

Lessons from the 2007 Legal Arizona Workers Act

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Outline

- Immigration Policy Context
- LAWA Population Effects
- LAWA Employment Effects
- Conclusions



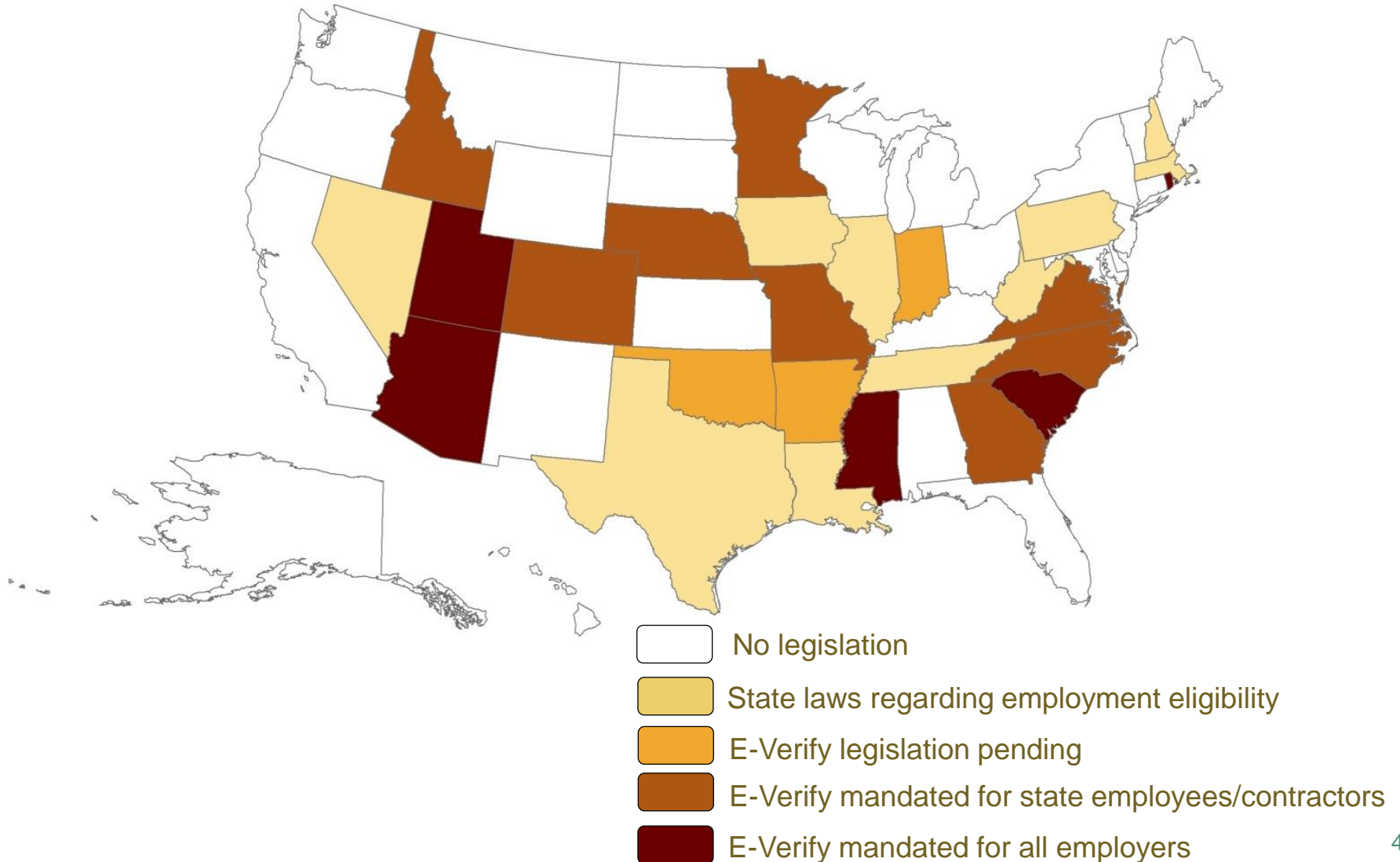
Federal Policies Not Reducing Unauthorized Flow Satisfactorily

- 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

April 2010



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

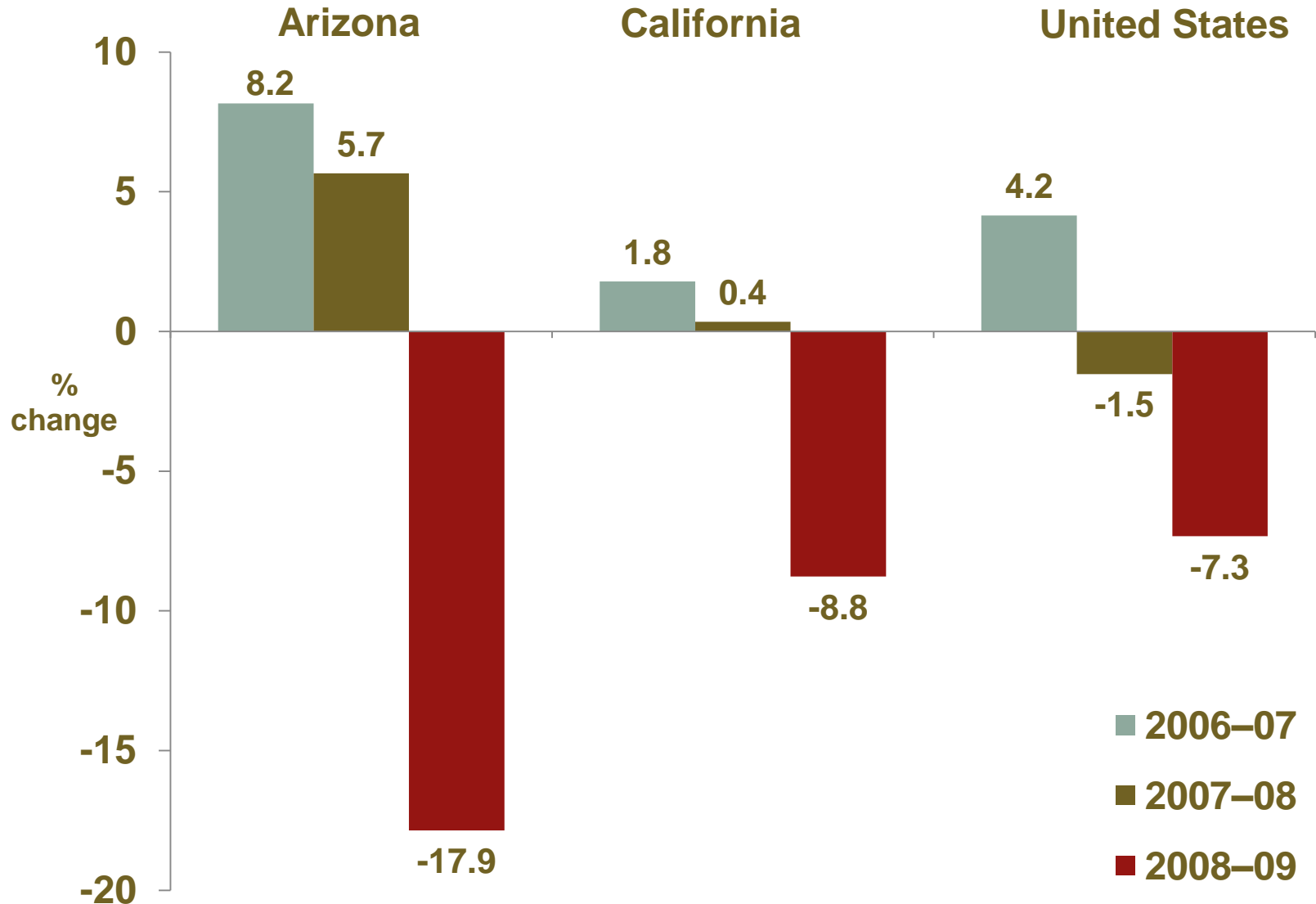


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Unauthorized Population Dropped More in Arizona than Other States

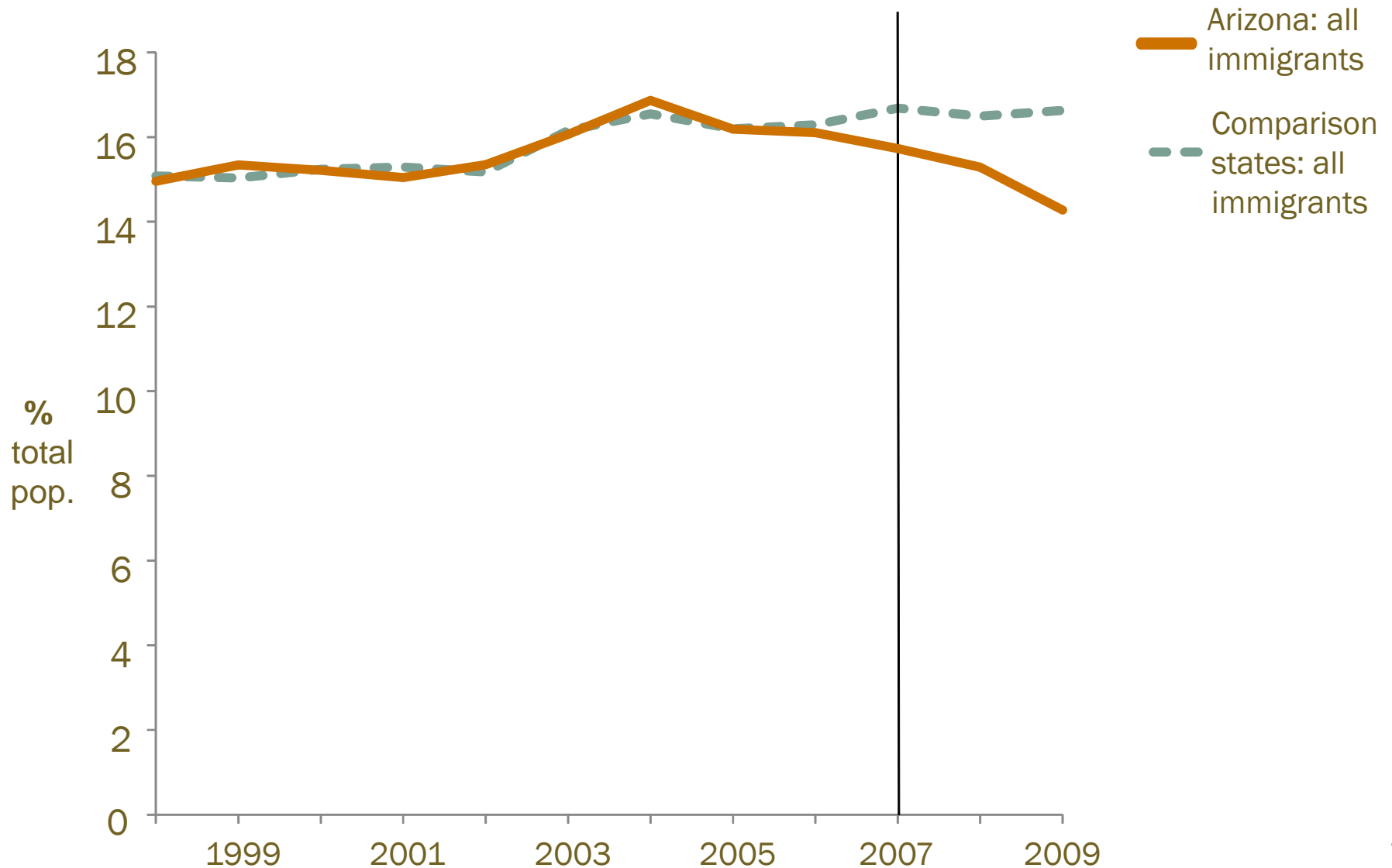


How Do We Pinpoint LAWA's Effect?

- 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



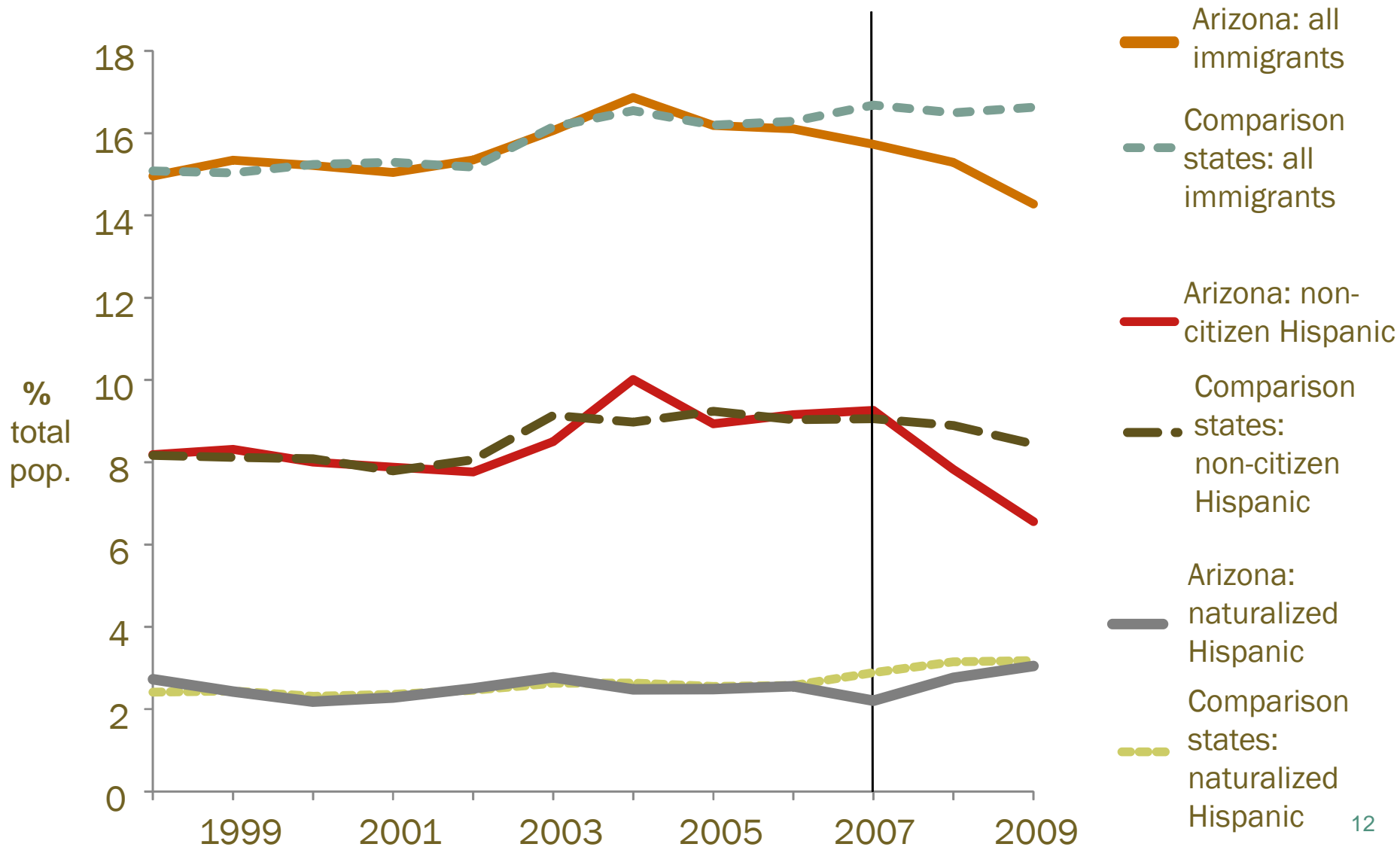
Clear Divergence from Comparison States Seen post-LAWA



Clear Divergence from Comparison States Seen post-LAWA...



...Except Among Naturalized Hispanic Immigrants



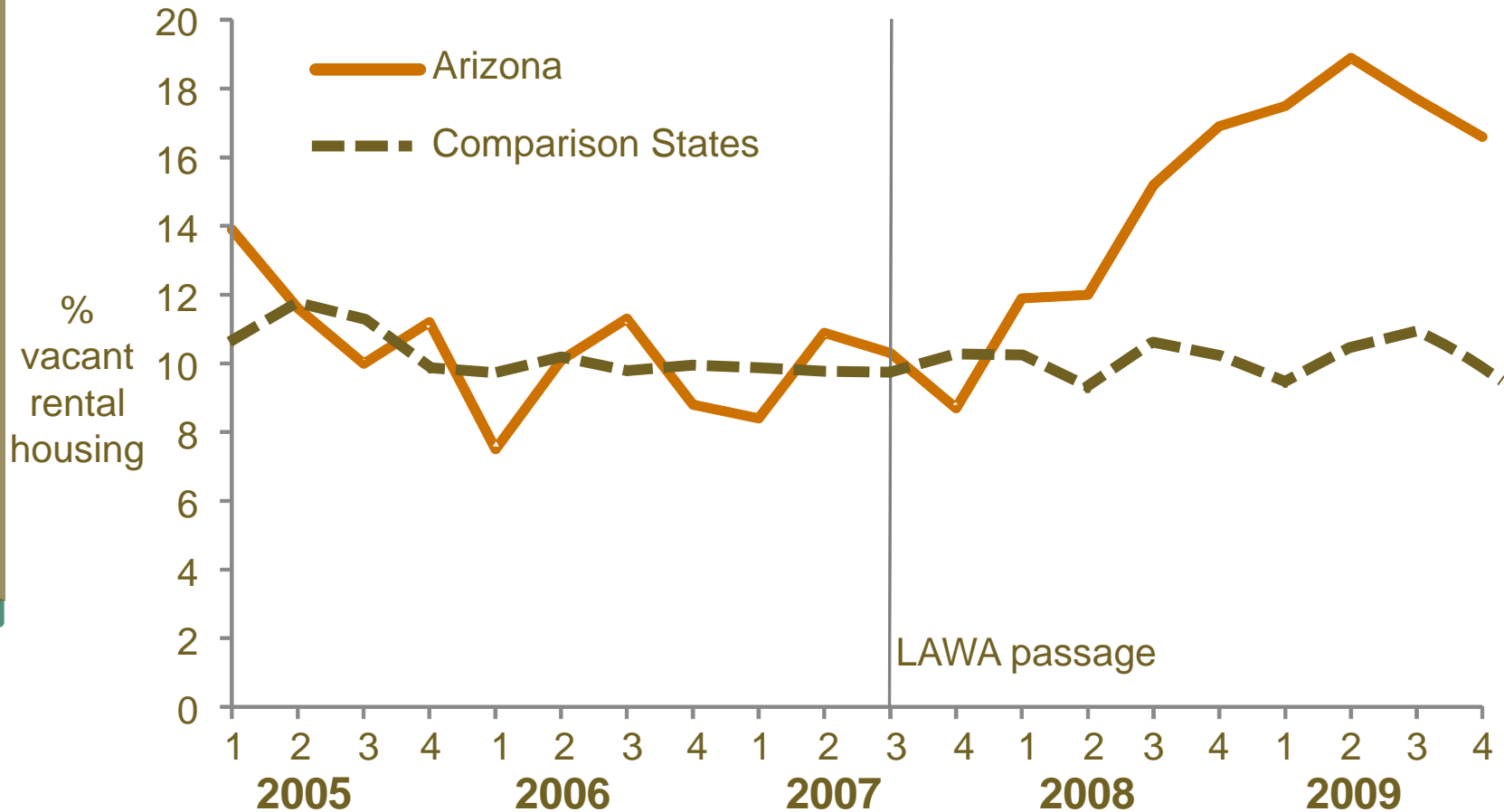
Population Change and LAWA

- 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

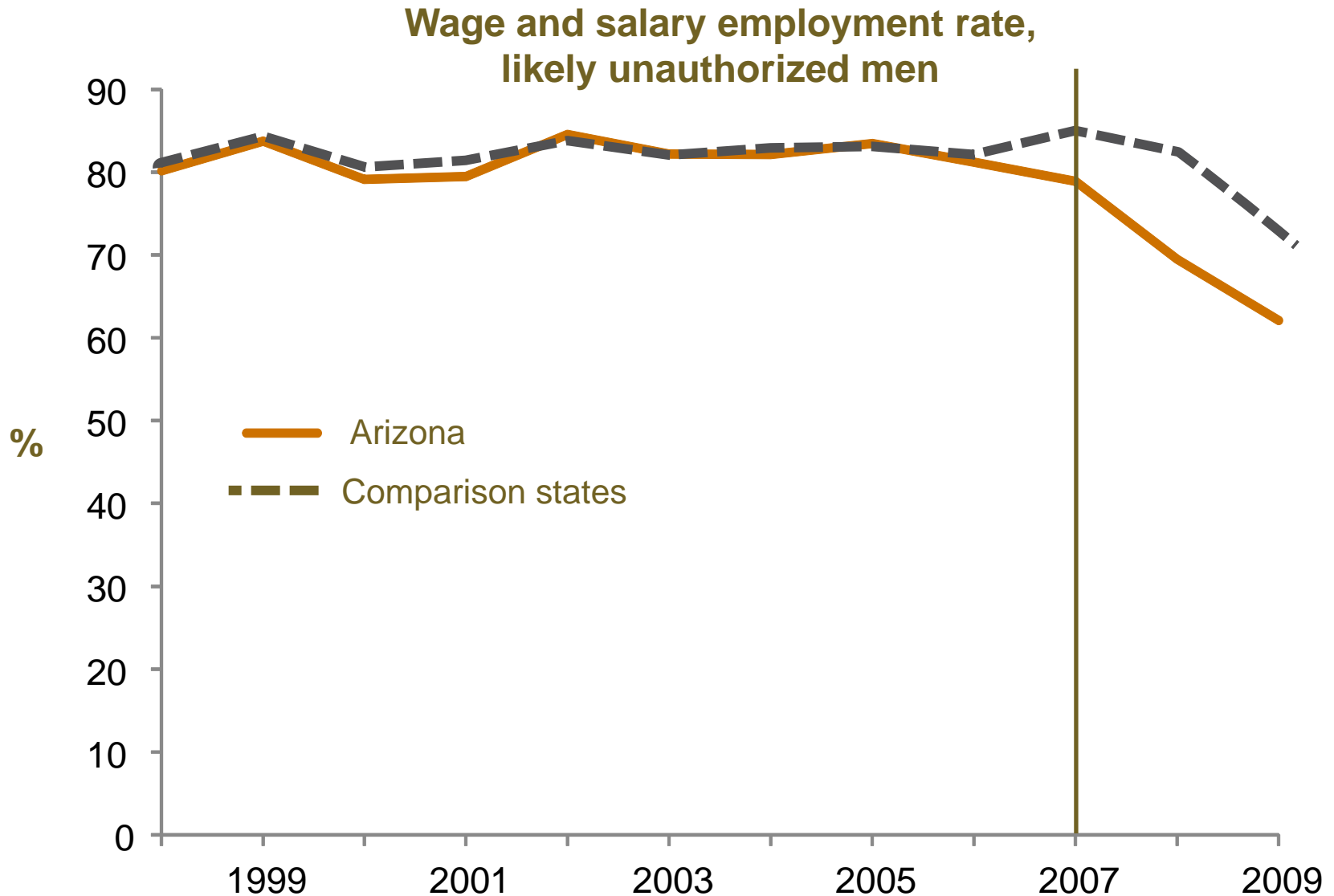


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Employment Fell Among Arizona's Unauthorized Workers (I)



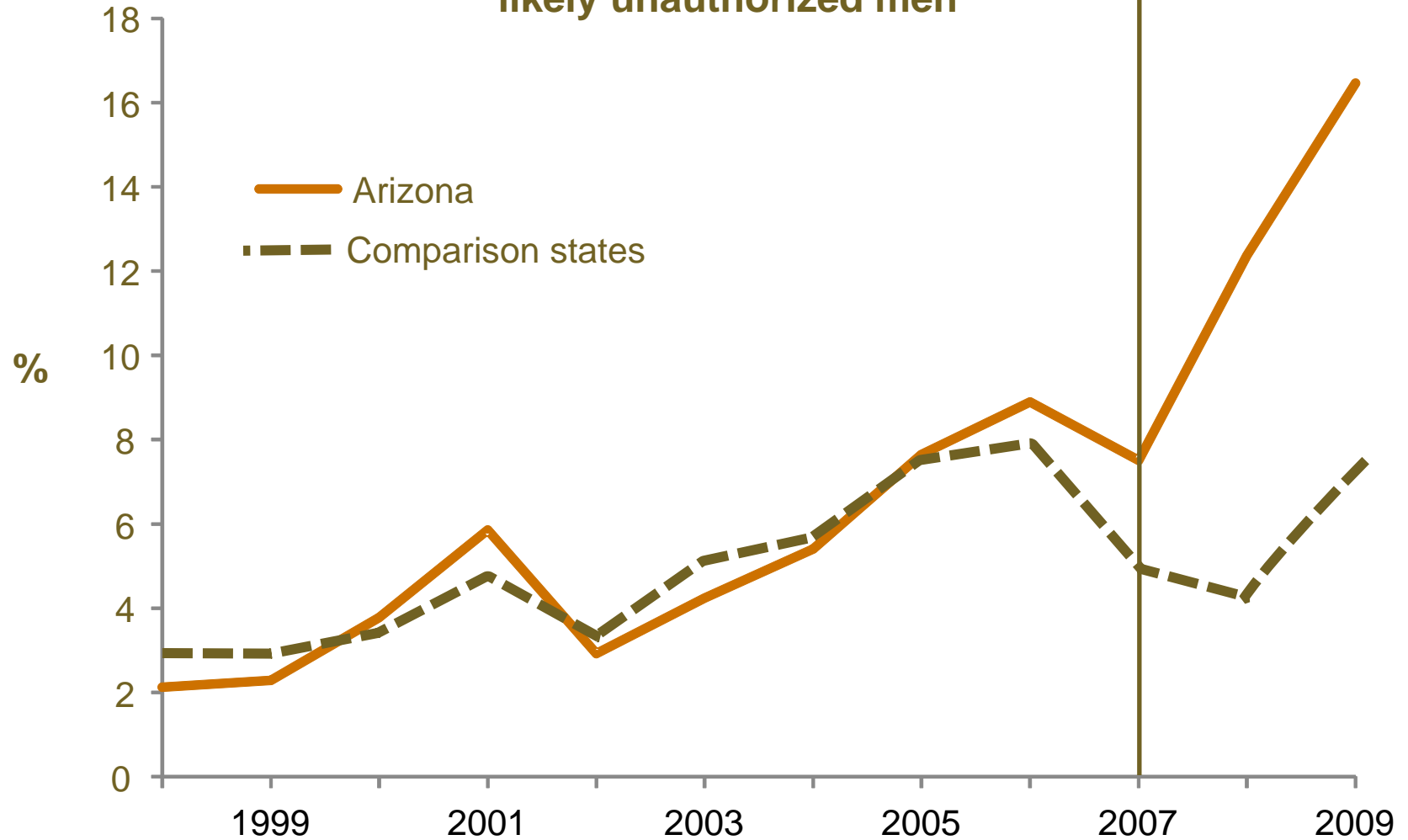
Employment Fell Among Arizona's Unauthorized Workers (II)

- 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



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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.

