



California State Senate Committee on Labor, Public Employment and Retirement

Federal Immigration Enforcement and Labor Market Impacts

Evidence from Los Angeles County

Prepared by the LAEDC Institute for Applied Economics

On February 5, 2026, The Institute for Applied Economics at the Los Angeles County Economic Development Corporation (LAEDC) released the report *Economic Impacts of Federal Immigration Enforcement in Los Angeles County*. Commissioned by the Los Angeles County Department of Economic Opportunity at the direction of the Los Angeles County Board of supervisors, our analysis examines how intensified federal immigration enforcement activity during 2025 corresponded with changes in labor market conditions, business operations, and economic activity across Los Angeles County.

The analysis focuses on a period during which federal enforcement actions, including workplace raids, arrests, and detention operations, increased significantly in the region. These actions occurred alongside expanded federal resources dedicated to enforcement activities and coincided with shifts in several economic indicators.

Our research examines how enforcement activity may affect the regional economy through multiple channels. These include changes in workforce participation, business operations, consumer behavior, and community mobility patterns. While enforcement actions target individuals, economic impacts can extend beyond those directly involved to businesses, workers, and households across affected communities.

Los Angeles County provides an important case study for examining these dynamics. The County is home to one of the largest and most diverse labor markets in the United States and includes a substantial immigrant workforce that participates across multiple key industries. Understanding how enforcement activity interacts with local labor markets can provide useful context for evaluating broader economic conditions.

This research brief summarizes key findings from our analysis and presents selected economic indicators that illustrate how immigration enforcement activity corresponded with labor market and business conditions in Los Angeles County.

The Role of Immigrant Workers in the Los Angeles Economy

Immigrant workers are an important component of the labor market in Los Angeles County. Los Angeles County is home to approximately **3.5 million immigrants**, representing about 35 percent of the total population. Within the labor force, an estimated **948,700 undocumented workers**¹ (9.4 percent of the County's total population) participate in economic activity across multiple industries.

¹ USC ERI. 2025. *Undocumented Immigrants in LA County*.

https://dornsife.usc.edu/eri/wpcontent/uploads/sites/41/2025/07/USC_ERI_LA_County_Undoc_Estimates_July2025.pdf.

The economic contribution associated with this workforce is substantial. Our analysis estimates that undocumented workers in Los Angeles County, through both direct employment and supply chain effects:

- Generate approximately \$253.9 billion in total economic output, accounting for roughly 17 percent of the County’s total economic activity.
- Supports approximately 1.06 million jobs associated with an estimated \$80.4 billion in labor income
- Account for \$147.4 billion of value added (a measure closely aligned with gross county product), or 16 percent of the county’s total.
- According to a report by the Bay Area Council Economic Institute and UC Merced, undocumented labor contributes an estimated \$278 billion to California’s gross state product (GSP).² Based on this, undocumented workers in Los Angeles County account for roughly 57.5 percent of the statewide GSP contribution attributable to undocumented labor

Estimated Economic Contribution of Undocumented Workers, LA County (2023)	
Output (\$ millions)	\$253,879
<i>Direct</i>	\$158,805
Employment (jobs)	1,062,550
<i>Direct</i>	630,120
Labor income (\$ millions)	\$80,444
<i>Direct</i>	\$47,699
Value added (\$ millions)	\$147,361
<i>Direct</i>	\$88,389

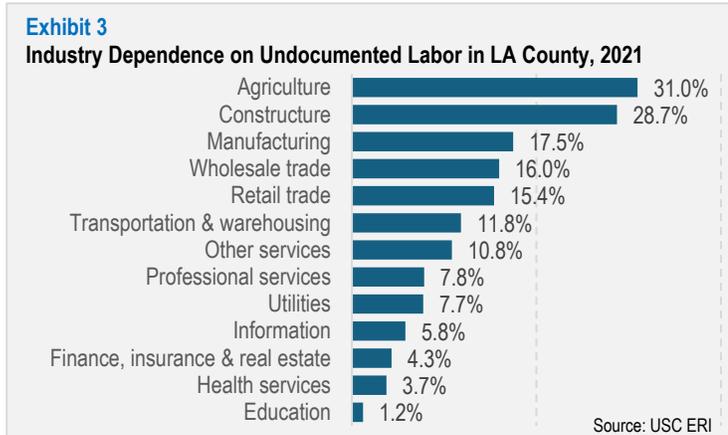
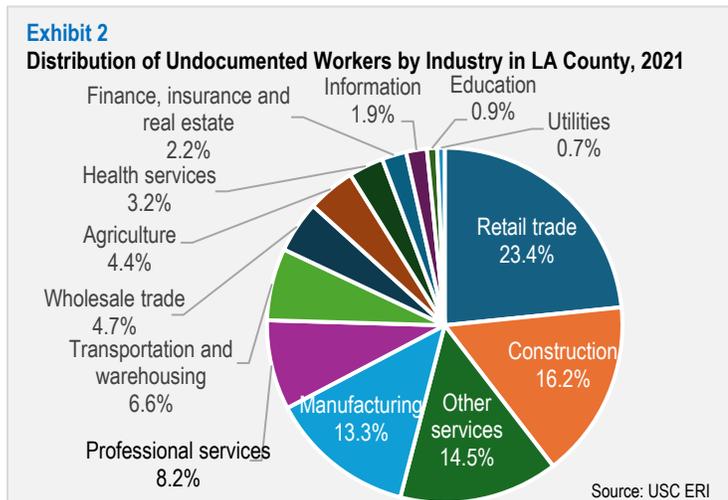
Source: IMPLAN; estimates by LAEDC

These undocumented workers are distributed across a range of industries that are important to the regional economy. Data from USC’s Equity Research Institute show that the largest concentrations of undocumented employment occur in:

- Retail trade (23.4 percent)
- Construction (16.2 percent)
- Other services, including personal services and repair businesses (14.5 percent)
- Manufacturing (13.3 percent)

These four sectors account for nearly two-thirds of undocumented employment in Los Angeles County.

In terms of workforce dependence, several industries have particularly high shares of undocumented labor. Agriculture has the highest reliance, with undocumented workers accounting for approximately 31



² Bay Area Council Economic Institute and UC Merced. June 2025. *The Economic Impact of Mass Deportation in California*. <https://www.bayareaeconomy.org/report/economic-impact-of-mass-deportation-in-california/>.

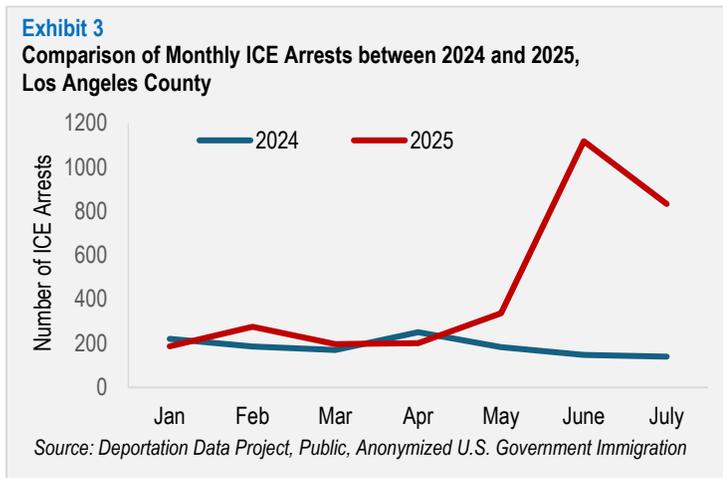
percent of the workforce, followed by construction at 28.7 percent, manufacturing at 17.5 percent, and wholesale trade at 16 percent.

These industry patterns indicate that labor market disruptions affecting immigrant workers may have broader implications for sectors that rely heavily on this workforce.

Immigration Enforcement Activity in Los Angeles County in 2025

Federal immigration enforcement activity increased significantly in Los Angeles County during 2025. Data compiled from federal enforcement datasets indicate that Immigration and Customs Enforcement (ICE) arrests increased 143 percent year-over-year, with enforcement activity intensifying beginning in June of that year (**Exhibit 3**).³

The increase in arrests occurred alongside expanded enforcement practices, including workplace raids and operations targeting locations such as retail businesses, day labor sites, and public areas, and included the deployment of approximately 4,000 California National Guard troops and 700 U.S. Marines. These activities were accompanied by a surge in immigration court removal orders. During the first eight months of 2025, removal orders issued for Los Angeles County residents were 70 percent higher than during the same period in 2024.



The data also indicates that a majority of individuals arrested during this period did not have a criminal history and were typically of prime working age.⁴ Enforcement actions occurring in workplaces or community locations therefore had the potential to affect labor supply in several sectors.

While the scale and intensity of enforcement activity varied over time, these trends provide context for understanding subsequent economic and labor market responses.

Business Impacts in Los Angeles County

Community engagement was a major component of LAEDC's research to understand how recent federal immigration enforcement activities have affected local businesses and workers in Los Angeles County. LAEDC developed and administered a Business Impact Survey to ascertain how business operations and finances suffered and how these businesses adapted as a result. Additionally, LAEDC partnered with the Los Angeles Economic Equity Accelerator & Fellowship (LEEAF) to conduct interviews and town halls with businesses and community stakeholders to gather qualitative insights to help create a more complete picture of local needs and challenges. We collected survey responses from businesses across Los Angeles County to understand how

³³ Deportation Data Project. January 2024 through July 28, 2025. *Public, Anonymized U.S. Government Immigration Enforcement Datasets*. <https://deportationdata.org/>.

⁴ Deportation Data Project. January 2024 through July 28, 2025. *Public, Anonymized U.S. Government Immigration Enforcement Datasets*. <https://deportationdata.org/>.

enforcement activities affected operations. Results indicate that a large share of businesses reported economic disruptions.

Among surveyed businesses:

- 82 percent reported being negatively affected by immigration enforcement activities.
- 52 percent experienced reduced daily sales or revenue.
- 51 percent reported decreases in customer traffic.
- Among businesses experiencing revenue losses, 44 percent reported declines exceeding 50 percent.

Businesses also reported operational adjustments in response to changing conditions. These adjustments included reducing operating hours, closing on certain days, postponing expansion plans, and modifying staffing arrangements.

Workforce impacts were also documented. Businesses reported that some employees expressed concerns about traveling to work or appearing in public areas due to enforcement activity.

Survey results indicate:

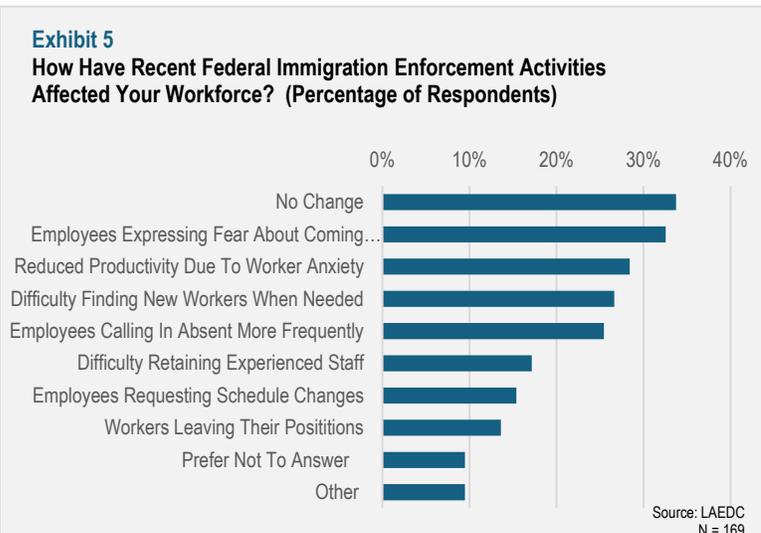
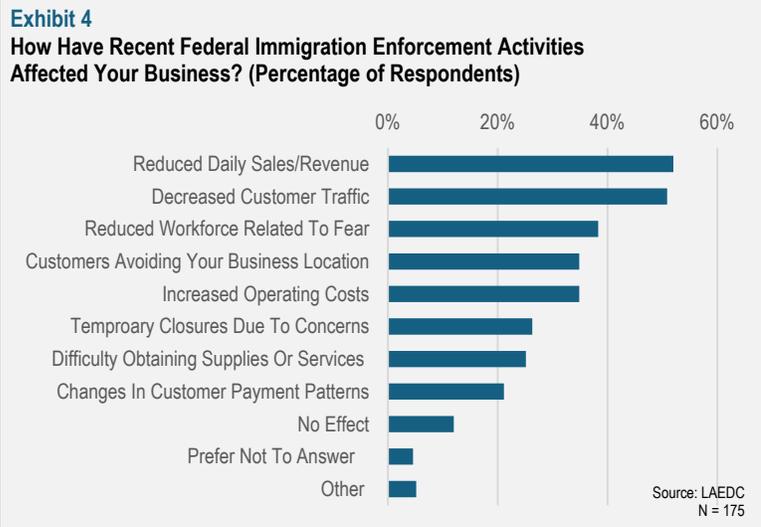
- 33 percent of businesses reported employees expressing fear about coming to work.
- 28 percent reported reduced productivity associated with worker anxiety.
- 27 percent experienced difficulty finding replacement workers.

These responses illustrate how enforcement activity can influence both labor supply and business operations.

Community and Economic Activity Indicators

In addition to direct impacts on businesses and workers, LAEDC examined indicators that reflect broader economic activity in affected communities.

Public transit data show that **bus ridership declined significantly during the period of heightened enforcement activity**. Analysis of ridership data for Los Angeles County Metropolitan Transportation



Authority (LA Metro) routes indicates that bus lines serving high-vulnerability communities experienced a decline of approximately **17,000 monthly riders** compared with baseline levels during the enforcement surge.

This decline was concentrated on routes serving communities with higher concentrations of immigrant residents. Ridership reductions may reflect changes in travel behavior associated with enforcement concerns.

Additional indicators also suggest broader economic effects. International passenger arrivals at Los Angeles International Airport declined on a year-over-year basis during 2025. While multiple factors likely influenced this trend, including wildfire events and broader travel patterns, **changes in perceptions related to immigration enforcement may also have influenced international travel activity during this period.**

Local public safety indicators also shifted during the period. Emergency service calls to the Los Angeles Police Department declined significantly during weeks of heightened enforcement activity and related protests, suggesting potential changes in reporting behavior among residents.

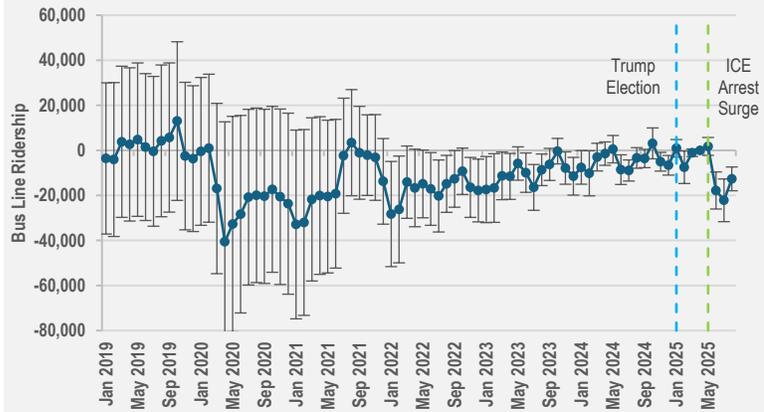
Together, these indicators illustrate how enforcement activity may influence mobility patterns, consumer activity, and community behavior.

Case Study: Downtown Los Angeles Curfew

A short but concentrated disruption occurred in Downtown Los Angeles during June 2025 following protests related to immigration enforcement activities. In response to public safety concerns and property damage, the City of Los Angeles imposed a nightly curfew from June 10 through June 16, 2025 within a one-square-mile area of downtown.

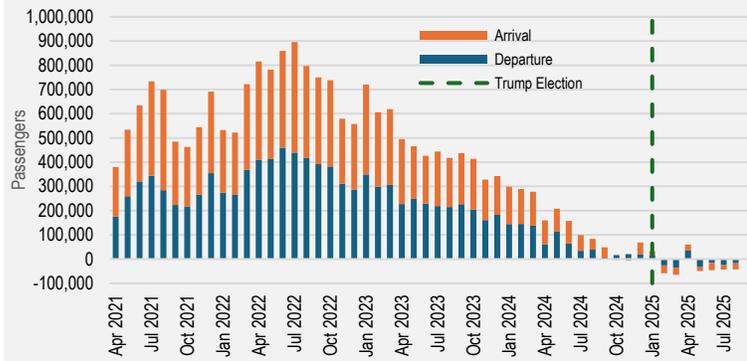
The curfew provides a useful case study for examining how temporary disruptions to business activity and mobility can translate into measurable economic effects. The affected area includes a dense concentration of economic activity, including restaurants, retail establishments, entertainment venues, professional offices, and other service-oriented businesses that depend heavily on in-person activity.

Exhibit 6
Ridership Comparison Between High and Low Vulnerable Bus Lines
 Los Angeles County METRO, Jan 2019-Aug 2025



Source: <https://opa.metro.net/MetroRidership/>

Exhibit 7
Year-Over-Year Change in Passengers on International Flights:



Source: LAWA's Volume of Air Traffic Data

To estimate the economic implications of the curfew, we conducted an economic impact analysis using an input-output modeling framework. The analysis evaluated how temporary reductions in business activity during evening operating hours could affect output, employment, and labor income within the regional economy.

Under a baseline scenario that assumes a short-term disruption followed by a relatively rapid return to normal business activity, our analysis estimates that the curfew resulted in approximately:

- \$840 million in total economic output losses
- 3,920 job-years of lost employment
- \$312 million in lost labor income

These impacts primarily reflect disruptions to consumer-facing industries that rely on evening activity and foot traffic. The sectors most affected include:

- Accommodation and food services
- Professional and technical services
- Personal services and other service-oriented businesses

Because many businesses within the curfew zone operate during evening hours, the curfew reduced revenue opportunities during peak operating periods.

We also modeled scenarios in which disruptions persist for a longer period or occur repeatedly. Under extended disruption scenarios, our analysis suggests that economic losses could exceed \$2.5 billion in total output and approach 12,000 job-years of lost employment.

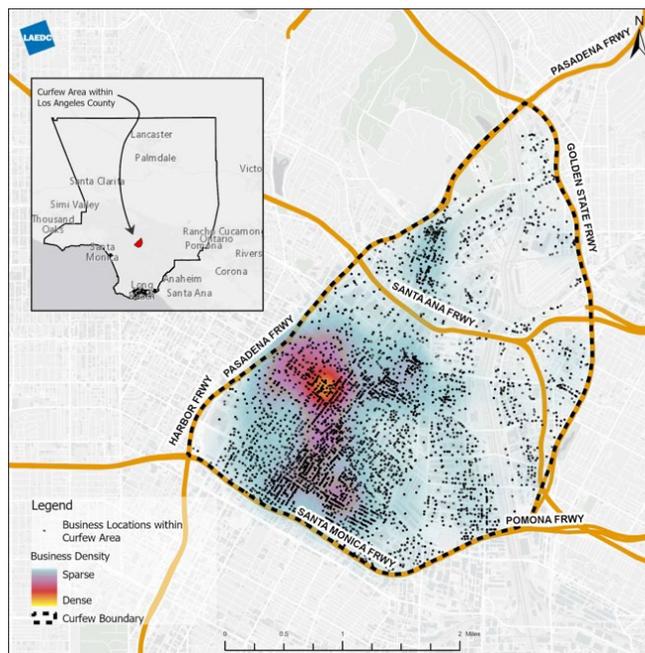
While the curfew itself was temporary, this case study illustrates how disruptions affecting mobility, consumer activity, and operating hours in dense economic centers can generate measurable economic effects. The analysis also demonstrates how localized events can propagate through the regional economy via supply chains and consumer spending patterns.

Examining the curfew zone provides a concrete example of how economic activity may respond to sudden disruptions affecting businesses, workers, and consumers.

Geographic Vulnerability in Los Angeles County

The economic effects of immigration enforcement are not evenly distributed across regions. The LAEDC Institute for Applied Economics developed the LAEDC Immigration Enforcement Vulnerability Index (IEVI) to identify communities where economic activity may be more sensitive to enforcement actions.

Exhibit 8
Business Locations in Downtown Los Angeles Curfew Area



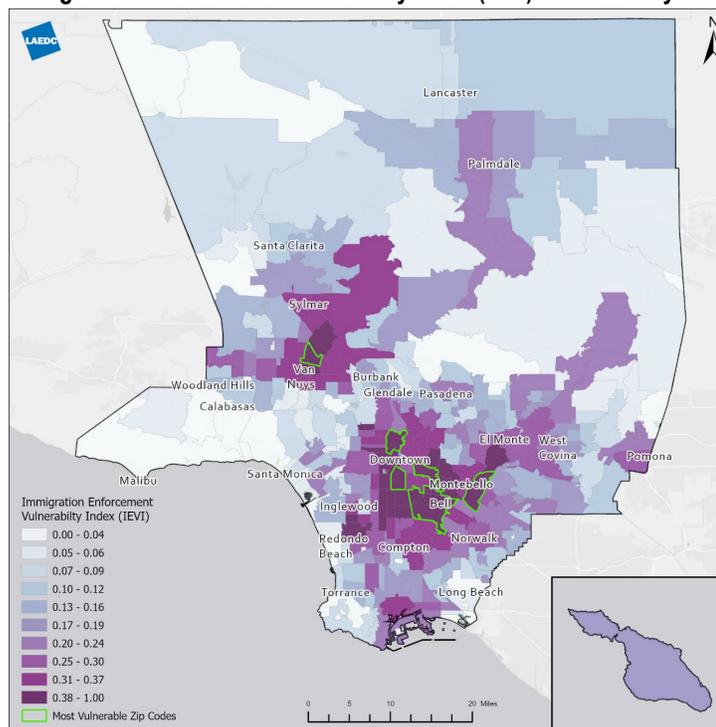
The IEVI aggregates multiple risk factors tied to immigration enforcement into a single score for each ZIP code in Los Angeles County. The objective is to quantify underlying vulnerability associated with observed immigration enforcement activity in a way that is transparent, reproducible, and suitable for mapping and comparison over time.⁵

Communities with higher vulnerability scores tend to share several characteristics, including:

- Higher concentrations of foreign-born residents
- Higher shares of non-citizen workers
- Greater proportions of renter households
- Higher concentrations of Spanish-speaking residents

Exhibit 9

Immigration Enforcement Vulnerability Index (IEVI) in LA County



Examples of communities identified as having higher vulnerability scores include Mission Hills–Panorama City, Bell, Pico Rivera, Southeast Los Angeles, and neighborhoods near downtown Los Angeles.

These areas are more likely to experience economic spillover effects when enforcement activity affects workforce participation, consumer behavior, or business operations.

Conclusion

The analysis of immigration enforcement activity in Los Angeles County during 2025 provides evidence of measurable economic and labor market effects associated with enforcement actions. These effects include changes in labor supply, business operations, consumer behavior, and community mobility patterns.

Because immigrant workers participate in a wide range of industries across the regional economy, enforcement actions affecting this workforce can have broader economic implications beyond the individuals directly involved.

The findings presented in this research brief provide data and context that may be useful for understanding how federal policy changes can influence local labor markets and economic activity.

Continued monitoring of labor market indicators, business conditions, and community-level economic data will help provide additional insight into how these dynamics evolve over time.

⁵ LAEDC developed the IEVI by correlating selected American Community Survey (ACS) attributes with enforcement reports from the Los Angeles Rapid Response Network (LARRN). We used diagnostic testing to determine a set of vulnerability predictors.

Read the Full Report

Economic Impacts of Federal Immigration Enforcement in Los Angeles County. (released February 5, 2026)
<https://laedc.org/download/economic-impacts-of-federal-immigration-enforcement-in-los-angeles-county/#1>

About the Research – This research brief summarizes findings from the study *Economic Impacts of Federal Immigration Enforcement in Los Angeles County*, authored by: Shannon M. Sedgwick; Justin L. Adams, Ph.D.; Dan Wei, Ph.D.; Max Chomas, Ph.D.; and Matthew Skyberg of the Institute for Applied Economics at the Los Angeles County Economic Development Corporation. The study analyzes economic and labor market data to examine the impacts of federal immigration enforcement activity on businesses, workers, and communities across Los Angeles County.

About the Los Angeles County Economic Development Corporation – The non-profit Los Angeles County Economic Development Corporation (LAEDC) champions equitable economic growth across the LA region. Collaborating with community, government, business and education partners to inform and advance our data-driven and evidence-based approach, we endeavor to achieve a reimagined regional economy – growing, equitable, sustainable, and resilient -that provides a healthy and high standard of living for all. LAEDC staff and members represent the diversity of Los Angeles County and act as trusted conveners, thought partners, valued service providers, regional stewards, and catalysts for transformational change.