Lessons from the 2007 Legal Arizona Workers Act [LAWA]
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Discussion by Roberto Coronado

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Hispanic Economic Experience Conference

June, 2011

Motivation of the paper

- Some states, including Arizona, have enacted legislation to address the issue of unauthorized immigrants working illegally.

- Current federal employer sanctions (do not include E-verify) have been ineffective.

- This paper evaluates the effectiveness of LAWA. In particular, the authors concentrate on E-verify.

Why LAWA? Most comprehensive and restrictive legislation

- Covers all firms, not just public agencies or those with state government contracts.
- Mandates all employers located in the state to use E-verify.
- Tough sanctions to employers who "knowingly" employ unauthorized workers:
  - 1st offense: business license suspension
  - 2nd offense: business license revocation
- Bottom line: Mimics federal reform proposals.

Evaluating LAWA effects

- Authors evaluate LAWA effects on three fronts:
    1. Population
    2. Rental market
    3. Employment: wage and salary and self-employment.
- Authors employ CPS (1998-2009) data, ACS (2005-2008) data, and Decennial Census of 2000.
- These datasets provide detail on employment, race/ethnicity, education, age, and other demographic characteristics.

The challenge…

- Authors are not able to precisely identify unauthorized immigrants at the individual level.
- Solution: authors create a "likely unauthorized" group:
  - Men
  - Working age (16-60 yrs old)
  - Hispanic origin
  - Fewer years of formal education

Methodology

- Authors use synthetic control method [Abadie et al 2010] to select a group of states against which Arizona can be compared.

- This will result in treatment and control groups.

$$DD_{AZ} = (Outcome_{Post}^{AZ} - Outcome_{Post}^{Synth}) - (Outcome_{Pre}^{AZ} - Outcome_{Pre}^{Synth})$$

- Thus, authors employ diff-in-diff methods to estimate the impact of LAWA.

Empirical findings

- Since 2008 the proportion of Arizona's population that was likely unauthorized fell 1.5 percentage points [-92K unauthorized immigrants in 2009].

- Rental vacancy rate in Arizona was 5.8 percent higher [no effect on housing vacancy rates].

- Non-citizen Hispanic employment rate was 11 to 12 percentage points lower in Arizona [-56K non-citizen Hispanic workers].

Empirical findings

- LAWA also had the unintended consequence of shifting unauthorized workers into the informal or underground economy.

- LAWA's self-employment effect is about 8 percentage points [+25K self-employed Hispanic non-citizens].

- This could represent other substantial economic/social costs.

- No significant impact to authorized workers.

In sum

- The paper addresses an important question regarding immigration policy and provides interesting empirical results.
- It would be interesting if authors consider:
  - Break-down the analysis by sector: agriculture, construction sector.
  - Break-down the analysis by city (MSA).
  - What about the 2010 census?
  - What about employment turnover? Does E-verify apply to people already employed?
  - What about the great-recession?

On the Timing and Effectiveness of SB 1070 in Arizona
by Catalina Amuedo-Dorantes, San Diego State University

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Hispanic Economic Experience Conference

June, 2011

Motivation

- Arizona's Senate Bill 1070 (AZ SB 1070) got enacted in 2010.
- The Act was established with the main goal to enable local authorities to identify unauthorized immigrants.
- Authors are interested in:
  1. Justification of multiple legislative measures targeting unauthorized immigration [LAWA & SB 1070].
  2. What is the "marginal" effect of SB 1070?
  3. Does SB 1070 complement LAWA?

Stylized facts about previous studies

- There is a vast literature that explores the impact of immigration measures adopted at the federal level on the flow of undocumented immigrants:

    1. Studying aggregate data (apprehensions) before and after IRCA.

    2. Using individual data on specific Mexican communities.

- Most of these studies find that border enforcement policies do not seem to have much of an impact on illegal immigration.

New wave of studies...

- As states have started to take action on immigration issues, researchers are now studying the impact of state-level legislation on residential choices and labor market outcomes of unauthorized immigrants.

- There are just a few studies [Lofstrom *et al* 2011] that concentrate on state-level legislation impacts.

- This study attempts to fill in this gap.

Methodology

- Authors use the synthetic control method.
- The main idea is to identify a group of states that can be used as a counterfactual (treatment vs. control group).
- In essence, the authors use a diff-in-diff estimate of the impact that AZ SB 1070 had on the population of unauthorized immigrants:

$$\Delta_{AZSB1070} = (Y_{Post}^{AZ} - Y_{Post}^{Control}) - (Y_{Pre}^{AZ} - Y_{Pre}^{Control})$$

Empirical findings

- LAWA resulted in a significant contraction in the shares of Hispanic and Mexican non-citizens; however, the contraction was short-lived.

- The impact of SB 1070 appears to also be short-lived.

- The impact of SB 1070 is concentrated on reducing the population of Hispanic and Mexican male non-citizens. Thus, SB 1070 does not complement LAWA in targeting Hispanic and Mexican female non-citizens.

In sum

- This paper provides evidence that the "marginal" impact of SB 1070 is practically non-existent.
- It would be interesting if authors consider:
  - Break-down the analysis by sector: agriculture, construction, services.
  - Break-down the analysis by city (MSA).
  - What about the great-recession, mild-recovery?
  - Expand the paper. Currently it only offers a brief discussion.
  - Exploit more the policy implications of empirical findings.

Hispanic Entrepreneurship: An Analysis of Industry Choice and Entrepreneurial Success
by Mary J. Lopez, Occidental College

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Hispanic Economic Experience Conference

June, 2011

Motivation

- Hispanic owned-businesses in the U.S. have increased three-times faster than those owned by non-Hispanic.

- This paper examines the factors that contribute to the difference in self-employment income between Hispanics and non-Hispanic whites.

- In particular, this paper explores the role of industry choice.

A new approach

- The existing literature concentrates on the impact that education, start-up capital, work experience, and English proficiency have on Hispanic entrepreneurial success.

- This paper concentrates on the industry of the business and explores what impact that might have on Hispanic self-employment outcomes.

Data

- This study uses the Integrated Public Use Microdata (IPUMS) of the 2000 U.S. Census.

- In particular, the data is for individuals (Hispanics and non-Hispanics) that:

    1. Between 20 and 64 years old.
    2. Worked ≥15 hrs/wk and ≥20 wks/yr
    3. Income≥0.
    4. Part of labor force and were not in school.

- Income = Gross Receipts – Business Expenses

Empirical findings

- Industry plays a small role in contributing to the self-employment income gap (not necessarily for women).

- "Other" factors (i.e. education) play a much larger role.

- Across Hispanic sub-groups industry plays a significant role (although small).

- Using detailed industry dataset, industry has a *large* and statistically significant impact.

In sum

- The paper provides interesting results on Hispanic entrepreneurship.
- It would be interesting if the author considers:
  - Will the results change if you allow: Income<0?
  - Use other datasets (smaller *df*) for robustness check. If results are the same, then you can exploit the richness of other datasets.
  - Given the great recession, it will be interesting to replicate w/2010 Census data. Will the results be same? Change?
  - What about including D(less than HS) in the regression? Shifting action away from intercept.
  - Exploit the 3-digit level data. Industry becomes an important driver for income differences.