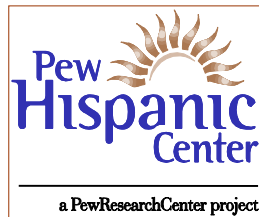


2007 Technical Panel on Assumptions and Methods: Immigration Component



Improving the Social Security Trustees Report
 American Enterprise Institute
 Washington, DC—June 13, 2009

Role of Immigration

- Major Determinant of Population Size
- Short-term — 1st 25 years
 - Only Source of Variation in Labor Force
 - Fertility Takes 18+ Years
 - Mortality Virtually Insignificant to LF
 - All LF Growth after 2015 from post-2005 Immigration
- Long-term
 - Affects Population Size Directly
 - Little Impact on Age Structure
 - Can Affect Trajectory of LF

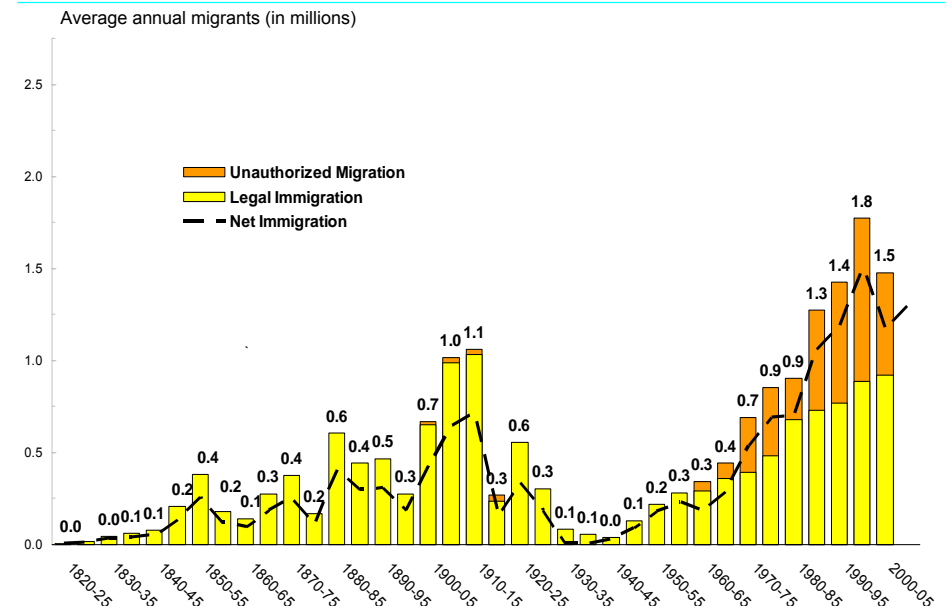


Immigration Assumption

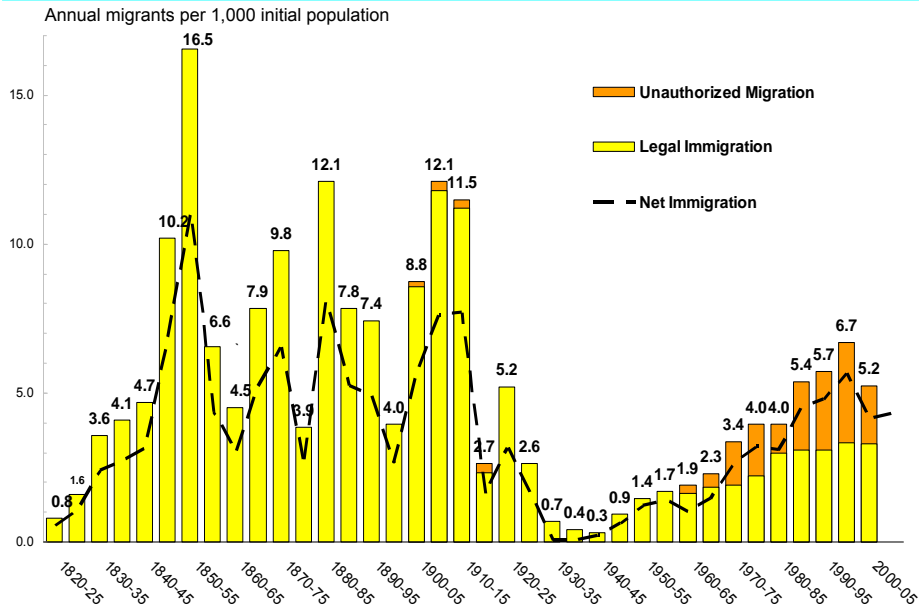
- Assumption Recommendation A-3:
 ...[T]ie the level of net immigration to the size and growth of the U.S. population rather than ... numbers of immigrants.
 ...[M]ove toward expressing ... net immigration assumptions as rates...
- Assumption Recommendation A-4:
 ... [I]ncrease significantly ... assumptions regarding future levels of net ...immigration.



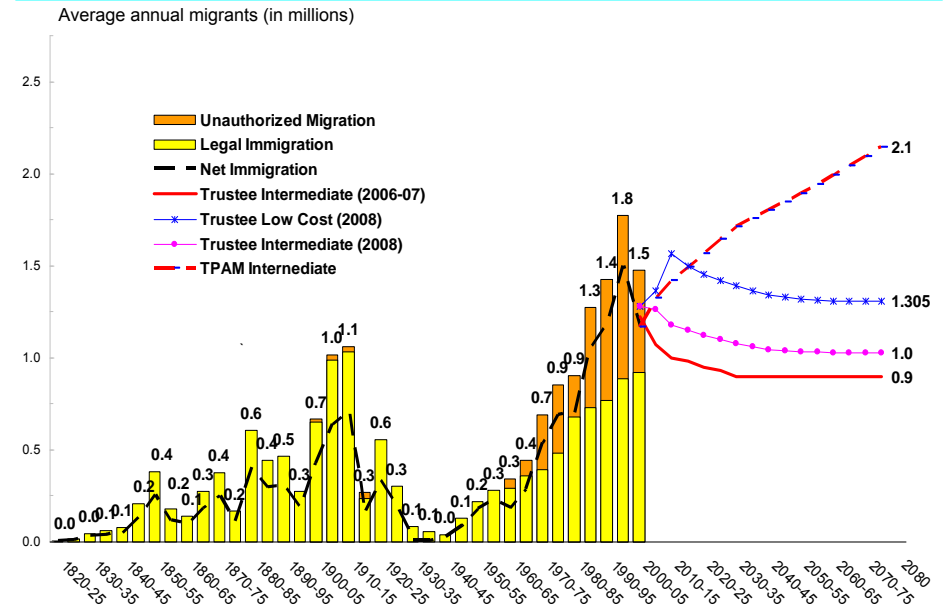
Historical Immigration Levels



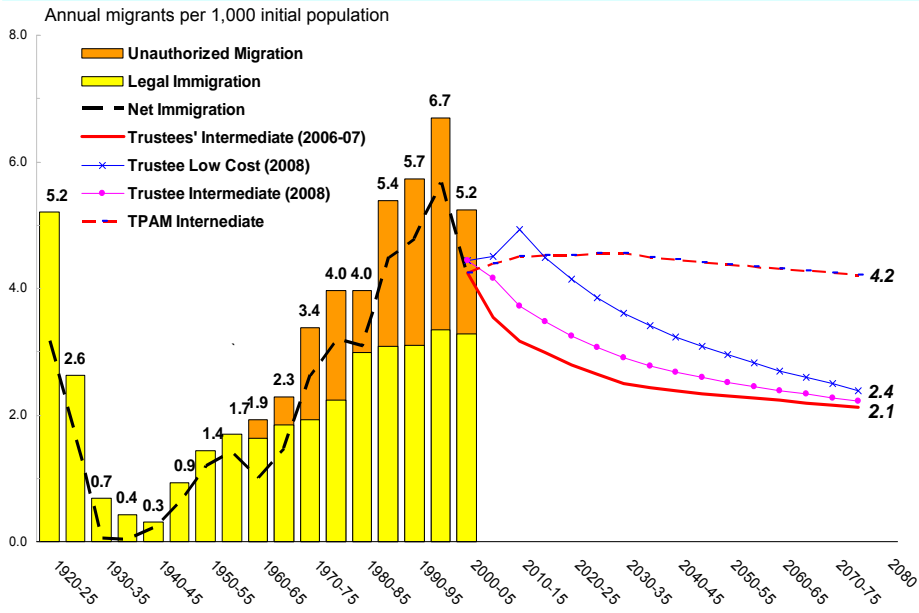
Historical Immigration Rates



Immigration Assumptions



Immigration Rate Scenarios

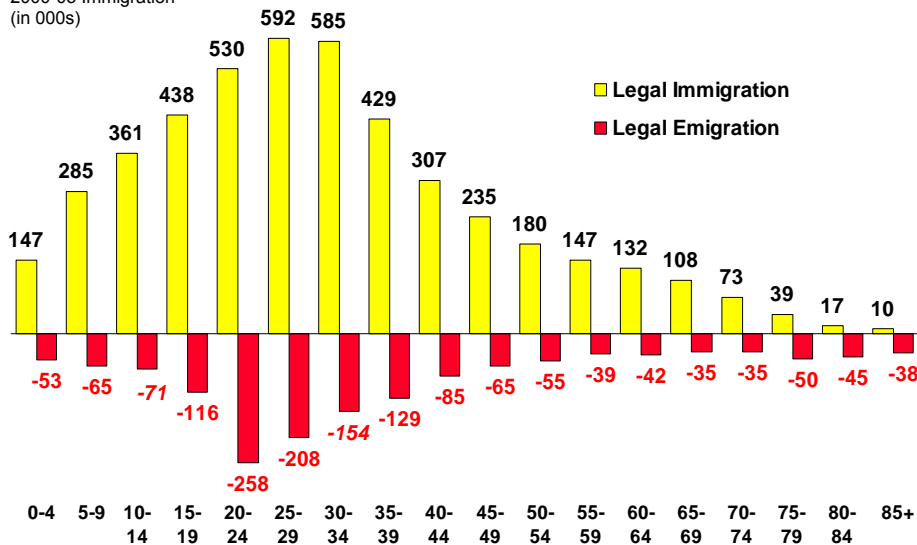


Immigration Methodology

- **M-10: Change Underlying Method for Deriving Assumptions**
- **M-11: Use Immigration Rates**
- **M-12: Disaggregate Native & Foreign-Born Populations**
 - Allows for Better Estimation of **Emigration**
 - Differential Fertility, Labor Force Participation and perhaps Mortality can Impact Projections
- ✓ **M-13: Correct Age-Sex Distributions**

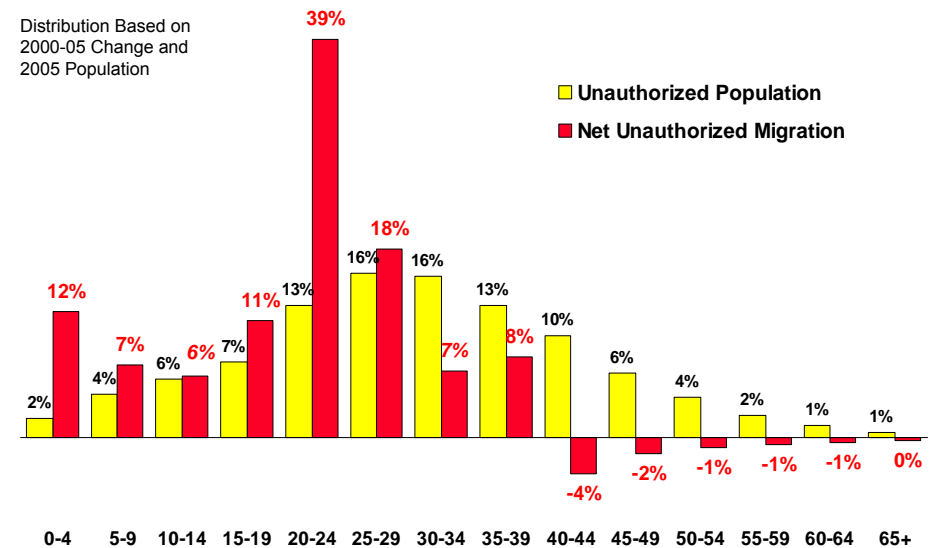
Immigration & Emigration Differ

2000-05 Immigration
(in 000s)



Illegal Flow Differs Significantly from Illegal Population

Distribution Based on
2000-05 Change and
2005 Population



Immigration in 2008 Report

- *Moving in the Right Direction*
- *Immigration Age-Sex Structure Fixed*
- *Immigration-Emigration Separated*
- *Need to Disaggregate Foreign-Born*
- *Raised Immigration Assumption*
— But Still Using **Numbers**
- *Immigration Levels (Rates) Still Low*
— Especially for Low Cost Scenario
- *Long-Term Deficit Reduced*
From -1.95% to 1.70% !!

For more information,
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