

# ECONOMIC IMPACTS OF FEDERAL IMMIGRATION ENFORCEMENT

*in Los Angeles County*



INSTITUTE FOR APPLIED ECONOMICS  
Los Angeles County Economic Development Corporation

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## IN LOS ANGELES COUNTY

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This research was commissioned by the Los Angeles County Department of Economic Opportunity, with special acknowledgment and appreciation going to Los Angeles County Board of Supervisors Chair Hilda Solis for leading the County's response to the recent immigration enforcement activities.

The LAEDC Institute for Applied Economics provides objective economic and policy research for public agencies and private firms. The group focuses on economic impact studies, regional industry analyses, economic forecasts, and issue studies, particularly in workforce development, transportation, infrastructure, and environmental policy.

Every reasonable effort has been made to ensure that the data contained herein reflect the most accurate and timely information possible and they are believed to be reliable.

The report is provided solely for informational purposes and is not to be construed as providing advice, recommendations, endorsements, representations, or warranties of any kind whatsoever.

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# Executive Summary

## Background

In June 2025, the federal government intensified enforcement of national immigration policies in Los Angeles County through increasingly aggressive efforts to arrest and detain unauthorized immigrants. These actions included workplace raids across Los Angeles, the deployment of approximately 4,000 California National Guard troops and 700 U.S. Marines, and large-scale operations such as the July 7 sweep through MacArthur Park. This report, commissioned by the Los Angeles County Department of Economic Opportunity, documents the economic impacts of these enforcement activities on businesses, workers, families, and communities across the County.

## Scale of Economic Contribution and Vulnerability

Los Angeles County's approximately 3.5 million immigrants—representing 35 percent of the total population—contribute fundamentally to the regional economy. Among them, an estimated 948,700 undocumented immigrants work in sectors critical to the County. Data from USC's Equity Research Institute show that the largest concentrations of undocumented workers include retail trade (23.4 percent of undocumented workers), construction (16.2 percent), other services (14.5 percent), and manufacturing (13.3 percent). These four industries alone account for nearly two-thirds of all undocumented employment in the County. With respect to the dependency of industries on undocumented labor, agriculture shows the highest reliance at 31 percent of its total workforce, followed by construction (28.7 percent), manufacturing (17.5 percent), wholesale trade (16.0 percent), retail trade (15.4 percent), and transportation and warehousing (11.8 percent).

Our analysis estimates that undocumented workers in Los Angeles County generate approximately \$253.9 billion in total economic output, representing about 17 percent of the County's overall economic activity. This activity supports over 1.06 million jobs both directly and through multiplier effects.

Our geographic and sectoral analysis also reveals that vulnerability to immigration enforcement is not uniformly distributed. Communities with high concentrations of Latino immigrants, Spanish speakers, renter households, and non-citizen workers face disproportionate exposure to enforcement activities and their economic consequences. The Immigration Enforcement Vulnerability Index (IEVI) identifies areas such as Mission Hills-Panorama City, Bell, Pico Rivera, Southeast Los Angeles, and neighborhoods around downtown Los Angeles as particularly vulnerable.

## Documented Business and Community Impacts

Data from LAEDC's business impact survey show that 82 percent of respondents from across the County reported being negatively affected, with 52 percent experiencing reduced daily sales or revenue and 51 percent reporting decreased customer traffic. Among businesses experiencing revenue losses, 44 percent reported decreases exceeding 50 percent, while another 31 percent experienced losses between 26 and 50 percent. More than two-thirds of respondents made operational adjustments, including reducing hours, closing on certain days, and delaying expansion plans.

The pervasive climate of fear across impacted neighborhoods, documented through 178 business interviews conducted by the Los Angeles Economic Equity Accelerator & Fellowship (LEEAF), fundamentally altered consumer behavior, with customers staying home, avoiding certain areas, and reducing spending across immigrant communities. Fear-related terminology was used 298 times by business leaders when describing community impacts, far exceeding other emotional descriptors. This climate of fear drove reduced consumer activity, with customers avoiding public spaces and businesses, ultimately contributing to revenue losses.

Workforce impacts also proved significant, with businesses reporting employees expressing fear about coming to work, reduced productivity due to anxiety, and difficulty finding replacement workers. Sixty-seven percent of businesses experiencing workforce changes characterized the impact on business operations as major or moderate.

Moreover, our analysis of LA METRO bus ridership data shows that lines serving high-vulnerability areas experienced a sharp relative decline of approximately 17,000 monthly riders during the peak enforcement period. Additionally, international arrivals at LAX declined on a year-over-year basis throughout 2025, potentially reflecting concerns about the treatment of immigrants and foreign visitors.

## Analysis of Downtown Los Angeles Curfew

The June 2025 Downtown Los Angeles nightly curfew, imposed from June 10 to June 16, 2025, in response to protests tied to intensified federal immigration enforcement, provides a case study of concentrated disruption impacts. Under the baseline scenario of short-term disruption with rapid recovery, the curfew is estimated to have resulted in approximately \$840 million in total output losses, 3,920 job-years of lost employment, and \$312 million in lost labor income. More extended disruption scenarios suggest that impacts could be substantially higher, with recurring disruptions potentially generating losses exceeding \$2.5 billion in total output and nearly 12,000 job-years.

Our analysis indicates that service-oriented and consumer-facing industries experienced the greatest impacts across all scenarios, reflecting their high dependency on in-person activity and foot traffic. The most affected sectors included accommodation and food services, professional and technical services, and other services such as personal care and repair businesses.

## Key Findings

**Economic Contribution:** Undocumented workers in Los Angeles County generate \$253.9 billion in economic output (17 percent of total County output), support 1.06 million jobs, contribute \$80.4 billion in labor income, and account for \$147.4 billion in value-added (roughly 57.5 percent of the statewide contribution attributable to undocumented labor).

**Business Disruption:** Eighty-two percent of surveyed businesses experienced negative effects, with 44 percent of affected businesses reporting revenue losses exceeding 50 percent. Thirty-eight percent of businesses reported major negative impacts to short-term financial stability, and 47 percent expressed being very concerned about long-term viability.

**Workforce Impacts:** Thirty-three percent of businesses reported employees expressing fear about coming to work, 28 percent experienced reduced productivity due to worker anxiety, and 27 percent faced difficulty finding replacement workers.

**Community-Level Effects:** Seventy-three percent of businesses reported negative effects on their customer base, including loss of regular customers and reduced foot traffic. Bus ridership on high-vulnerability lines declined by approximately 17,000 monthly riders compared to baseline. More than 2 million County residents are either undocumented or live with at least one undocumented family member, amplifying the reach of enforcement impacts.

**Geographic Vulnerability:** Areas with the highest IEVI scores include Mission Hills-Panorama City (91402), Bell (90201), Pico Rivera (90660), Southeast Los Angeles (90011), and neighborhoods around downtown Los Angeles. These areas are characterized by higher concentrations of foreign-born populations from Latin America, renter households, non-citizen workers, and Spanish speakers.

## Policy Implications and Recommendations

The analysis demonstrates that immigration enforcement activities carry substantial economic costs that extend well beyond the individuals directly targeted for detention or removal. The disruptions affect citizens and non-citizens alike, impact businesses across all sectors, reduce tax revenues at all levels of government, and undermine the economic vitality of communities across Los Angeles County.

The report offers recommendations for policymakers across four key areas:

**Economic Support and Business Resilience:** Consider expanding access to emergency business assistance programs and creating flexible loan and grant programs that balance accountability with accessibility concerns identified through this research.

**Workforce Development and Retention:** Explore opportunities to support businesses facing workforce challenges through existing workforce development programs, including subsidized training, remote work facilitation, and assistance with employee-related costs.

**Community Trust and Service Delivery:** Examine current outreach methods to identify opportunities to rebuild trust and encourage service utilization. Consider delivering county services through trusted community intermediaries, including small businesses and nonprofit organizations.

**Information Sharing and Coordination:** Develop coordinated communication strategies to provide accurate, timely information about enforcement activities and available resources. Establish regular communication mechanisms between the county and business communities in areas experiencing significant disruption.

## Conclusion

This comprehensive analysis documents the far-reaching economic consequences of intensified federal immigration enforcement in Los Angeles County. The findings reveal substantial disruptions to businesses, workers, and communities, with impacts that extend well beyond those directly targeted by enforcement

actions. Moving forward, targeted interventions to support affected businesses, workers, and communities could help mitigate these impacts and strengthen regional economic resilience. Such efforts should be informed by the geographic and sectoral vulnerability patterns documented in this analysis and should prioritize resources for the most heavily affected areas and industries. Continued monitoring of enforcement patterns and economic indicators will be essential to track evolving conditions and inform appropriate policy responses.