

Lessons from the 2007 Legal Arizona Workers Act

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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 magnet
 - 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
- E-Verify mandate
 - All employers in state must verify work authorization of all new hires using the federal government's online E-Verify system.
- Penalties
 - Business license suspension or revocation
- Few penalties imposed to date but E-Verify enrollment compliance relatively strong



How Do We Pinpoint LAWA's Effect?

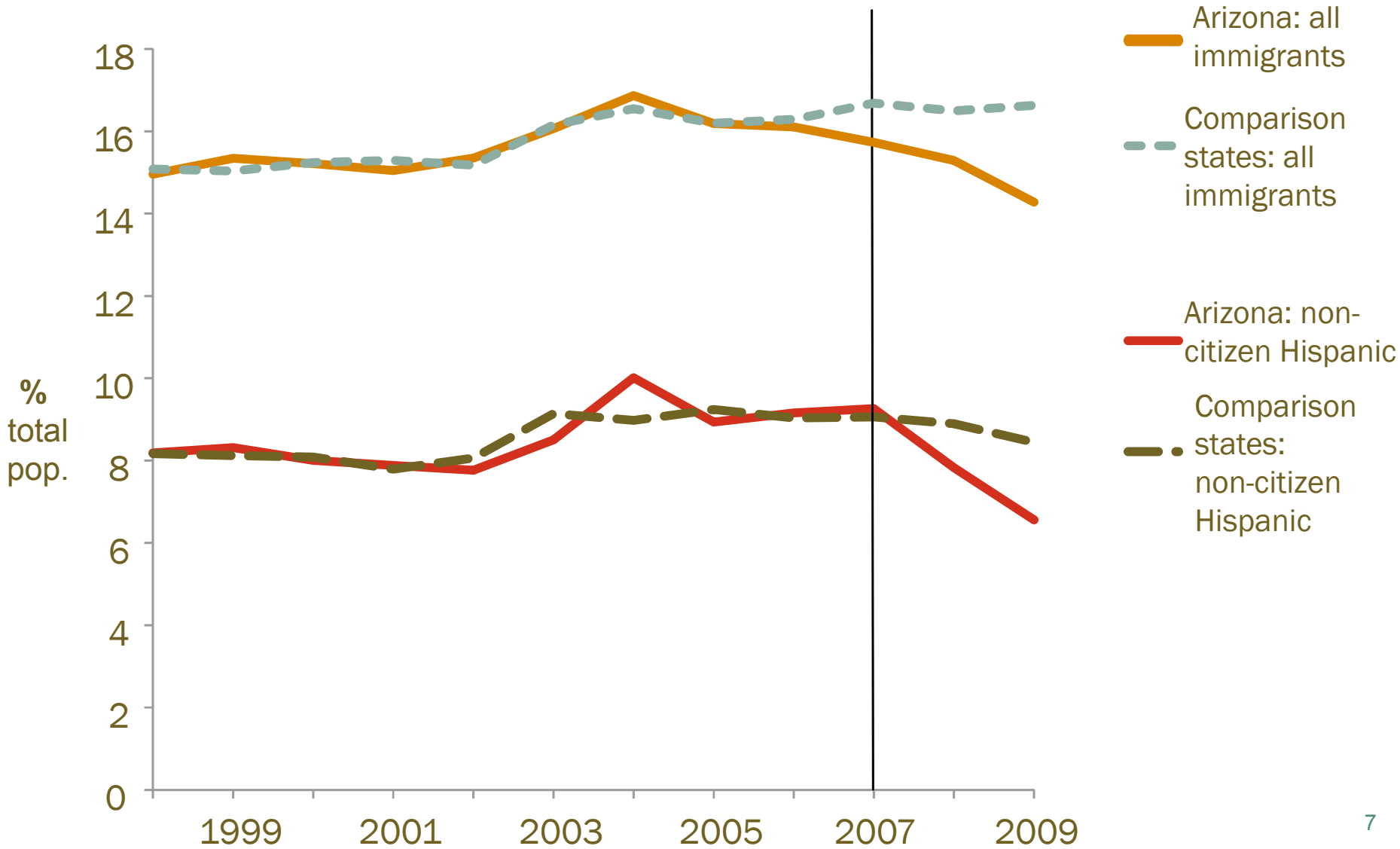
- Compare Arizona to states with similar population/employment characteristics and trends BUT did not pass similar laws
 - Bordering regions
 - Data driven approach (“synthetic control”)
- Approaches isolate LAWA from recent recession
- Draw unauthorized population information indirectly
 - Most likely to be foreign-born non-citizen Hispanic (low schooling, working age men)
 - No unauthorized among naturalized immigrants



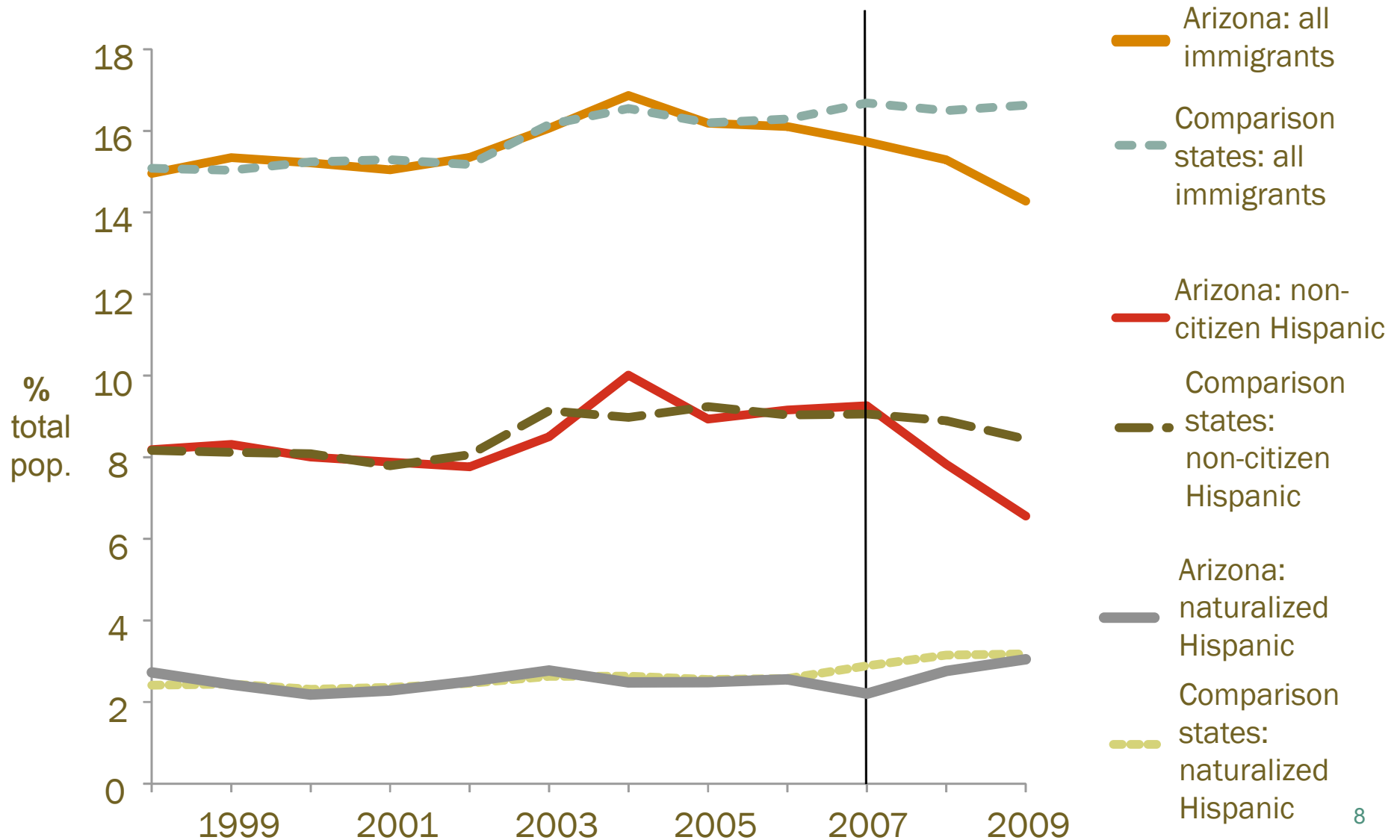
Clear Divergence from Comparison States Seen post-LAWA



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



...Except Among Naturalized Hispanic Immigrants

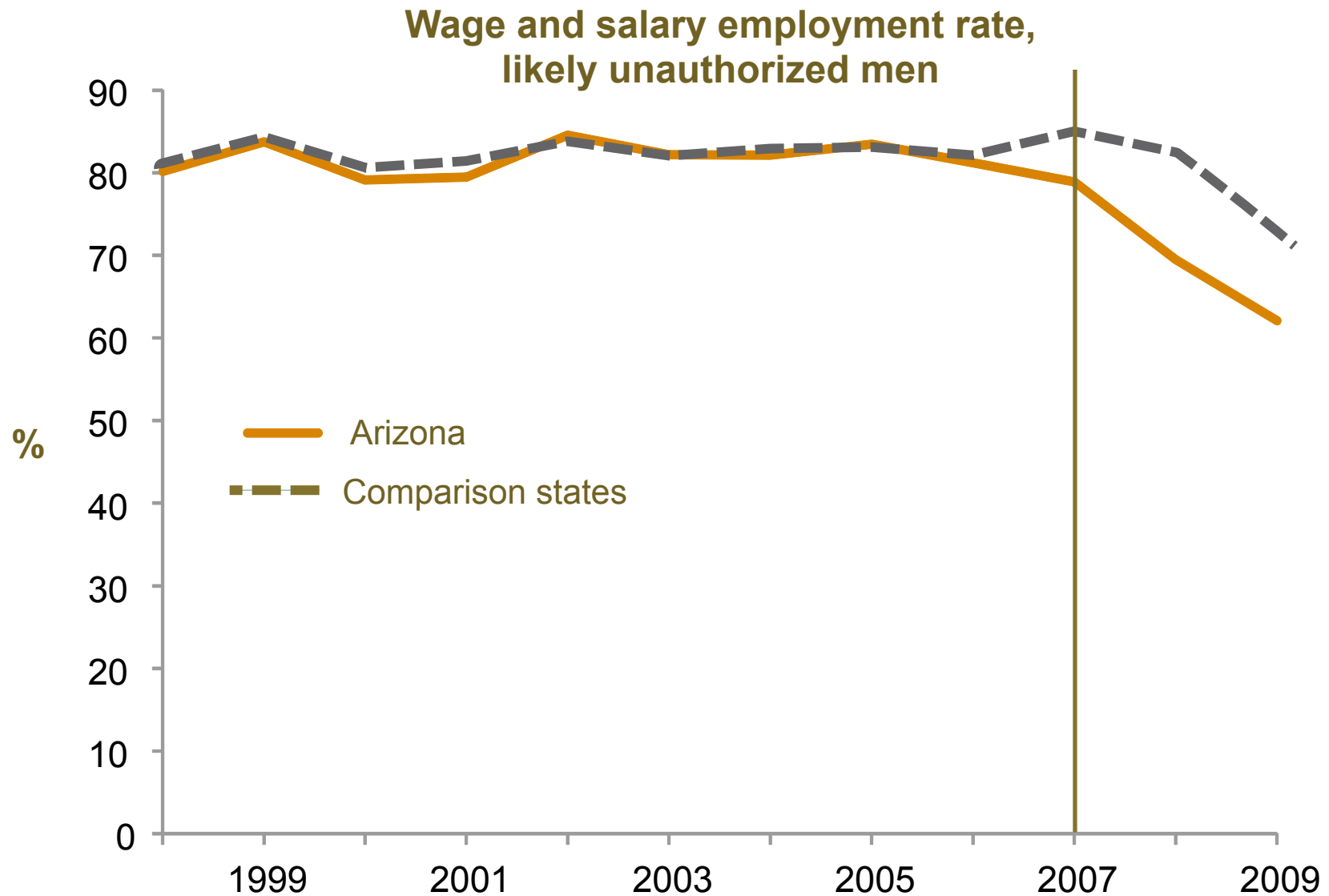


Population Change and LAWA

- 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



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 Substantial Increase in Self-Employment



Conclusions

- LAWA noticeably and substantially
 - Reduced Arizona's unauthorized immigrant population
 - Limited wage and salary employment opportunities for unauthorized workers
- But also caused a substantial push into reported self-employment among unauthorized immigrants
 - Suggests growth in informal employment
- Effects likely stem from deterrence (E-Verify)



Conclusions

- These effects may differ in a growing economy
 - Larger with more hiring
 - But may be off-set by employers desire/need to hire unauthorized workers
- Effects may diminish over time in the absence of employer sanctions and/or limited participation in E-Verify
- Expected effects with federal E-Verify mandate
 - Smaller population effect
 - But larger push towards informal employment



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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

