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Revitalizing the Golden State

What Legalization Over Deportation Could Mean to California
and Los Angeles County

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Introduction and summary

California is home to nearly 10 million immigrants, more than one quarter of the state's population. Of those, 2.7 million are undocumented, and the vast majority of them have been living in the United States for more than 10 years.¹ California's immigrant contributions to the Golden State cannot be overstated. From Cesar Chavez, the pioneering agricultural labor-rights leader in the 20th century to Sergei Brin, the Russian entrepreneur behind one of the 21st century's most revolutionary companies, Google Inc., the foreign born and their descendants are woven into the state's cultural and economic fabric.

Still, that reality has not prevented some Californians, frustrated with our broken federal immigration system, to call for an Arizona-style "papers please" approach. In fact, a Tea Party activist and former chair of the Sonoma County Republican Party is currently organizing a petition drive to put a similar measure before the California voters on the next ballot.²

California is no stranger to anti-immigrant sentiment. This immigrant-rich state has grappled with issues related to legal and illegal immigration for decades. In 1994, then-Gov. Pete Wilson staked his political fortunes to a measure similar to S.B. 1070, Arizona's immigration enforcement law. The Wilson-backed measure—known as Proposition 187—died in the courts but triggered a political backlash against the state's Republican establishment that persists to this day.³

Nonetheless, some state legislators in California appear willing to repeat the mistakes of 1994 by gearing up to push S.B. 1070-style legislation without considering the economic and fiscal consequences of such a move.⁴ The stated goal of this new wave of state-based enforcement legislation is to trigger a mass exodus of undocumented immigrants, by making "attrition through enforcement" the policy of state and local government agencies.⁵ The threshold question that proponents of S.B.1070-style legislation have failed to answer is whether that goal serves the economic interests of the state's constituents.

The Center for American Progress and the Immigration Policy Center recently released a report answering that question as it related to Arizona.⁶ Our economic analysis conclusively demonstrated that, if successful, S.B. 1070 would have grave consequences for the state's economy. In this report, we train our focus on California, with a separate look at Los Angeles County. We assess the economic ramifications to the state and county by answering the following two questions:

- If legislation designed to drive all undocumented immigrants from California actually accomplished that goal, what effect would it have on the state's economy and the economy of Los Angeles County?
- Conversely, what would the impact be on the California and Los Angeles County economies if undocumented immigrants acquired legal status?

Our analysis finds that the economic and fiscal consequences of widespread deportation for California and L.A. County would be even more devastating than in Arizona. When undocumented workers are taken out of the economy, the jobs they support through their labor, their consumption, and their tax payments disappear as well. Particularly during a time of profound economic uncertainty, the type of dislocation envisioned by harsh immigration enforcement policies runs directly counter to the public interest.

Conversely, our analysis shows that legalizing the undocumented population in California and L.A. County would yield significant economic benefits. Based on the historical results of the last legalization program under the Immigration Reform and Control Act of 1986, a similar program would increase wages not only for immigrants but also for their

FIGURE 1 Mass deportation versus mass legalization Costs and consequences

Deportation effects

California:

- Decrease total employment by 17.4 percent
- Eliminate 3.6 million jobs
- Shrink the state economy by \$301.6 billion
- Reduce state's tax revenues by 8.5 percent

Los Angeles County:

- Decrease total employment by 21.9 percent
- Eliminate 1.3 million jobs for immigrant and native-born workers alike
- Shrink the county economy by \$106.4 billion
- Reduce tax revenues by 11.6 percent

Legalization effects

California:

- Add 633,000 jobs
- Increase labor income by \$26.9 billion
- Increase tax revenues by \$5.3 billion

Los Angeles County:

- Add 211,000 jobs
- Increase labor income by \$10.3 billion
- Increase tax revenues by \$1.9 billion

native-born co-workers. This would generate more tax revenue and more consumer and business spending, supporting additional jobs throughout the state and L.A. County economies.

Our report estimates and compares the short-term shock to the state and county economies that would be immediately felt from a significant change in policy—deportation or legalization. Our analysis evaluates the changes in economic output, employment levels, and tax contributions on the economies of California and, more specifically, Los Angeles County arising from these divergent policy approaches. This analysis demonstrates unequivocally that undocumented immigrants don't simply "fill" jobs—they create jobs. Through the work they perform, the money they spend, and the taxes they pay, undocumented immigrants sustain the jobs of many other workers in the U.S. economy, immigrants and native-born alike.

Were undocumented immigrants to suddenly vanish, the jobs of many Americans in California and L.A. County would vanish as well. By contrast, were undocumented immigrants to acquire legal status, their wages and productivity would increase, they would spend more in our economy and pay more in taxes, and new jobs would be created. (see Figures 1 and 2)

FIGURE 2

Boosting jobs, boosting tax revenues

What California can do with \$5.3 billion in additional tax revenues from legalizing undocumented workers

- Fully fund the proposed 2011-2012 general fund expenditures for the legislative, judicial, and executive branches, state and consumer services, business transportation and housing, environmental protection, labor workforce development, nonagency departments, and statewide expenditures, with money left over⁷
- Provide in-state tuition to University of California schools for more than 300,000 students⁸
- Build and fully staff 600 new elementary schools⁹
- Provide vaccinations for half of California's children¹⁰
- Build 104 large (4-8 stories) hospitals¹¹
- Give every Californian \$143

In short, mimicking Arizona's goal of mass expulsion would be economically self-destructive to the California economy and the L.A. county economy. California went down that road in the early 1990s and accomplished nothing except to unleash a political backlash from the fastest growing demographic group in the state and nation. California should opt instead for the more forward-looking approach that puts all workers on a legal, even footing. That progressive strategy could serve as a costless stimulus to the economy that would improve the state's fiscal balances.

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The Center for American Progress is a nonpartisan research and educational institute dedicated to promoting a strong, just and free America that ensures opportunity for all. We believe that Americans are bound together by a common commitment to these values and we aspire to ensure that our national policies reflect these values.

We work to find progressive and pragmatic solutions to significant domestic and international problems and develop policy proposals that foster a government that is “of the people, by the people, and for the people.”

About the Immigration Policy Center

The Immigration Policy Center (IPC) is the research and policy arm of the American Immigration Council. IPC’s mission is to shape a rational conversation on immigration and immigrant integration. Through its research and analysis, IPC provides policymakers, the media, and the general public with accurate information about the role of immigrants and immigration policy on U.S. society. IPC reports and materials are widely disseminated and relied upon by press and policy makers. IPC staff regularly serves as experts to leaders on Capitol Hill, opinion-makers and the media.



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