

# States' Efforts To Curtail Unauthorized Immigration Draw More Attention

By Subhayu Bandyopadhyay, Jonathan Munemo and Santiago Pinto

In recent years, the inflow of unauthorized immigrants across the U.S.-Mexico border seems to have decreased.<sup>1</sup> This may be due to a combination of factors, including enforcement activities carried out by the U.S. federal government and a worsening of economic opportunities in the U.S. due to the Great Recession. In addition, some states have stepped up their own efforts to curtail unauthorized immigration. For example, Arizona, Alabama, South Carolina and a handful of others have adopted the federal government's E-Verify program, which compares information gathered by employers to records from the U.S. Department of Homeland Security and from the Social Security Administration to confirm employment eligibility.<sup>2</sup>

Such policies affect the supply of immigrant labor at both the national and state levels, leading to employment and earnings changes for different kinds of labor (for example, skilled and unskilled) and also for owners of complementary factors of production (such as capital or land). The effects at the national level of unauthorized immigration are relatively well-known, relative to the regional effects. Recent activism by states in enforcement has, however, spurred greater interest on the regional effects. Accordingly, we provide a quick summary of the national effects and then provide a detailed discussion of the regional effects.

## National Effects

At a national level, immigrants (authorized or unauthorized) can provide benefits to the receiving country through a reduction of labor market shortages. It is possible that such immigration may lower the wages of native labor (in this case, U.S. citizens), while conferring benefits to domestic

business owners. Economic analysis will predict that, under certain conditions, lower wages for native labor will simply lead to a redistribution of income in terms of larger earnings for native capital. While these effects may balance each other, the lower wages earned by the stock of existing immigrants are a net gain for the nation, as more income is transferred from immigrant labor to domestic capitalists. In other words, there is a net overall gain from immigration, akin to gains from freeing up the domestic market to international trade.

Income distribution, however, is a concern, especially in view of the fact that native laborers who are affected are likely to be in the lower parts of the national income distribution. There is reason for optimism on this latter aspect, too. Recent studies have pointed out that labor itself is of different types, with different skill levels that are appropriate for different types of jobs. Seen in this context, lower-skilled immigrants, who are a large fraction of unauthorized immigrants, can indeed contribute to higher incomes for native labor with complementary skills.<sup>3</sup> While a policy consensus may be hard to reach on this difficult subject, policymakers now have at their disposal a vast and growing literature in this area that informs them about the pros and cons of national immigration policies.

## Regional Effects

When one state boosts enforcement against unauthorized immigration through adoption of a program like E-Verify, immigration decisions are affected through a variety of channels. Some of the potential immigrants may decide not to immigrate at all, especially if their desired destination

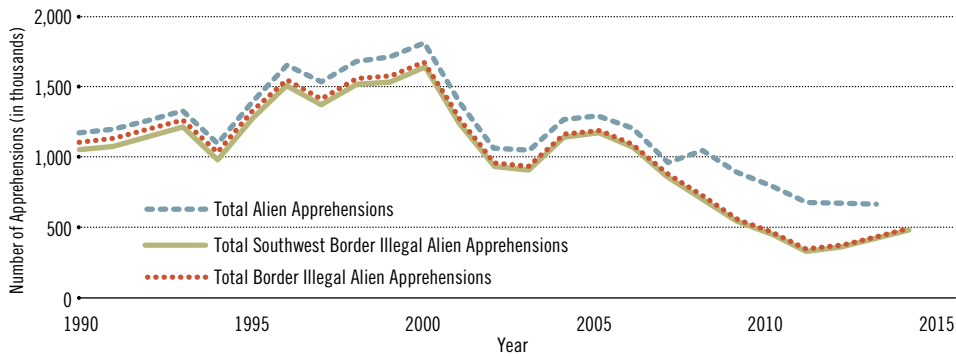
state of immigration has chosen this policy. On the other hand, some immigrants may immigrate to this state for a short time (especially if it is a border state, such as Arizona) and then move on to another state that has not boosted enforcement. Finally, existing unauthorized immigrants of a state may move back to their country of origin or move to another state in the U.S.

Such labor movements can benefit or hurt the state boosting enforcement, as well as the other states to which the immigrants relocate. For example, availability of cheap immigrant labor for some state businesses (for example, farm owners in California) that are facing labor shortages is a benefit. On the other hand, unauthorized immigrant families may burden the state finances, especially if these families do not have to pay corresponding taxes that finance local goods (like public education) provided by the state.

Presumably, if a state adopts stricter enforcement, it does so because policymakers believe that the costs of immigration outweigh the benefits. However, these policies have spillovers for other states when they are impacted by inflow or outflow of unauthorized immigrants caused by the first state's policy activism.

A recent paper by Subhayu Bandyopadhyay and Santiago Pinto addresses the interplay of federal and state policies in such a context; they found, among other things, that enforcement by states exceeds the economically efficient level, especially if interstate migration costs are low. The empirical literature that can inform these regional issues is evolving at a rapid pace. We highlight below some of the literature that is most closely related to regional labor

## Apprehensions of Illegal Aliens in the U.S.



SOURCES: U.S. Department of Homeland Security, Customs and Border Protection (CBP), U.S. Border Patrol (USBP), Immigration and Customs Enforcement (ICE), Homeland Security Investigations (HSI) and the Office of Enforcement and Removal Operations (ERO).

NOTES: Data refer to Border Patrol apprehensions and ICE administrative arrests. The data clearly reflect that (1) the majority of apprehensions occur at the border, and (2) nearly all of the border apprehensions take place on the U.S.-Mexico border.

market outcomes (such as local wage and employment rates) and to interstate migration issues for unauthorized immigrants.

### Others' Research

Economists Pia Orrenius and Madeline Zavodny investigated seven U.S. states that implemented universal E-Verify mandates between 2008 and 2012.<sup>4</sup> These universal mandates require all employers (public and private) to use the E-Verify system to check whether a new worker is authorized to work in the U.S. If not, then the employer is required to fire the new worker after a stipulated number of days. The authors found that while E-Verify reduces hourly earnings by about 8 percent for male Mexican immigrants who are likely to be unauthorized, the verification system does not have significant employment effects on this group. Somewhat surprisingly, the authors found that the labor force participation of likely-unauthorized female immigrants increases in these states with mandates. The authors suggested that this may be due to some women moving into the workforce to cushion the negative earnings outcomes for the men in this group. Interestingly, these mandates do not seem to affect the labor market outcomes of non-Hispanic whites, but the mandates do improve the outcomes for male immigrants from Mexico who have become naturalized U.S. citizens.

Along similar lines, economist Sarah Bohn and co-authors investigated the effects of Arizona's 2007 Legal Arizona Workers Act (LAWA), which mandates use

of E-Verify by all Arizona employers for all employees hired after Jan. 1, 2008. The authors observed a significant reduction in the proportion of the Hispanic noncitizen population of Arizona, but did not find similar declines for Hispanic naturalized citizens. The authors suggested that this decrease may be due to at least two reasons: Those planning to migrate illegally from Mexico to Arizona may choose an alternate location, and existing undocumented workers in Arizona may move elsewhere when they are impacted by LAWA.

The opposite of increased state-level enforcement against unauthorized immigrants is generous provision of local goods by a state, which can potentially make this state a "welfare magnet," drawing more unauthorized immigrants (and others) into it. Economist Anita Pena analyzes this issue using data from the National Agricultural Workers Survey. The study leads to several interesting findings. For example, in California, a high-benefit state, there is evidence that legal immigrants are attracted by generous welfare benefits to a greater degree than is the native U.S. population. This effect is more pronounced for U.S. green-card holders compared with naturalized citizens. But, surprisingly, the undocumented immigrants are less prone to be attracted to California for this reason, relative to the natives. The author provides several reasons that may rationalize this finding. Among them is the possibility that these unauthorized immigrants may stay for a short period of time in the state (that is, "transitory migration")


## ENDNOTES

- 1 The figure shows that apprehensions of unauthorized immigrants have declined substantially from a peak that was reached about 2000.
- 2 The U.S. Citizenship and Immigration Services agency describes the E-Verify program as "an Internet-based system that compares information from an employee's Form I-9, Employment Eligibility Verification, to U.S. Department of Homeland Security and Social Security Administration records to confirm employment eligibility." See <http://www.uscis.gov/e-verify/what-e-verify>.
- 3 See Hernandez-Murillo and Martinek for a nice discussion of related issues.
- 4 The states are Alabama, Arizona, Georgia, Mississippi, North Carolina, South Carolina and Utah.

## REFERENCES

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and, therefore, they may discount the possibility of receiving the state-level benefits, which often take some time to materialize. They may also face other barriers, such as lack of familiarity with English, as an impediment to accessing some benefits. The author also provides an important caveat—data used in this study are for agricultural workers, who may not best represent all types of potential immigrants, especially the legal immigrants who feature in the data as benchmarks for comparison with unauthorized immigrants.

While the literature on unauthorized immigration and its national effects is vast, its regional implications are less understood. This article suggests that state policies have an important bearing on labor market outcomes in states implementing them, as well as in other destination states for the unauthorized immigrants. A desirable immigration policy for the nation would probably benefit from a careful consideration of both the national and the regional effects, some of which we have highlighted in this piece. 

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