Labor Market Shocks and Immigration Enforcement

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Immigration consistently ranks as one of the most important political issues in the United States. Partly because of its political importance, there exists a vast economic literature examining the impacts of immigration on a wide variety of economic outcomes. Much less work examines the forces that drive the adoption of immigration enforcement policies.

In this paper, we examine whether negative labor market shocks influence the adoption of local enforcement policies by examining changes in the likelihood of a commuting zone (CZ) having one of several immigration policies in place following changes in the unemployment rate that resulted from the Great Recession. The policies studied in this paper include local law enforcement partnerships with US Immigration and Custom's Enforcement (ICE) in the form of 287(g) agreements and early Secure Communities' implementation, as well as implementation of mandatory employment screening in the form of E-Verify mandates.

Our dataset consists of CZ level information from 2000 to 2020. We combine data on the universe of local law enforcement 287(g) agreements, implementation of the Secure Communities program, and state level E-Verify mandates with CZ level demographic information from the 2000 Decennial Census, unemployment effects of the Great Recession from Yagan (2019), and controls for exposure to import competition and automation from Autor, Dorn and Hanson (2021) and Pierce and Schott (2020).

Using a standard difference-in-differences design, we find that CZs that experienced larger unemployment increases following the Great Recession were more likely to have several local immigration enforcement policies in place. Our results are consistent with the hypothesis that additional local enforcement is not solely due to federal priorities but also enacted locally in response to native voter anxiety of undocumented immigrants competing for scarce jobs following an economic downturn. We find these results

despite research suggesting increased immigration promotes better economic recoveries following recessions (Cadena and Kovak 2018).

Previous research in the literature that studies the determinants of anti-immigration sentiment has focused on individuals' contact with immigrants (Steinmayr 2020), cultural distance (Tabellini 2020), and misperceptions about immigrants' characteristics (Alesina et al. 2023). Our findings contribute to this literature by illustrating that one measure of anti-immigrant sentiment, local enforcement policy, is influenced by the business cycle.

Additionally, this paper, to the best of our knowledge, is the first to examine the forces that led to the adoption of 287(g) agreements, Secure Communities, and E-Verify programs. Past work has estimated the effects of these programs on migration destination (Watson 2013), self-employment (Gutierrez-Li and Garcia 2023), earnings, and employment (East et al. 2023; Orrenius and Zavodny 2015).

I. Background -

A. The 287(g) Program –

The 287(g) program is named after section 287(g) of the Immigration and Nationality Act, that allows the Department of Homeland Security (DHS) to enter into formal written agreements with local law enforcement agencies. The program is voluntarily entered into by local law enforcement agencies. After an agreement is approved by ICE, the program deputizes local law enforcement officers to perform certain functions of federal immigration agents. In general, deputized officers are authorized to interview individuals to ascertain immigration status; check DHS databases for information on individuals; issue detainers to hold individuals until ICE takes custody; issue a Notice to Appear beginning the deportation process; make recommendations for voluntary removal, detention, and bond; and transfer noncitizens into ICE custody (American Immigration Council 2021).

Opponents of 287(g) policies argue that these agreements instigate racial profiling of the local Hispanic population (American Civil Liberties Union 2022). For instance, Rubalcaba et al. (2024) showed that following a civil rights investigation into racial profiling of Hispanic motorists by Alamance County North Carolina Sheriff's Department, that other neighboring 287(g) law enforcement agencies switched from using low-level traffic stops to using checkpoints to disproportionately stop Hispanic motorists. Since 287(g) programs are frequently enacted by politically appointed sheriff's departments they can also serve as a measure of local anti-immigration sentiment.

B. The Secure Communities Program

The Secure Communities program is a data sharing agreement between ICE, the Federal Bureau of Investigation (FBI), and local law enforcement agencies. The program requires local law enforcement to submit fingerprints of incarcerated individuals to FBI and DHS databases to ascertain lawful immigration status and criminal history. This allows ICE to determine any enforcement action to take on incarcerated immigrants. Unlike 287(g), local law enforcement only provides fingerprints to the database and does not ascertain immigration status nor initiate formal removal.

The Secure Communities program has been implemented in every county across the US. The policy was implemented across the country in a piecemeal fashion that has been leveraged as a source of exogenous variation by previous studies focusing on the effects of Secure Communities on economic outcomes (East et al. 2023; Gutierrez-Li and Garcia 2023). However, rollout across the earliest adopters was likely not exogenous since early adopters were recruited by ICE. In fact, early rollout was strongly related to prior adoption of 287(g) programs, proximity to the US-Mexico border, and Hispanic population size (Cox and Miles 2013). For this reason, we focus on early adopters of Secure Communities where rollout likely reflected ICE priorities and local politics.

C. E-Verify Program

The E-Verify Program is another data sharing program with DHS. E-Verify does not involve local law enforcement and instead informs employers of workers eligibility to work in the United States. The program works through an internet platform that verifies information that employers submit about their workers using DHS and Social Security Administration records.

The program was initially voluntary for use by employers. However, over time some states began to require the use of E-Verify. These laws varied in terms of whether only public sector employers or all employers in the state were required to use E-Verify. Implementation of the program has been associated with decreased earnings of undocumented male immigrants (Orrenius and Zavodny 2015).

II. Data and Methods -

A. Data –

Immigration Enforcement Policies.— Our main outcome variables of interest are indicators for whether any county within the CZ had an active a 287(g) agreement in place, was recruited as an early adopter of Secure Communities, and was subject to E-Verify mandates.

We collected information on the timing of adoption and termination of 287(g) programs

through archived records available on the U.S. Immigration and Customs Enforcement website (Immigration and Customs Enforcement 2024). Our dataset covers all 287(g) programs adopted between 2002-2020. Information on the roll-out of Secure Communities and E-Verify is limited to 2000-2016 and obtained from East et al. (2023).

Commuting Zone Characteristics.— Our explanatory variable of interest is a CZ's change in unemployment during the Great Recession. We collect information on unemployment rate changes from 2007 to 2009 using data from Yagan (2019). Our preferred specification includes baseline CZ characteristics from the 2000 Decennial Census (U.S. Census Bureau 2000) and controls for additional economic shocks – the rise in automation and exposure to greater import competition – using data available from Pierce and Schott (2020) and Autor, Dorn and Hanson (2021).

B. Difference in Difference Design –

To identify the impact of the Great Recession on the likelihood of implementing a specific local immigration enforcement program we adopt the methodology in Yagan (2019) which exploits spatial variation in the Great Recession's severity to study its long-term impact on employment and earnings. Our main regression is:

$$(1)\ Policy_{zt} = \beta_1 Post_t \cdot Shock_z + \sum_{t=2000}^{2020} \phi_t (1\{year = t\} \cdot X_z^{2000}) + \alpha_z + \lambda_t + \epsilon_{zt}$$

where $Policy_{zt}$ is an indicator for whether a CZ, z, has a specific policy under study in place during year t. The policies evaluated include having an active 287(g) agreement by any law enforcement agency within the CZ, adoption of a Secure Communities program by a county within the CZ before 2012, located in a state with public sector E-Verify mandates in place, and located in a state with all sector E-Verify mandates in place. $Post_t$ is an indicator that equals one in the years after the onset of the Great Recession (2007); $Shock_z$ is a measure of the impact of the Great Recession on a CZ, defined as the change in the unemployment rate from 2007 to 2009 ; α_z and λ_t are standard CZ and year fixed effects and ϵ_{zt} is our idiosyncratic error term.

ϕ_t captures potentially time-varying effects of initial CZ-level characteristics including the share of the CZ's population in 2000 without a college degree, are veterans, or are foreign born, as well as the change in import competition from China from 2000-2007, the routine-share of employment, and the normal trade relations tariff rates in 1990. We also

include interaction terms to account for the phasing out of the global Multi-Fiber Arrangement to account for other economic shocks. All standard errors allow for the arbitrary correlation in errors at the CZ level.

Our coefficient of interest is β_1, which captures the change in the likelihood a CZ has each local enforcement policy in place after a one percentage point increase in the unemployment rate from 2007 to 2009. The key identifying assumption is that there are no shocks related to adopting immigration enforcement policies that coincide with the Great Recession and correlate to its severity.

III. Results

Table 1 shows the difference-in-differences results for our outcomes of interest. Overall, we find that CZs that faced greater changes in the unemployment rate due to the Great Recession saw statistically significant increases in the likelihood of having each local immigration enforcement policy in place. Column (1) and (2) show that a one percentage point increase in unemployment from the Great Recession was associated with a one percentage point increase in the likelihood of having an active 287(g) agreement and being an early adopter of Secure Communities. Columns (3) and (4) show that the same unemployment increase is associated with a 2-percentage point increase in the likelihood of having an E-Verify mandate in the public sector, and a 3-percentage point increase in the likelihood of having an E - Verify mandate across all sectors.

The results in column (1) and (2) may be due to ICE prioritizing CZ's greatly impacted by the Great Recession. However, the results in column (3) and (4) suggest that immigration enforcement was not driven by ICE priorities alone and likely reflected local political interests as well. This is consistent with the Great Recession generating increased anti-immigrant sentiment among native-born voters over perceived competition for scarce employment opportunities.

[Insert Table 1 Here]

IV. Conclusion

Overall, our findings are consistent with the Great Recession leading to greater native anxiety over competition from immigrants for local employment opportunities. As a result, local governments sought to either reduce the size of the undocumented immigrant pool through more cooperation of local law enforcement with deportation authorities in the form of 287(g) and Secure Communities or sought to prevent undocumented immigrants from employment opportunities by requiring employers to ascertain legal work status. These findings are especially relevant given the rising

importance of immigration in national politics following the COVID-19 recession.

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Tables

TABLE 1 – THE IMPACTS OF THE GREAT RECESSION ON IMMIGRATION ENFORCEMENT POLICIES

	Adopts 287(g)	Early Secure Communities	E-Verify in Public Sector	E-Verify in All Sectors
	(1)	(2)	(3)	(4)
$Post_t \cdot Shock_z$	0.01**	0.01***	0.02***	0.03***
	(0.004)	(0.003)	(0.008)	(0.006)
Post-period Mean	0.05	0.47	0.33	0.12
Observations	15,162	8,664	11,552	11,552

Notes: Robust standard errors in parentheses. All standard errors are clustered at the commuting zone level. All regressions include commuting zone and year fixed effects and baseline covariates. A description of what variables are contained in the baseline covariates can be found in the main text. $Shock_z$ is defined as the change in the unemployment rate within a commuting zone from 2007 to 2009 as in Yagan (2019). Column (1) uses data from 2002-2020, column (2) from 2000-2014, while column (3) and (4) from 2000-2016. Post-period mean reports the share of commuting zones with the corresponding policy after 2006. The number of observations vary based on the years of available data for each of the programs.

*** Significant at the 1 percent level.

** Significant at the 5 percent level.

* Significant at the 10 percent level.