Lessons from the 2007 Legal Arizona Workers Act

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Outline

- Immigration Policy Context
- LAWA Population Effects
- LAWA Employment Effects
- Conclusions
Federal Policies Not Reducing Unauthorized Flow Satisfactorily

- Population up 3 million to 11 million since 1990
  - Jobs still primary magnet for immigrants
- Federal enforcement ineffective
  - Employer sanctions rarely enforced
- E-Verify program created but no national implementation
Result: Individual States Taking Unilateral Action, Using E-Verify

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- No legislation
- State laws regarding employment eligibility
- E-Verify legislation pending
- E-Verify mandated for state employees/contractors
- E-Verify mandated for all employers
Among State Laws, Arizona’s Most Restrictive, Comprehensive

- Legal Arizona Workers Act (LAWA) focused on employers, enacted January 2008
- Designed to make Arizona a less attractive labor market for unauthorized and improve opportunities for legal workers

Requirements
- All employers in state must verify work authorization of all new hires using E-Verify

Penalties
- Business license suspension or revocation
- Few penalties imposed to date but enrollment compliance strong
Key Findings

- Arizona achieved goal of reducing unauthorized immigration
- Population and employment of unauthorized both declined
- But informal employment of unauthorized—as measured by self-employment—increased
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Unauthorized Population Dropped More in Arizona than Other States

- Percentage change in unauthorized population from 2006-07 to 2008-09:
  - Arizona: -17.9%
  - California: -8.8%
  - United States: -7.3%

Note: The unauthorized population dropped more significantly in Arizona compared to California and the United States over the specified periods.
How Do We Pinpoint LAWA’s Effect?

- Compare to similar states lacking similar laws
  - California, Nevada, New Mexico, others
- Isolate LAWA from recent recession
- Draw unauthorized population information indirectly
  - Most likely to be non-citizen foreign-born Hispanic
  - Naturalized foreign-born group should have no unauthorized
Clear Divergence from Comparison States Seen post-LAWA

- Arizona: all immigrants
- Comparison states: all immigrants

% total pop.
Clear Divergence from Comparison States Seen post-LAWA...

Graph showing the percentage of total population for Arizona and comparison states from 1999 to 2009, with a significant divergence post-LAWA.
...Except Among Naturalized Hispanic Immigrants
Population Change and LAWA

- Unauthorized population fell 17 percent due to LAWA
  - Measured as the decline among non-citizen Hispanics
  - Equivalent to about 92,000 people during 2008–2009

- No statistically significant declines among the naturalized population or other ethnic groups

- Strongest effects seen among working-age men, 16–45
Population Drop Also Reflected in Rental Housing Market

Rental vacancy rate, by quarter

% vacant rental housing

Arizona
Comparison States

LAWA passage

2005 2006 2007 2008 2009
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Employment Fell Among Arizona’s Unauthorized Workers (I)

Wage and salary employment rate, likely unauthorized men

- **Arizona**
- **Comparison states**

%
Employment Fell Among Arizona’s Unauthorized Workers (II)

- Percentage of employed non-citizen Hispanic men with less education fell about 11 points after enactment
  - About 56,000 workers
- Results not driven by recession
- No employment effects among competing groups
- Effect likely stems from deterrence
  - Few employers investigated, few sanctions imposed
But Self-Employment Increased by 25,000

Self-employment rate, likely unauthorized men

- Arizona
- Comparison states

%
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Conclusions

- LAWA had a clear downward effect on unauthorized immigrant population
- Wage and salary employment for unauthorized declined
- Unintended consequence: increased self-employment of unauthorized
- Results could differ in a growing economy
- Policymakers should consider the role of enforcement
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Notes on the use of these slides

These slides were created to accompany a presentation. They do not include full documentation of sources, data samples, methods, and interpretations. To avoid misinterpretations, please contact:

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Thank you for your interest in this work.