

Lessons from the 2007 Legal Arizona Workers Act

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PPIC



Introduction

- Employment opportunities are what draws unauthorized immigrants to the U.S.
 - Recognized in the 1986 Immigration Reform and Control Act (IRCA)
- IRCA did not succeed stemming the flow
 - Unauthorized immigrant population has grown, now estimated to be around 11 million
- Jobs continue to be a strong draw
 - In many ways, back to where we were in the 80s
- Several failed attempts to pass a comprehensive immigration reform



Introduction

- Many states have reacted by implementing legislation against the hiring of unauthorized immigrants
- Very little is know about impacts of these laws
 - The 2007 Legal Arizona Workers Act (LAWA)
 - Did LAWA reduce the unauthorized population in Arizona?
 - Did it affect employment opportunities?
 - Low-skilled unauthorized and authorized workers

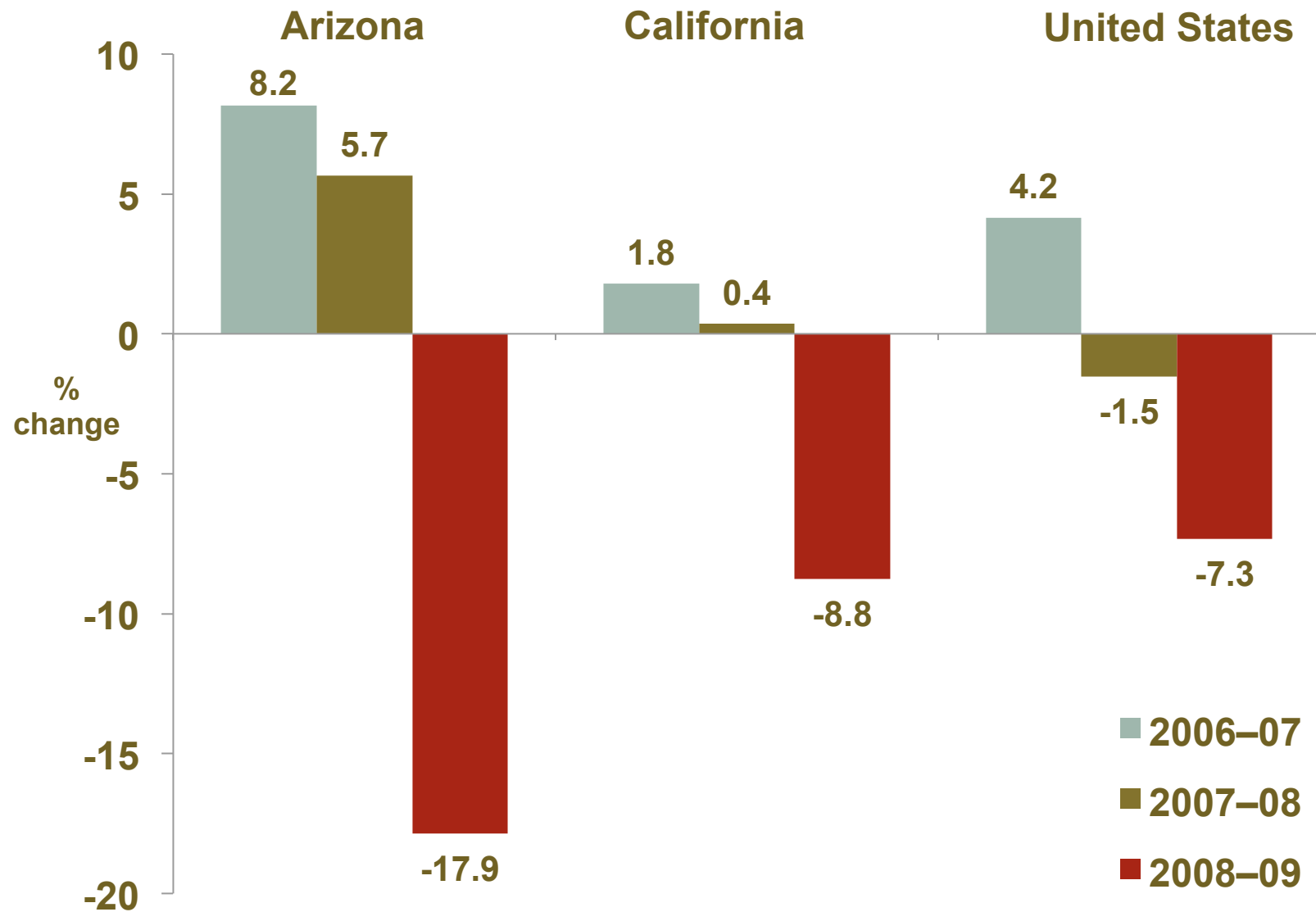


The Legal Arizona Workers Act (LAWA)

- Passed July 2007 and enacted January 2008
- Focused on employers
- 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 E-Verify enrollment compliance relatively strong



Unauthorized Population Dropped More in Arizona than Other States

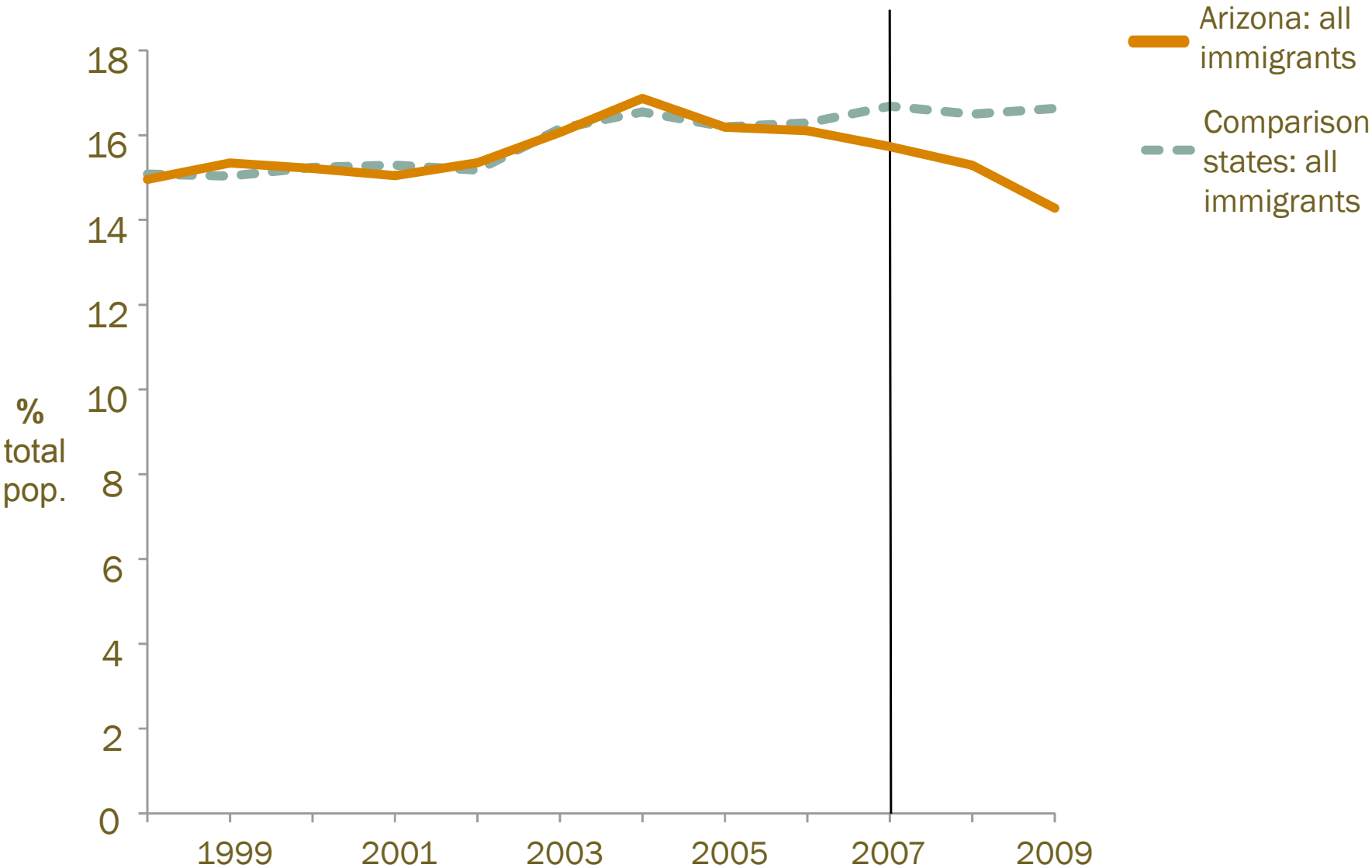


How Do We Pinpoint LAWA's Effect?

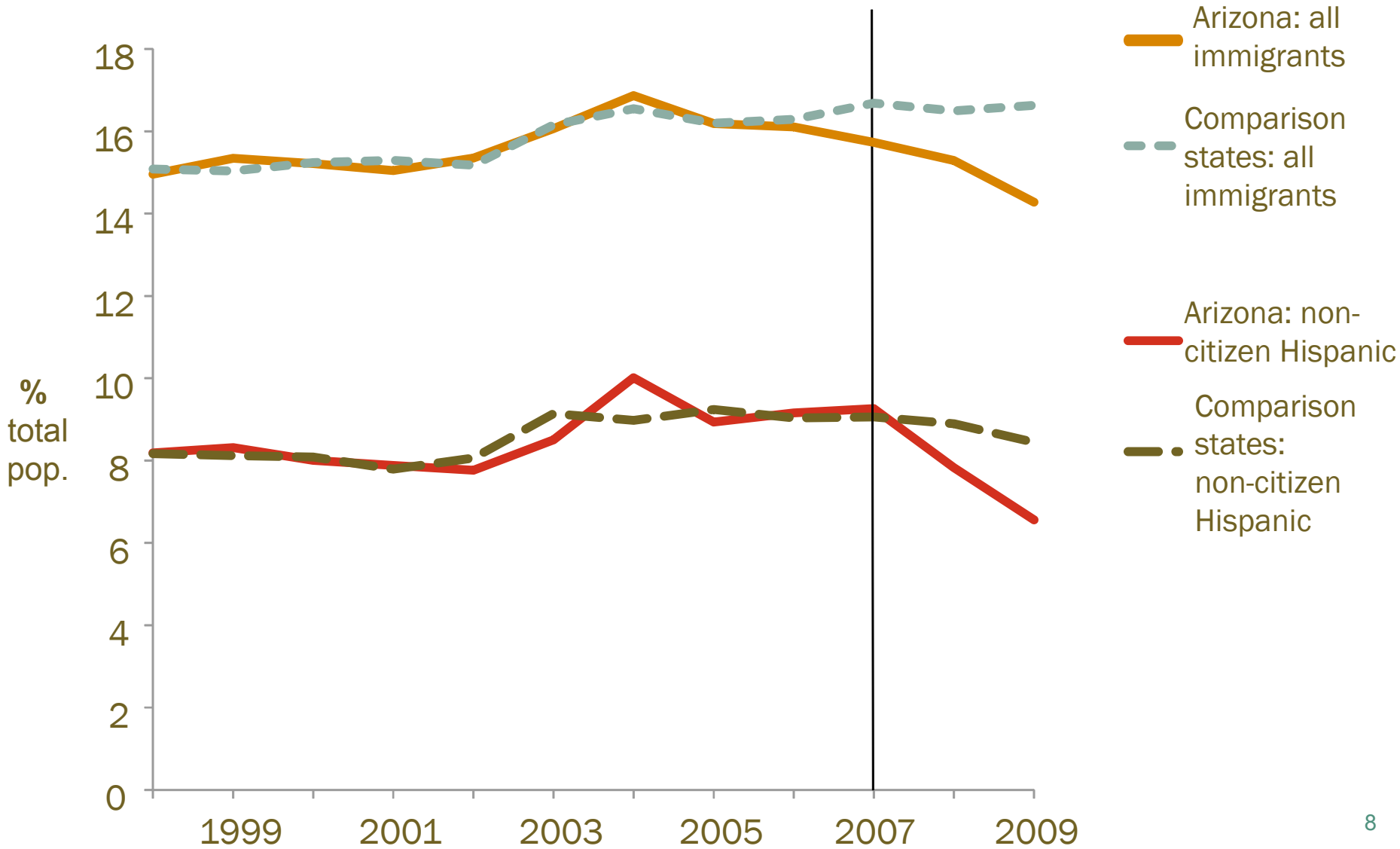
- Compare to similar states lacking similar laws
 - California, Nevada, New Mexico, others
- Isolate LAWA from recent recession
- Draw unauthorized population information indirectly
 - Most likely to be non-citizen foreign-born Hispanic
 - Naturalized foreign-born group should have no unauthorized



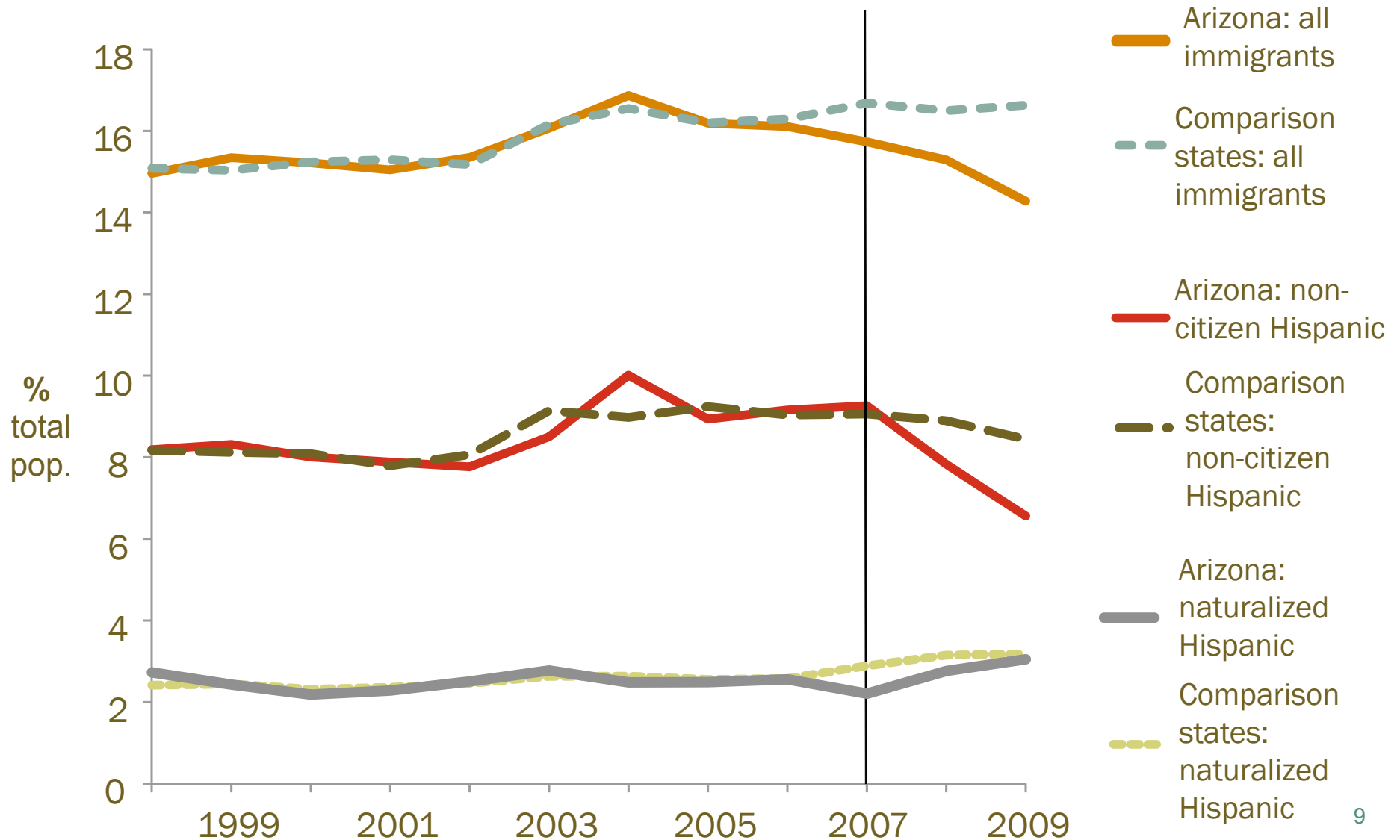
Clear Divergence from Comparison States Seen post-LAWA



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



...Except Among Naturalized Hispanic Immigrants



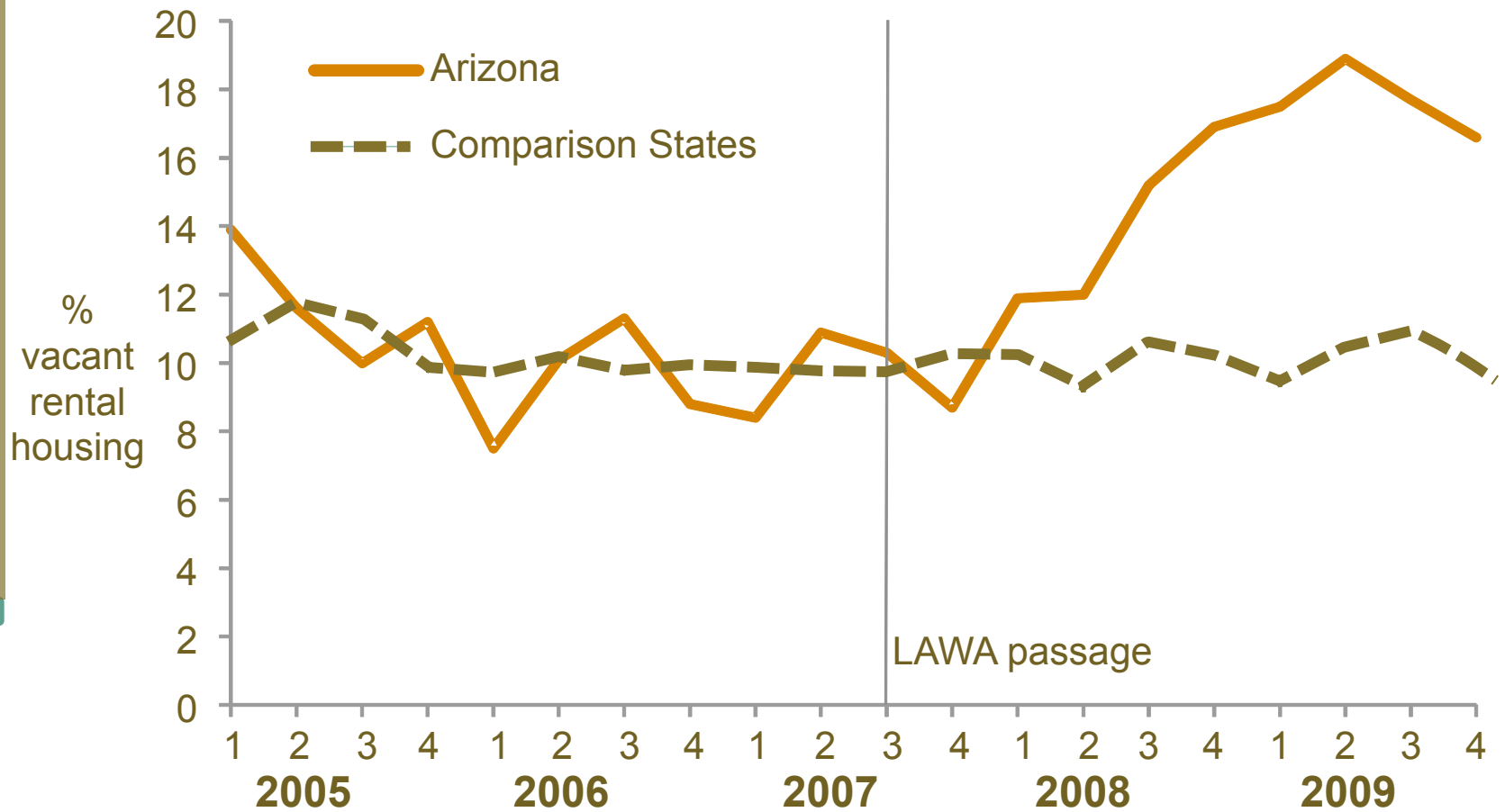
Population Change and LAWA

- 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 declines among the naturalized population or other ethnic groups

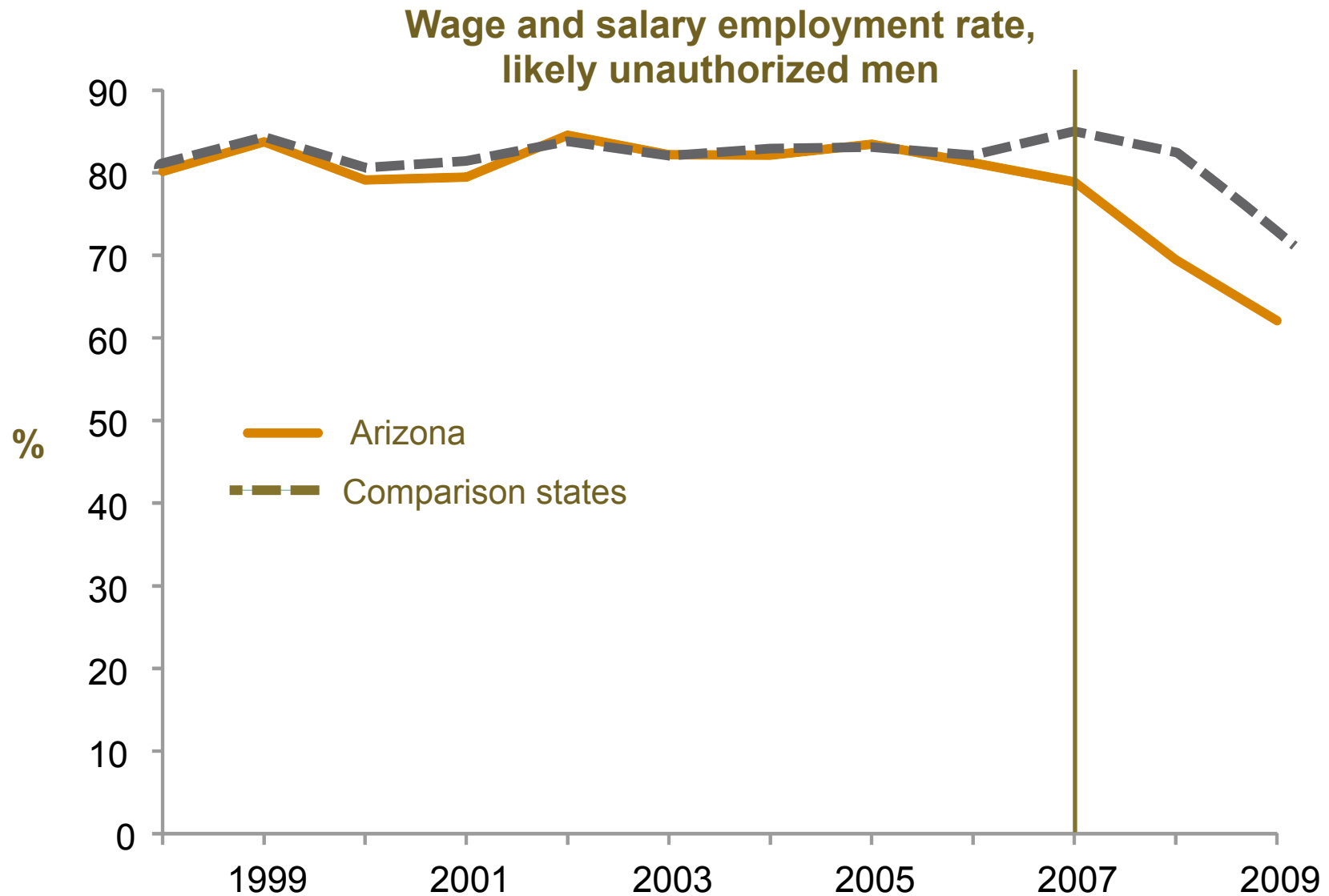


Population Drop Also Reflected in Rental Housing Market

Rental vacancy rate, by quarter



Employment Fell Among Arizona's Unauthorized Workers (I)



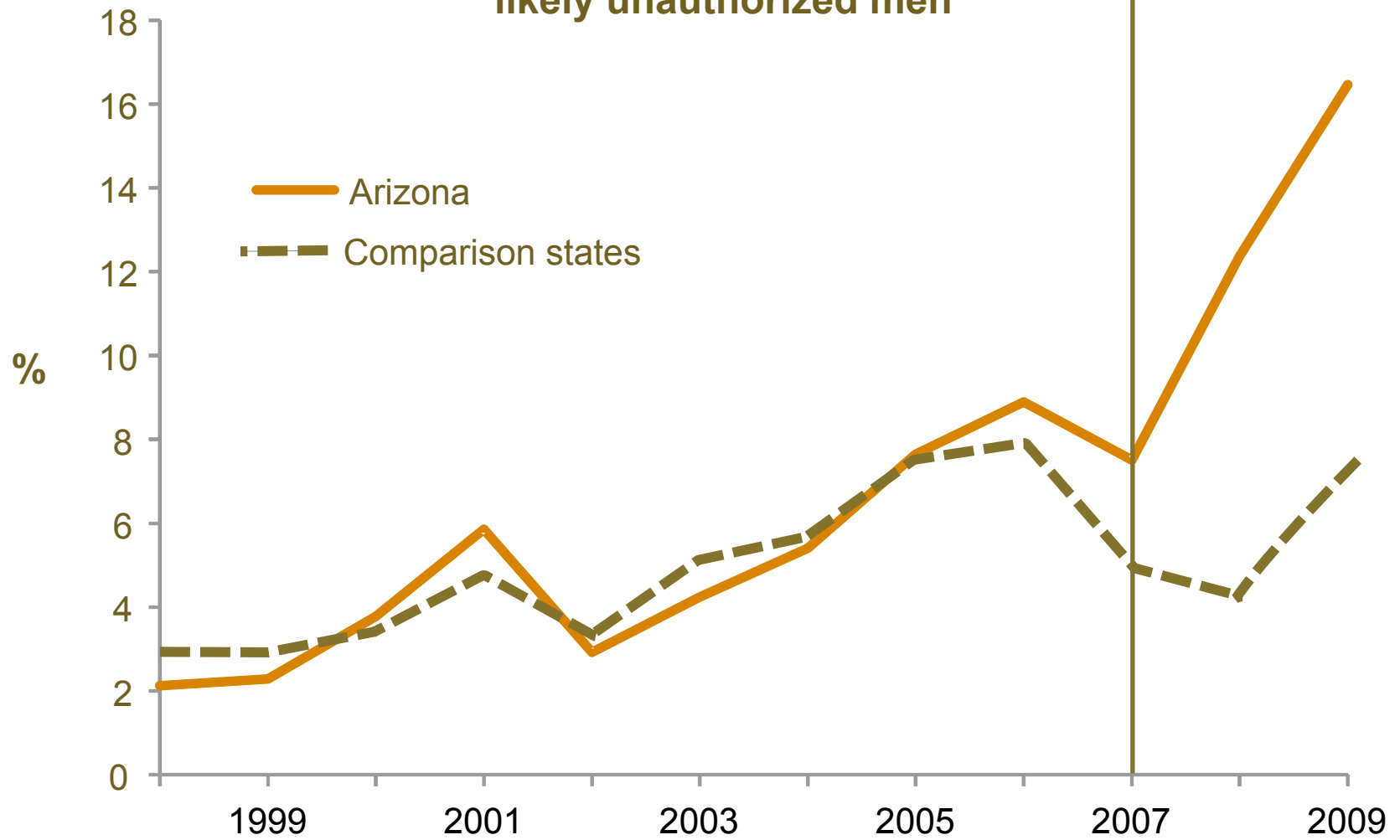
Employment Fell Among Arizona's Unauthorized Workers (II)

- Percentage of employed non-citizen Hispanics with less education fell about 11 points after enactment
 - About 56,000 workers
- Results not driven by recession
- No statistically significant employment effects among competing groups



But Self-Employment Increased by 25,000

Self-employment rate, likely unauthorized men



Conclusions

- LAWA had a clear downward effect on unauthorized immigrant population
- Wage and salary employment for unauthorized declined
 - Effect likely stems from deterrence
 - Few employers investigated, few sanctions imposed
- Unintended consequence: increased self-employment of unauthorized
- Results could differ in a growing economy



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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.



Timing of the Great Recession

- Recession coincide with LAWA, but AZ employment declines similar to other states, even in construction

