but we can see beyond that. We know from the overall workforce analysis described above that the slowing workforce growth is due to losses from greater retirements that require new entrants to serve as replacements rather than contribute to net growth. These retirement losses will be substantially steeper in the 2020s than the 2010s or 2000s, and so the present data for replacement needs from 2006 to 2016 must be viewed as only a prelude to much larger replacements to follow. A likely scenario is that a backlog of unmet replacement needs will accumulate in the coming decade—likely worse in some states than others—and this backlog will then be carried over and added to the still larger needs accrued in the decade after that. Following 2020, the nation will have entered a deep and debilitating workforce deficit, with severe consequences for GDP, from which recovery will take a decade or more. The workforce outlook is a genuine crisis that cannot be solved in a short time period and demands both foresight and sustained solutions.

Peril 3: The Coming Home Sellers Crisis

A little recognized aspect of the rising senior ratio is the coming crisis for home sellers. Today the housing market already is mired in a deep downturn. Once order is restored in most housing markets, it will be time to contemplate a deeper and longer-lasting housing problem for the decade ahead. The simple fact is that older people do not buy many homes, instead holding on to the homes they already own until, eventually, they all become sellers. (This includes trading down to for a rental unit, moving to retirement, long-term care facilities, or sale after death.) Meanwhile, the younger people who are the major buyers will be in short supply in coming years. This is another major consequence of the 67% rise in the senior ratio.

Figure 2: Annual Rates of Buying and Selling Owner-Occupied Homes, by Age, United States, 1995 to 2000



Alarm was raised once before about the impacts of the aging baby boomer generation on house prices.[20] That study in the late 1980s by N. Gregory Mankiw and David Weil foresaw major declines in prices after 1990, but was severely disproven by subsequent events. The fault of the Mankiw-Weil study was that it assumed baby boomers would start trading down at age 45, and so their expectations of decline were more than 20 years too soon. Today we possess better information on the demographics of home buying and selling, including variations between the different states.

The recent breakthrough was construction of estimated annual rates of home buying and selling per capita that can be applied to future population numbers.[21] These rates are calibrated for the time period of 1995-2000, which is assumed to represent a more normal and sustainable pattern of demand than either the boom or crash years post-2000. The resulting "normal" rates of buying and selling by age groups in the U.S. are displayed in Figure 2.[22] Persons in their early 30s have the highest rates of home buying, but they also sell homes at a substantial rate as they move up in the market. The net increase of buying over selling is greatest for young adults but turns negative in the early 60s.[23] Beyond age 75 there is a substantial net surplus of sales over purchases of 2% of people per year. The rate of home selling increases exponentially for those late in life due to moving into alternative housing or death.

As the baby boomers advance deeper into retirement years, the housing market will be skewed to include more sellers. Younger age groups will continue to buy many more homes than they sell, but those age groups will be increasingly outnumbered by the older groups that sell more homes. A recent analysis showed that the normally expected number of home sales by residents over age 65 would approximately double between 2000 and 2025, growing from annual net losses of one million to two million homes in this age group.[24] This increasing sell-off by the elderly will effectively eliminate the average growth in homeowners that has been proceeding at just over one million per year.

This scenario is a projection whose prediction of the future could be avoided for two basic reasons. First, the expected downturn in demand might be lessened if senior citizens extend their life expectancies even longer than expected in the Census Bureau population projections used for these housing forecasts, or if the seniors break with past practices and decide to stay in their homes without selling (as they may be forced to do, if prices decline due to diminished demand). Alternatively, the future scenario might also be avoided if younger households can increase their rate of home buying so that they make up for their relatively smaller numbers. A practical solution is for older homeowners to cultivate their future home buyers by investing in the higher education needed to transform more of the younger generation into middle class home buyers.[25]

WEIGHING IMMIGRANT CONTRIBUTIONS IN OUR NEW CONTEXT

Making relevant decisions for the future can be very challenging. Current political debate about immigration is often based on current perceptions of benefits and costs of immigration. Surely that information has value, but it has limited applicability to the coming decade when needs will change so greatly. Most academic research has been similarly handicapped. Efforts to be objective about immigration often emphasize social science research findings dated from the 1990s or earlier. Relationships identified from that era can be very useful if they are converted to the new context we know to be coming.

Impact of Immigration on the Senior Ratio

The soaring senior ratio lies at the root of the nation's greatest domestic problems. But what difference can immigration make? The Census Bureau produced population projections in 2000 that tested the effects of varying levels of immigration. Analysis presented before Congress reported that our current level of immigration, compared to zero immigration, would reduce the increase in the senior ratio from 2010 to 2030 by more than one-quarter. This finding was confirmed by analysis of new population projections produced by the Pew Hispanic Center. The effect of a high and low immigration scenario were compared—one assuming 700,000 immigrants per year and the other 2,100,000. Between 2010 and 2030, the senior ratio would rise by 66.8% under the low-immigration scenario and by 47.2% under the high scenario. The difference in immigration between the two scenarios is equivalent to our current volume of immigration—about 1,400,000 per year—and serves to reduce the rise in the senior ratio by more than one-quarter (–29.3%). Over the longer term, to 2050, the higher immigration rate produces an even greater reduction in the otherwise expected rise in the senior ratio, cutting the increase by nearly half (–46.8%).

Immigration can clearly help, but it is not sufficient by itself. The impacts of the remaining increase in the senior ratio would need to be addressed by other means—cutting benefits for seniors, raising taxes, and/or investing greater education spending to expand the economic capacity of the smaller working age population. Immigration cannot prevent the need for these other measures, but it helps to forestall even heavier reliance on them.

Impact on Entitlements and Fiscal Crisis

Immigrant contributions to a more balanced senior ratio are vital for addressing the first peril of an aging society, namely the nation's growing entitlements burden and the fiscal crisis. A greater proportion of working age residents supports fiscal stability because of the tax contributions made by immigrants. A series of recent studies have shown that, for example, "… most immigrants pay the same taxes as native-born New Yorkers."[26] Whether they occupy owned or rented homes, all residents pay property taxes, either directly or through a landlord. All residents also pay sales taxes and other taxes or fees on goods consumed (such as gasoline taxes). And even undocumented immigrants pay payroll taxes withheld by employers for Social Security and Medicare even though they will not qualify for those benefits themselves.[27]

Whether immigrants pay more in taxes than they receive in benefits is a more challenging question to answer. A key decision is whether to include the native-born children of immigrants in this calculation. All children are very expensive because of the high costs of education, by far the largest component of state and local government expenditures.[28] Of course, over the longer run those education expenditures amount to investments in growing the next generation of workers and taxpayers, so a short-run calculation of costs and benefits does not provide the best perspective. Also, immigrants tend to be more expensive when newly arrived and return greater benefits later. Therefore, we need to cost out the fiscal impacts over the life cycle of both immigrants and their children. The authoritative study conducted in 1997 by the National Research Council (NRC) reported detailed simulations over three generations.[29] That study reported substantial lifetime contributions by immigrants, net of services received and even more by their children. The NRC study found that the impacts of immigration depend not only on the relative numbers of immigrants but also on their age at arrival, whether that is before or after the expense of schooling, in the high taxpaying middle age period, or in retirement years. Also, the impacts are considerably less positive for immigrants with less than a high school education and are more positive for those with education beyond high school.

Added to the difficulty of assessing impacts over time, there is the question of a spatial mismatch between taxes and services at different levels of government. It is widely recognized that more of the fiscal benefits of immigration go to the federal level (through payroll taxes), while more of the service costs fall to the state and local governments (primarily through spending on education and health). Thus, immigrants and their children can truly assist with bearing the weight of the entitlements crisis felt by the federal government. However, localities with large immigrant populations or new destinations for immigrant settlement may suffer a fiscal shock to their local budgets. In response, what would be desirable is a way to share more of the federal fiscal benefits of immigration with those localities. Similarly, we need to find a way to share more of the long-term benefits with the places where initial costs of investment are being borne. Overall, immigration may make good fiscal sense, but there are local wrinkles needing to be ironed out.

Impact on Workforce and the Economy

Immigrants play a vital role in the economy of the nation and major states where they are settled, helping to address the second peril of an aging society, namely the urgent need for replacements for retiring workers. Workforce participation in fact is the primary motivation for immigration in the first place. The rise in immigration has coincided with a period of slowing workforce growth in the native-born population. Thus it should not be surprising how important a role immigrants have played in recent years.

A summary of recent trends is provided in Table 2. Between 1980 and 2007, the civilian workforce expanded from 104 to 152 million. In that time, the foreign-born portion of the workforce grew from 7.0 to 23.8 million. Although the foreign-born share remained a small portion of the total workforce in 2007 (15.6%), it has accounted for a large share of the growth: 23.8% of workforce growth in the 1980s, 39.6% of the 1990s, and 54.2% of 2000-07 (Table 1). In the latter time period, if the children of immigrants are included, immigrants accounted for nearly two-thirds (65.9%) of all workforce growth.

Without the contributions of immigrants, the nation's workforce growth would have slowed even more than it has over recent decades. During the 1980s, the workforce increased 1.84% per year, falling to 0.86% per year in the current decade. If the foreign-born workers were subtracted, the workforce growth would have fallen to 0.44% per year in 2000-07, and if the children of immigrants also were removed, workforce growth would have declined to only 0.36% per year (Table 2). This slow rate of growth in workforce *precedes* the retirement of the baby boomers. In the next decade it is expected to fall much lower and without immigrant contributions the rate of growth could turn negative.

Immigrants provide both direct and indirect replacements for the occupational needs cited above. For example, in the nursing example, the key replacement cohort enters the profession before age 35. Of that group, 14.8% in 2007 was composed of foreign-born workers and another 7.4% was composed of the children of immigrants.[30] That is the national average, but the foreign-born contribution is much greater in some states, reaching 35.8% of entry-age RN's in California, 35.4% in New Jersey, 26.6% in New York, or 20.8% in Florida.[31]

Clearly, without these workers, the nursing shortage would be far more severe. The indirect effect of immigration is that the children of immigrants—the second generation—will supply much greater replacements for occupational needs in the future. This will occur when the children raised by today's much-more-numerous immigrants mature into adulthood. They are all being educated in the U.S. and current evidence shows that most have a high likelihood to move into more skilled fields than occupied by their parents.[32]

More than just filling jobs, these immigrant workers contribute substantially to the gross economic product of the nation and states. A recent study of New York found that immigrants account for $229 billion in gross product, or 22.4% of the state GDP in 2006, a proportion that is roughly proportional to their share of the working age population.[33]

Unauthorized immigrants comprise less than half the nation's foreign-born workforce, but they also have been found to play a substantial role in the economy. The political debate surrounding illegal immigration has led to a number of studies of their economic impacts. The State of Texas Comptroller's Office reported in 2006 that removal of undocumented workers from Texas would be associated with a loss of $17.7 billion dollars from the annual gross state product.[34]

A new study prepared by a major Texas economic consulting firm, The Perryman Group, on the economic impacts of undocumented workers arrived at a much higher loss for the state of Texas—$81.8 billion, or $30.8 billion after dynamic adjustments. The Perryman study also compared impacts in major immigrant receiving states and the nation as a whole. In 2008, an estimated 8.1 million undocumented workers represented roughly 5% of the nation's workforce. The report estimated a total loss to the nation's GDP of $652 billion, would follow from an enforcement-only policy of removal of undocumented workers.[35] Following a series of dynamic adjustments to this loss of workers, the lost GDP would still stand at $245 billion. The report found that the losses in gross product would be concentrated in states where undocumented workers constituted larger shares of the workforce, the largest five being California, Arizona, Nevada, Texas, and New Jersey. Adjusted for population of the state, the losses in gross state product per capita would range from $5306 in California to $3289 in New Jersey. The Perryman report concluded: "….the resource represented by undocumented workers is an absolutely essential element of the modern US economy."[36]

Impact on Home Selling and Buying

The third peril we have emphasized for our aging society is the risk of so many more older homeowners releasing their homes on the market than there are younger households to buy them. Real estate experts are acutely aware of the prominent role played by immigrant home buyers, as demonstrated in the annual *State of the Nation's Housing* report from Harvard University's Joint Center for Housing Studies.[37] A comparison across the decades shows how rapidly the immigrant contribution has been increasing, growing from 5.5% of the growth in homeowners in the 1970s, to 10.5% of the increase in the 1980s, 20.7% in the 1990s, and 28.9% from 2000 to 2007.[38]

The rapid progress of immigrants into homeownership is surprising to many, because it is often assumed that immigrants are mired in poverty and cannot advance to homeownership. At times when immigration has been rapidly increased, many of the foreign born are recently arrived. Growing numbers of immigrants have the characteristics of newcomers, not speaking English and not well-adjusted economically. If a wave of newcomers is revisited some 10 or 20 years later, the change in status among the longer settled immigrants is remarkable. One of the strongest changes is progress into homeownership. For example, 20% of immigrant arrivals during the 1970s were homeowners in 1980, but that had climbed to 56% by 2000.[39] A similar rate of increase occurred among arrivals in the 1980s, and a similar dynamic prevailed in all the states that are major immigrant gateways.[40] Latino immigrants also participate strongly in this upward mobility into homeownership, both nationwide and even in the high-priced state of California.[41]

Immigrants and their children demonstrate a powerful desire and ability to buy homes. That is fortunate because the peril posed by the aging baby boomers is that relatively too many will want to sell their homes compared to the number looking to buy. Just as immigrants help to fill the gap in the workforce, so they can fill the gap among home buyers. In answer to the question often wondered—“Who is going to buy your house?”—the answer will likely be someone younger, possibly an immigrant or child of an immigrant, and someone who may be ethnically different. This stranger will be the partner in a transaction that enables seniors to unlock their home equity and access the money they need for their later years.

NEW FEELINGS ABOUT NEW BLOOD

The American public is divided in its feelings about immigration. This is less a polarization along party lines or between ethnic groups, and instead seems more to reflect ambivalence toward immigration. When asked an overall question about levels of immigration—*In your view, should immigration be kept at its present level, increased or decreased?* —responses to a Gallup Poll in June/July 2008 continue to be divided as in previous years: 39% wished immigration to remain at the current level, 18% wished it increased, and 39% wished it decreased (3% expressed no opinion).[42] The sizable fraction preferring decreased immigration was virtually identical for non-Hispanic whites and blacks (42% and 39%, respectively). Among Hispanics, a lower share preferred a decrease in immigration (28%), while an identical number preferred to see an increase (28%) and a greater number (40%) preferred to keep immigration at the same level. (Insufficient numbers of Asians were surveyed to permit a separate breakout.) On the whole, although Hispanics express more favorable opinions on immigration than others, what is more striking is that they also seem divided on this issue.

What is the Trend in Immigration?

Opinions about immigration are based on what people “know” about the topic, depending on issues raised in the various news media and what they see on the streets of daily life. Two observations apparently lead to common misperceptions among citizens. The first is that past increases in immigration color their perceptions of future trends. We each have a tendency to extrapolate our expectations, and the rapid increases in immigration during the 1990s led many citizens to fear a further escalation in the next decade.[43] The feared increases would likely seem much less manageable and could easily color opinion about desired trends. In fact, when people call for less immigration, is that relative to what they knew before, or based on what they assume the trend is today, or is it perhaps based on what they expect for tomorrow?

Putting this in perspective, it is helpful to see what actually has been the trend in immigration in the last couple of decades, showing this for the nation as a whole, selected states in the nation that are traditional gateways (New York, California, and Texas), and some others that are newly receiving immigrants in high volume (Figure 3). The trend is portrayed as the percentage increase in annual number of new arrivals, starting from the level received in 1980.[44] The traditional gateways already had a high volume of newcomers at that time, and their subsequent increases were very small. In fact, immigration began slowing in California after 1990 and decelerated even more after 2000. New arrivals in New York decreased sharply after 2000, and they also ceased their increase in Texas, following a decade of tremendous growth. Immigration increased much more substantially in Florida, Arizona, and Georgia, but in all those states the growth has begun to moderate after 2000.

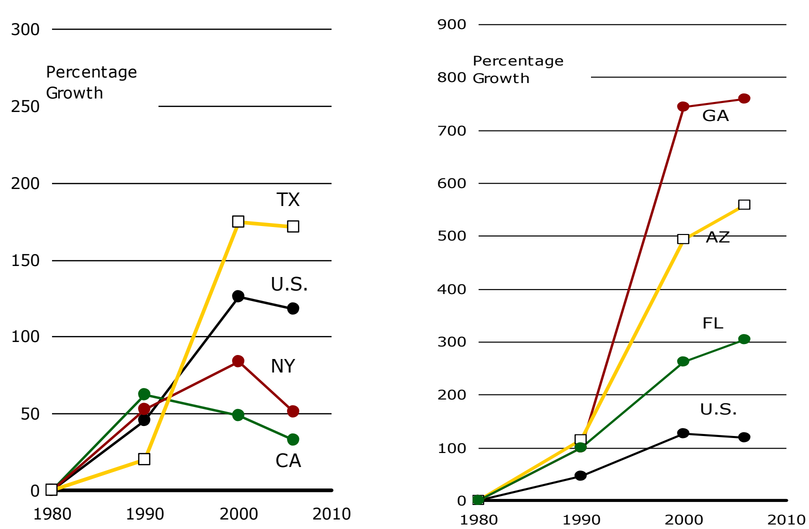


Figure 3: Percentage Increase since 1980 in the Annual Flow of Immigrants

In the nation as a whole, immigration is now declining from the high point in 2000, a rate of arrival that was 125% of its 1980 level, to a slightly slower rate.[45] The important point is that immigration had been rapidly accelerating, and many people assume this has continued, but the data show a leveling off and even decline, with the exception of Arizona and a limited number of other states that are hotbeds of concern about immigration.

Expert consensus is that immigration escalated during the economic boom of the late 1990s, peaking around 2000 before beginning its slow decline.[46] In fact, no upward trend in immigration has ever continued in our nation's history because ebbs and flows of immigration have been typical. A number of triggers may have stemmed the current rising tide, including saturation and wage stagnation in some job markets, followed by the downturn in the construction industry, stricter controls after 9/11, competition from other countries with worker shortages, and a diminishing supply of potential immigrants in source countries. The current downturn in immigration is widely expected to be sustained, or at least not resume its growth, according to leading forecasters.[47]

Settled Immigrants

A major consequence of accelerating immigration is that most of the immigrants in an area are newcomers. Those newcomers have not had much time to settle in, assimilate, or advance economically, leading to the second misperception. In the eyes of local citizens, the trend of growing immigration may well be discouraging because they imagine a rising sea of newcomers. A term coined for this perception is *the Peter Pan fallacy*, namely the assumption that immigrants remain like newcomers their entire lives, never growing older, assimilating, or economically advancing in any way.[48] Of course, that is not true: the evidence is plain in areas where immigrants long have been settled. In California, after 30 years, English proficiency has increased markedly and more than 60% of Latino immigrants have become homeowners.[49] But how is the typical citizen in a destination new to immigrant settlement to know any of this? They are the most likely to fall prey to the Peter Pan fallacy.

CONCLUSION: BURDEN OR BENEFIT?

For lack of experience with longer settled immigrants, many Americans may not fully appreciate the benefits that follow when immigrants are longer settled. This judgment crosses partisan boundaries. A poll by the Pew Research Center found that a majority of both Democrats and Republicans (51% and 56%) think "Immigrants today are a burden on our country because they take our jobs, housing and health care."[50] Nearly as many (47% of Democrats and 53% of Republicans) also agreed that "the growing number of newcomers from other countries threaten traditional American customs and values." Given these doubts, it is not surprising that significant numbers of citizens want to "just say no."

An apparent paradox is that people living in areas with the least exposure to immigrants are the most fearful of potential consequences from immigration. Compared to people living in areas with high proportions of foreign-born residents, those who have little experience living and working near immigrants are more likely to think immigrants are a burden because they take jobs and housing (65%, compared to 47% of people with high exposure), believe that immigrants often go on welfare (43% vs. 29%), and believe that immigrants increase crime (40% vs. 30%).[51]

What would these same citizens say about the three perils of our aging society? Many may not be thinking about it or considering what lies ahead. Given the substantial ways in which immigrants can help us meet our coming challenges, it is time to rethink whether immigrants are a burden or whether they might be a benefit. There are times when new blood could be much desired.

The United States is currently facing a painful, yet short-term economic downturn. The aging of our society, as expressed by the ballooning senior ratio and the impending retirement of the baby boomers, represents a singular event with severe implications for long-term economic growth and prosperity. Immigration will play a critical role as we seek to confront this epic challenge.

The next president and congress will have to deal with immigration reform and the retirement of the baby boomers. In order to deal effectively with both they must not be viewed separately. As policy makers address fixing our broken immigration system, they must be cognizant of the perils presented by the retirement of the boomers and the vital role of a rational and forward-looking immigration policy for mitigating these threats and making America more resilient.

APPENDIX

Table 1: Rising Ration of Seniors to Prime Working Age Population

	Ratio of Seniors (65+) per 100 Working Age (25-64)					Percentage Change Each Period				
	1990	**2000**	**2010**	**2020**	**2030**	**1990-2000**	**2000-10**	**2010-20**	**2020-30**	**2010-30**
Alabama	25.9	25.2	26.7	35.2	45.0	-2.8%	6.0%	32.1%	27.8%	68.8%
Alaska	7.5	10.4	15.2	24.8	31.6	38.7%	46.2%	62.8%	27.5%	107.6%
Arizona	26.4	25.9	27.4	37.4	49.9	-2.0%	5.8%	36.6%	33.6%	82.4%
Arkansas	30.6	27.6	27.5	34.8	43.2	-9.9%	-0.3%	26.7%	24.0%	57.1%
California	20.3	20.4	21.9	28.4	36.5	0.3%	7.7%	29.7%	28.2%	66.4%
Colorado	18.6	17.7	19.6	27.7	34.2	-5.0%	11.0%	41.5%	23.3%	74.4%
Connecticut	25.5	25.8	26.9	33.5	44.4	1.2%	4.1%	24.7%	32.6%	65.4%
Delaware	23.3	24.7	26.2	35.5	49.9	6.0%	6.2%	35.3%	40.7%	90.3%
District of Columbia	23.6	22.2	21.1	23.9	26.5	-5.8%	-5.0%	13.3%	10.9%	25.7%
Florida	36.5	34.2	34.0	43.7	60.0	-6.2%	-0.8%	28.6%	37.5%	76.8%
Georgia	19.5	17.9	19.1	25.4	32.9	-8.4%	7.0%	33.0%	29.6%	72.3%
Hawaii	21.5	25.1	27.6	38.7	49.3	16.7%	10.1%	40.1%	27.6%	78.7%
Idaho	25.3	22.8	22.7	30.6	37.7	-9.9%	-0.3%	34.5%	23.3%	65.8%
Illinois	24.6	23.2	23.4	29.2	36.9	-5.7%	0.7%	25.0%	26.4%	58.0%
Indiana	25.0	24.0	24.1	30.4	37.8	-4.1%	0.5%	26.1%	24.5%	56.9%
Iowa	31.6	29.9	28.6	36.8	48.0	-5.4%	-4.4%	28.8%	30.4%	67.9%
Kansas	28.1	26.5	25.8	33.4	43.3	-5.6%	-2.7%	29.4%	29.7%	67.8%
Kentucky	25.0	23.6	24.2	31.8	40.7	-5.7%	2.6%	31.6%	27.7%	68.1%
Louisiana	22.8	22.9	24.3	32.4	41.8	0.4%	6.2%	33.1%	29.1%	71.8%
Maine	25.9	26.7	27.9	38.9	54.0	3.2%	4.2%	39.6%	38.8%	93.7%
Maryland	19.9	20.7	22.6	28.4	36.0	4.2%	9.0%	25.7%	26.6%	59.1%
Massachusetts	26.1	25.2	25.3	32.4	43.1	-3.3%	0.4%	27.7%	33.3%	70.3%
Michigan	23.5	23.5	23.9	30.6	39.4	-0.1%	1.6%	28.3%	28.7%	65.1%
Minnesota	24.7	23.1	22.9	29.6	39.0	-6.3%	-1.0%	29.3%	31.6%	70.1%
Mississippi	26.5	24.3	24.4	32.4	43.0	-8.4%	0.7%	32.5%	32.6%	75.8%
Missouri	28.0	26.3	26.4	33.2	42.5	-6.2%	0.4%	25.9%	28.1%	61.2%
Montana	26.6	26.0	27.5	40.5	54.9	-2.3%	5.6%	47.5%	35.6%	100.0%
Nebraska	29.0	27.2	26.7	35.3	45.9	-6.3%	-1.6%	32.2%	29.8%	71.6%
Nevada	19.4	20.1	22.7	29.9	38.6	3.7%	12.7%	31.7%	29.4%	70.4%
New Hampshire	21.3	21.9	22.9	31.8	43.0	2.9%	4.6%	38.6%	35.4%	87.6%
New Jersey	25.1	24.5	25.0	30.8	39.8	-2.3%	2.0%	23.1%	29.2%	59.0%
New Mexico	21.6	23.1	27.1	41.2	60.1	6.7%	17.5%	51.9%	46.1%	121.9%
New York	25.1	24.3	25.5	31.7	41.1	-3.2%	4.9%	24.4%	29.5%	61.0%
North Carolina	23.4	22.5	23.4	29.9	37.6	-3.9%	4.2%	27.7%	25.7%	60.5%
North Dakota	29.9	30.1	29.5	40.3	56.6	0.7%	-1.9%	36.4%	40.3%	91.4%
Ohio	25.6	25.6	25.8	33.1	42.3	-0.2%	1.0%	28.4%	27.7%	64.0%
Oklahoma	27.1	26.1	26.7	34.1	42.0	-3.6%	2.3%	27.6%	23.2%	57.3%
Oregon	26.8	24.2	23.7	31.8	36.5	-9.6%	-2.0%	33.7%	15.0%	53.7%
Pennsylvania	30.3	30.2	29.2	36.5	47.4	-0.2%	-3.3%	24.8%	29.9%	62.2%

Rhode Island	29.7	28.1	26.6	33.1	44.6	-5.2%	-5.3%	24.2%	34.8%	67.4%
South Carolina	22.5	23.0	25.6	35.5	47.0	2.3%	11.3%	38.5%	32.4%	83.4%
South Dakota	31.3	29.5	28.2	37.9	52.4	-5.7%	-4.3%	34.2%	38.2%	85.5%
Tennessee	24.6	23.1	24.9	32.6	40.5	-5.9%	7.7%	31.0%	24.2%	62.6%
Texas	20.1	19.4	20.3	26.4	32.8	-3.6%	4.5%	30.1%	24.5%	62.0%
Utah	20.1	18.9	19.0	24.9	29.6	-6.0%	0.8%	30.7%	19.2%	55.7%
Vermont	22.8	23.7	25.9	37.4	50.6	3.9%	9.3%	44.4%	35.2%	95.2%
Virginia	20.1	20.5	23.1	30.7	39.1	1.9%	12.9%	32.8%	27.5%	69.3%
Washington	22.6	21.0	22.2	29.7	36.2	-7.2%	5.7%	34.0%	21.7%	63.1%
West Virginia	29.8	28.9	29.0	39.6	50.5	-2.9%	0.3%	36.6%	27.4%	74.0%
Wisconsin	26.7	25.3	25.0	32.8	44.3	-5.1%	-1.5%	31.4%	34.9%	77.3%
Wyoming	20.6	22.4	25.5	40.4	56.2	8.9%	13.5%	58.8%	39.1%	120.9%
United States Total	24.6	23.8	24.6	31.8	41.1	-3.2%	3.2%	29.6%	29.0%	67.2%

Source: U.S.Census Bureau, Interim State Population Projections, 2005; 1990 Census; Census 2000.

Table 2: Immigrant Contributions to Growth in Workforce, 1980 to 2007

	1980	1990	2000	2000-CPS	2007-CPS
Total Civilian Labor Force	104,112,240	123,235,735	137,678,709	140,454,201	152,307,251
Native-born	97,141,360	111,713,941	120,430,421	123,069,624	128,496,896
Children of immigrants				9,173,501	10,555,109
Foreign-born	6,970,880	11,521,794	17,248,288	17,384,578	23,810,356
		Change 1980-90	Change 1990-2000		Change 2000-07 CPS
Numeric Increase					
Total Civilian Labor Force		19,123,495	14,442,974		11,853,050
Native-born only		14,572,581	8,716,480		5,427,272
Excluding children of immigrants					4,045,664
Annual % Increase					
Total Civilian Labor Force		1.84	1.17		0.86
Native-born only		1.50	0.78		0.44
Excluding children of immigrants					0.36
Foreign-born % Share of Numeric Increase					
Total Civilian Labor Force		23.8	39.6		54.2
Including children of immigrants					65.9

Source: 1980, 1990, and 2000 decennial census; 2000 and 2007 Current Population Survey

ENDNOTES

[1] This thesis is developed in depth in Dowell Myers, *Immigrants and Boomers: Forging a New Social Contract for the Future of America*. New York: Russell Sage Foundation, 2007.

[2] William H. Frey and Ross C. DeVol, *America's Demography in the New Century: Aging Baby Boomers and New Immigrants as Major Players*, Policy Brief No. 9, Santa Monica, CA: Milken Institute, March 8, 2000; http://www.milkeninstitute.org/publications/publications.taf?function=detail&ID=54&cat=PBriefs; D'Vera Cohn, "The Divergent Paths of Baby Boomers and Immigrants," Washington, D.C.: Population Reference Bureau. http://www.prb.org/Articles/2007/DivergentPathsofBabyBoomersandImmigrants.aspx

[3] Immigration critic Mark Krikorian states the matter: "…..the central problem is the large-scale settlement of people from abroad, whoever they are and however they get here: legal or illegal, skilled or unskilled….", *The New Case Against Immigration: Both Legal and Illegal* (New York: Sentinel, 2008), p.8. Liberal columnist Michael Kinsley expresses the choice thus: "The suspicion naturally arises that the illegality is not what bothers you. What bothers you is the immigration. There is an easy way to test this. Reducing illegal immigration is hard, but increasing legal immigration would be easy. If your view is that legal immigration is good and illegal immigration is bad, how about increasing legal immigration? How about doubling it? Any takers? So in the end, this is not really a debate about illegal immigration. This is a debate about immigration." "Commentary: Kidding Ourselves About Immigration," *Time*, December 6, 2007.

[4] Social Security Press Office, "Nation's First Baby Boomer Files for Social Security Retirement Benefits -- Online!" October 15, 2007; http://www.ssa.gov/pressoffice/pr/babyboomerfiles-pr.htm.

[5] The Social Security Trustees Annual Reports provide long-term cost and expenditure projections of the Old Age, Survivors, and Disability Insurance Program (OASDI). In technical terms, the OASDI cost rate (or the total expenditures as a percentage of taxable payroll for the year) will increase rapidly after 2010 because the number of beneficiaries will begin to increase at a faster rate than the number of workers. According to current projections, the cost rate will begin to exceed the income rate (or the ratio of tax income to taxable payroll for the year) in the year 2017, after which point the gap between the two rates will increase dramatically (U.S. Social Security Administration. The 2007 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, http://www.ssa.gov/OACT/TR/TR07/tr07.pdf.).

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[8] Congressional Budget Office. (January 2008). The Budget and Economic Outlook: Fiscal Years 2008 to 2018, http://www.cbo.gov/doc.cfm?index=8917&type=1; Government Accountability Office. Saving Our Future Requires Tough Choices Today, Fiscal Wake-up Tour, GAO-06-1084CG; Office of Management and Budget. Fiscal Year 2009 Budget of the United States, http://www.whitehouse.gov/omb/budget/fy2009/pdf/budget.pdf.

[9] Brookings-Heritage Fiscal Seminar. (April 2008). Taking Back Our Fiscal Future. Retrieved electronically on June 17, 2008 from http://www.brookings.edu/~/media/Files/rc/papers/2008/04_fiscal_future/04_fiscal_future.pdf.

[10] U.S. Government Accountability Office, Long-Term Fiscal Simulation Data, http://www.gao.gov/special.pubs/longterm/42008_altsimulation.txt

[11] M. Toossi, "A new look at long-term labor force projections to 2050," *Monthly Labor Review* (November 2006), Chart 1. http://www.bls.gov/opub/mlr/2006/11/art3full.pdf.

[12] Specifically, the share of population observed in 1990 in the workforce at age 60-64 was 44.8% and at age 65-69 fell to 21.0%. However, by 2020, it is projected that 36.1% will remain in the workforce at age 65-69. M. Toossi, "A new look at long-term labor force projections to 2050," *Monthly Labor Review* (November 2006), Table 3. http://www.bls.gov/opub/mlr/2006/11/art3full.pdf.

[13] M. Toossi, "A new look at long-term labor force projections to 2050," *Monthly Labor Review* (November 2006),Table 6.

[14] Economic Report of the President. (2007). United States Government Printing Office, Washington, DC, http://www.gpoaccess.gov/eop/2007/2007_erp.pdf; Economic Report of the President. (2008). United States Government Printing Office, Washington, DC,

[15] Economic Report of the President. (2007). United States Government Printing Office, Washington, DC, http://www.gpoaccess.gov/eop/2007/2007_erp.pdf; Economic Report of the President. (2008). United States Government Printing Office, Washington, DC, http://www.gpoaccess.gov/eop/2008/2008_erp.pdf; Kohn, D. *The aging workforce*. (2007, February 28). Testimony before the United States Senate, Special Committee on Aging, http://www.federalreserve.gov/newsevents/testimony/kohn2007022

8a.htm#fn4; Su, B. (2005). The U.S. economy to 2014. *Monthly Labor Review*, http://www.bls.gov/opub/mlr/2005/11/art2full.pdf.

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[18] Bureau of Labor Statistics, *Occupational Projections and Training Data*, 2008–09 Edition, Bulletin 2702, Washington, DC: U.S. Department of Labor, Bureau of Labor Statistics. Table V-1. http://www.bls.gov/emp/optd/optd.pdf.

[19] Bureau of Labor Statistics, *Occupational Projections and Training Data*, 2008–09 Edition, Bulletin 2702, Washington, DC: U.S. Department of Labor, Bureau of Labor Statistics. Table V-3. http://www.bls.gov/emp/optd/optd.pdf.

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[21]Dowell Myers, *Immigrants and Boomers: Forging a New Social Contract for the Future of America*. New York: Russell Sage Foundation, 2007; Dowell Myers and SungHo Ryu, "Aging Baby Boomers and the Generational Housing Bubble," *Journal of the American Planning Association* 74, no.1 (winter 2008): 17-33; Dowell Myers and John Pitkin, "Aging Baby Boomers and Future Home Sales: Foresight of a Generational Housing Bubble," Paper presented at the annual meeting of the Population Association of America, New Orleans, Louisiana, April 2008.

[22] The methodology for calculating these rates is described in Dowell Myers, *Immigrants and Boomers*, chapter 11, and in Dowell Myers and SungHo Ryu, "Aging Baby Boomers and the Generational Housing Bubble," *Journal of the American Planning Association* 74, no.1 (winter 2008): 17-33.

[23] The age at which selling crosses over and exceeds buying varies by state. In 6 states that occurs before age 60, in 7 states it is between ages 60 and 64, in 22 states it is between ages 65 and 69, and in 15 states the crossover is at age 70 or older. See Myers and Ryu.

[24] Dowell Myers and John Pitkin, *Aging Baby Boomers and Future Home Sales: Foresight of a Generational Housing Bubble,"* Paper presented at the annual meeting of the Population Association of America, New Orleans, Louisiana, April 2008.

[25] Dowell Myers, *Immigrants and Boomers: Forging a New Social Contract for the Future of America*. New York: Russell Sage Foundation, 2007.

[26] Fiscal Policy Institute, "Working for a Better Life: A Profile of Immigrants in the New York Economy," New York: Fiscal Policy Institute, 2007, p. 98.

[27] A useful summary on the tax payments by undocumented immigrants is found in Immigration Policy Center, "Undocumented Immigrants as Taxpayers," Washington, DC: American Immigration Law Foundation.

[28] Evidence of the per capita tax contributions and government spending by age group is provided in Myers, *Immigrants and Boomers*, Figure 9.1.

[29] James P. Smith and Barry Edmonston, eds., *The New Americans: Economic, Demographic, and Fiscal Effects of Immigration*. Washington, D.C.: National Academy Press, 1997. See Chapter 7.

[30] Tabulations of the 2007 Current Population Survey. Registered nurses are not identified separately from physical therapists and other health care support workers. RN's can be specifically identified in the 2006 American Community Survey but that survey lacks identification of the second generation. There the foreign-born share among RN's is 13.3%, slightly lower than estimated for the broader category of health care workers.

[31] Tabulations from the 2006 American Community Survey. Registered nurses are specifically identified, but since no information is provided for identifying the additional nurses who are the children of immigrants, we can apply the national ratio of second to first generation health workers estimated from the Current Population Survey. This suggests an additional number of RN's equal to half the proportion that is foreign born. In combination that would bring the total estimate of the California and New Jersey nursing workforce to over half foreign born or children of immigrants.

[32] Congressional Budget Office (November 2005), The Role of Immigrants in the U.S. Labor Market; also see Myers, *Immigrants and Boomers*, chapter 6.

[33] "Working for a Better Life: A Profile of Immigrants in the New York Economy," Fiscal Policy Institute, 2007.

[34] Carole Keeton Strayhorn, Texas Comptroller ,"Undocumented Immigrants in Texas: A Financial Analysis of the Impact to the State Budget and Economy," Special Report, Austin: Office of the Comptroller, State of Texas, December 2006.

[35] The Perryman Group, "An Essential Resource: An Analysis of the Economic Impact of Undocumented Workers on Business Activity in the US with Estimated Effects by State and by Industry," Waco, Texas: The Perryman Group, April 2008.

[36] Ibid, p.10.

[37] Available at www.jchs.harvard.edu/publications/markets/son_archive.html.

[38] Growth shares for the 1970s, 1980s, and 1990s are based on decennial census data and are taken from Dowell Myers and Cathy Yang Liu, "The Emerging Dominance of Immigrants in the US Housing Market 1970-2000," *Urban Policy and Research* 23, 3 (2005): 347-65, Table 2. The growth share for 2000-07 is calculated from the Current Population Survey.

[39] Myers, *Immigrants and Boomers*, Figure 6.3.

[40] Myers and Liu, Figure 6.

[41] Latinos that arrived in California in the 1970s reported only 16.3% homeowners in 1980, but that rose to 33.6% in 1990 and reached 51.9% in 2000 after they had settled more than two decades in the U.S. Myers, *Immigrants and Boomers*, pp.116-17.

[42] Gallup Pulse of Democracy–Immigration: http://www.gallup.com/poll/1660/Immigration.aspx?version=print [accessed July 24, 2008]

[43] The tendency toward "extrapolated expectations" in forming knowledge of the future is discussed at length in Myers, *Immigrants and Boomers*, chapter 2.

[44] Data for 1980, 1990, and 2000 are derived from the decennial census, and data for 2006 are taken from the American Community Survey. Immigrant arrivals are counted by a question asked about year of arrival in the U.S. Arrivals in the period before the census or survey year are averaged by the number of years (e.g. the number of arrivals in 1985 to 1990 are divided by 5, discounting the months in 1990 that precede the census date). The data are graphed over time by expressing the number of arrivals in each year in relation to the number in 1980 for the same area.

[45] The estimated volume of new arrivals in the nation, on average, in the five years before 2000 is 1,516,000 and in the six years before 2006 is 1,463,000. In 1990 the average rate of arrival had been 975,000 and in 1980, 672,600.

[46] Jeffrey S. Passel & Roberto Suro, *Rise, Peak, and Decline: Trends in U.S. Immigration 1992-2004*, Washington, DC: Pew Hispanic Center, 2005.

[47] Projections by the Census Bureau and Social Security Administration foresee continued decline through 2015 or longer. See the review prepared by the Congressional Budget Office, *Projections of Net Migration to the United States*, Washington, DC: June 2006. More recent projections by the Pew Hispanic Center hold the rate of immigrant arrival constant through the next two decades and are evaluated by the authors as the highest of any projection series. Jeffrey S. Passel and D'Vera Cohn, *U.S. Population Projections: 2005–2050*, Washington, D.C.: Pew Research Center, 2008.

[48] The Peter Pan fallacy is described in Myers, *Immigrants and Boomers*, chapter 6.

[49] See the detailed data presentation on how much immigrants change over time in Myers, *Immigrants and Boomers*, chapter 6.

[50] Pew Research Center, "America's Immigration Quandary," March 2006, p. 7.

[51] Pew Research Center, "America's Immigration Quandary," March 2006, pp. 3, 5.

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