THE ECONOMIC IMPACT OF MASS DEPORTATION IN CALIFORNIA

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A report by the Bay Area Council Economic Institute
in partnership with University of California, Merced

BAY AREA COUNCIL ECONOMIC INSTITUTE

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Executive Summary

This report examines how shifting federal immigration enforcement policies and expanded immigration enforcement could impact California's economy. With the nation's largest state economy where immigrants comprise nearly one-third of the population, disruptions in California would reverberate nationwide. Drawing on economic data and stakeholder perspectives, the study analyzes the role undocumented immigrants play in the state and the potential consequences of mass deportation policies.

The following key insights illustrate the potential economic effects on California:

What we stand to lose without California's immigrant workforce:

- Of California's 10.6 million immigrants, our study found that **2.28 million are undocumented** – representing one in five immigrants **and 8% of all workers** in California.
- Based on direct wage contributions alone, undocumented workers generate **nearly 5% of California's gross domestic product (GDP)** – a figure that rises to nearly 9% when accounting for the broader ripple effects of their labor across the economy. Undocumented workers also contribute **over $23 billion annually** in local, state, and federal taxes.

Mass deportation would have uneven impacts across industry sectors:

- **Over a quarter** of the state's agricultural workforce is undocumented**, and nearly two-thirds are immigrants of any status.** Without undocumented workers, GDP generated by California's agriculture industry would **contract by 14%.**
- A mass deportation policy would also severely disrupt California's construction industry, which already faces a major labor shortage and relies heavily on immigrant workers – **26% of whom are undocumented and 61% of whom are immigrants.** Without undocumented workers, GDP generated by California's construction industry would **shrink by nearly 16%.**

In interviews, stakeholders shared that businesses and communities across the state are already facing challenges and economic costs due to increased immigration enforcement. There was broad agreement from business and other community leaders for enacting federal policies to provide legalization to undocumented immigrants.

Introduction

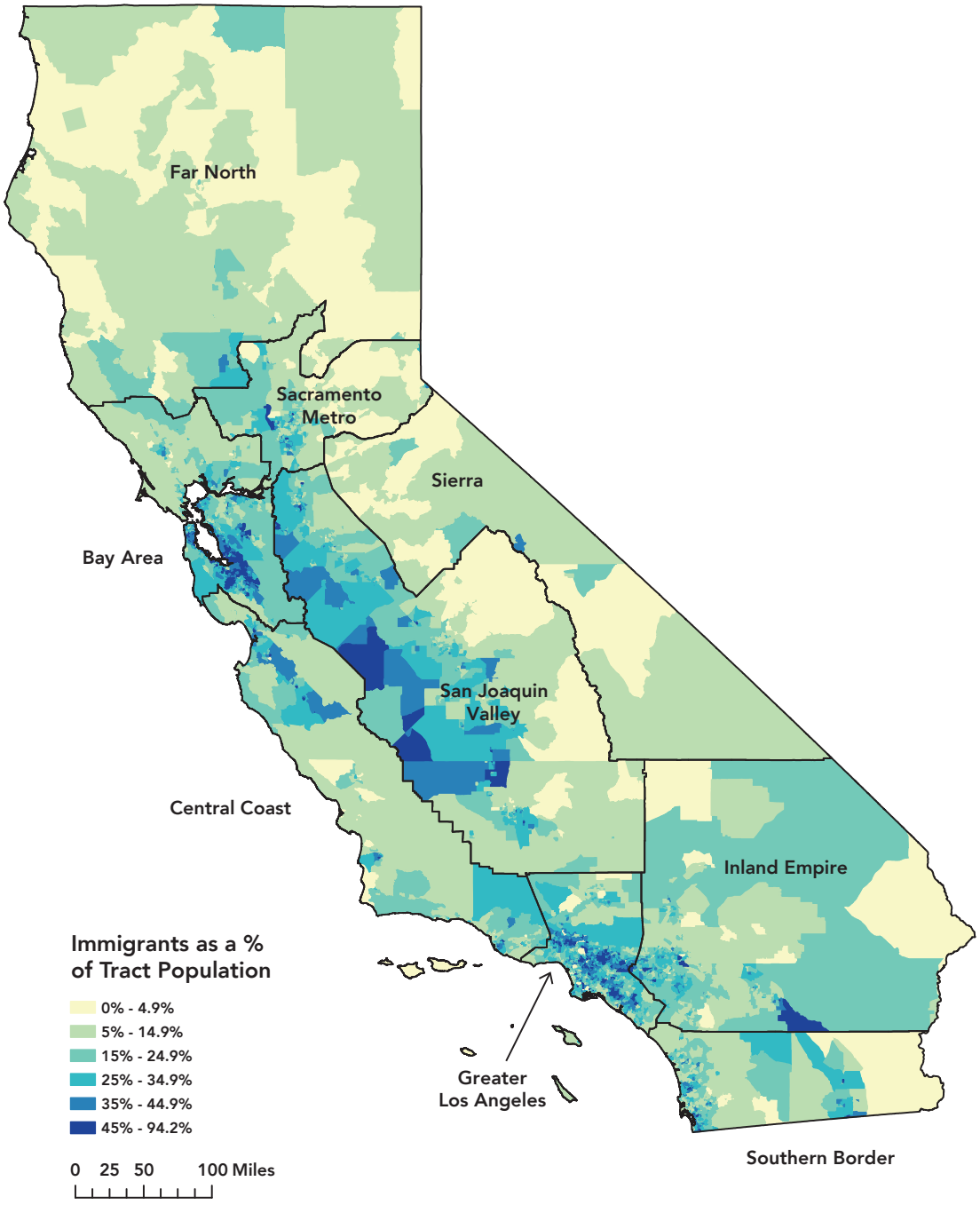
Over the last 30 years, federal policy in the United States has increasingly focused on immigration enforcement – from broadening the grounds for removal to expanding the infrastructure for immigration detention. In California, these federal immigration policies carry particularly significant implications, as **immigrants comprise over 27% of the 39 million people living in the state**, the highest share of any state in the nation.[1]

While all recent presidential administrations have enacted some forms of immigration enforcement and control policies, the current administration has made large scale deportation a center piece of its policy priorities: calling for "the largest deportation operation in American history."[2,3] This includes proposals to revoke the legal status of many noncitizen groups, expand border control, and enlist local law enforcement in deportation efforts.

Large-scale federal enforcement actions – including proposed mass deportation policies – could trigger widespread labor disruptions with ripple effects felt across the state and nationwide. As shown in **Figure 1**, immigrants make up more than half the population in key regions – including agricultural centers across the Central Valley and densely populated coastal urban centers like the Bay Area and Los Angeles. These regions are critical drivers of California's economy and understanding the potential impact of deportation on local, state, and national economies has never been more critical.

Figure 1. In California, immigrant populations are most highly concentrated in the urban coast, agricultural centers of the Central Valley, and border communities

Immigrant concentration in California by census tract with regions overlaid, 2023



Source: IPUMS, U.S. Census ACS and 2023 1-Year Estimates. **Analysis:** Bay Area Council Economic Institute **Note:** Regional boundaries in this map are based on the California 100 framework. "South Coast" was renamed "Greater Los Angeles" and includes Los Angeles and Orange counties.

A. Frame of Research

This study examines the economic costs of mass deportation proposals in California and beyond, using demographic data and interviews with business, policy, and community leaders. We focus on what the state stands to lose through increased enforcement – including arrests, detentions, and removals – rather than what it could gain through legalization. By highlighting the fragility of California's economy without undocumented workers, this research lays the foundation for future studies on the benefits of more inclusive policies, including pathways to legalization.

In California, a mass deportation could involve removing millions of noncitizens – and removing legal protections for thousands of others. This level of immigration enforcement activity raises profound legal and moral concerns surrounding constitutional protections, such as due process, human rights, and family separation. It likely also would result in widespread economic and social costs. To effectively promote and protect the well-being of California's economy and people, stakeholders need regionally specific, analytically rigorous data regarding the costs of these federal policies on the state's economy, including the implications for labor shortages, changes in tax revenues and consumer spending, and overall economic growth.

This study, therefore, aims to answer the following questions:

1) **How many undocumented workers are in California and in what ways do they contribute to GDP, tax revenue, and other key indicators of California's economic vitality?**
2) **What are the economic costs of increased immigration enforcement?**
3) **What strategies or responses do businesses, elected officials, and community leaders believe are needed to address potential workforce and economic impacts?**

B. Analytical Approach

While literature exists on the national economic and social costs of mass deportation, there remains a significant gap in research specifically focused on California, one of the states most deeply impacted by immigration policy and immigrant labor. National-level studies, such as those by the American Immigration Council, estimate that mass deportations could cost the U.S. hundreds of billions of dollars, reduce GDP, and eliminate substantial tax revenues.[4] Similarly, Lee, Peri, and Yasenov (2022) highlight the crucial role immigrant workers play in sustaining U.S. labor markets, particularly in sectors that depend heavily on low-skilled labor.[5]

Clemens (2024) further shows that deporting unauthorized immigrants not only disrupts key industries, but also reduces employment and wages for native-born workers: for every one million unauthorized immigrants deported, 88,000 native-born workers lost their jobs due to reduced business investment, consumer demand, and labor market ripple effects – undermining the assumption that removing immigrant workers benefits American workers.

Despite California's central role in the national immigration landscape, no thorough mixed-methods analysis has yet leveraged recent, localized data to understand how mass deportation might impact its economy, a gap made more significant by the inconsistencies and variability in existing immigrant population data (Warren 2022; Bachmeier 2016; Passel, Clarke, and Michael 1997). [6,7,8]

This study stands apart from existing reports in two key ways:

1) Most studies of this nature rely solely on quantitative economic impact modeling, while this study **combines economic data with analysis from in-depth interviews with those in impacted businesses and communities;** and

2) Most studies focus on high-level impacts – typically at the national or statewide level, while this study provides data and analysis of the **sector and regional variation** that allows for more nuanced assessment of how mass deportation would affect communities differently.

Quantifying the economic impact of mass deportation

This study uses a robust, multi-source quantitative approach to estimate the economic and fiscal impacts of mass deportation in California. We applied a residual methodology to identify likely undocumented individuals by excluding those who meet criteria for legal status based on variables available in the American Community Survey (ACS) and reassigning lawful status to individuals with characteristics strongly indicating lawful residency. To enhance accuracy, we also integrated data from the Survey of Income and Program Participation (SIPP) using a multiple imputation method.

We used an input-output model to measure economic impact and undocumented contributions to GDP, employment, and industry output. These estimates account for direct, indirect, and induced effects of undocumented labor across sectors like agriculture, construction, and hospitality. Tax contributions are estimated using a modified version of the Institute on Taxation and Economic Policy (ITEP) model, which reflects California-specific tax rates, minimum wage laws, and access to tax credits.

For a full description of methods, refer to the **Methodological Appendix.**

In-depth interviews with stakeholders

We conducted in-depth interviews with 39 stakeholders. Respondents represented diverse perspectives from business owners, industry leaders, local elected officials, public agency leaders (e.g., school districts), immigrant rights advocates, and community services nonprofit organizations (e.g., health clinics) across California. The goals of these interviews and analysis were:

1) To understand what is happening on the ground in terms of immigration enforcement and a proposed mass deportation;
2) To identify the responses of businesses and immigrant-serving organizations to past and current immigration enforcement activities across California; and
3) To assess the likely impact that mass deportation would have on state and local economies as well as immigrant communities.

Findings and quotes from these semi-structured interviews were used to contextualize quantitative data and economic impact assessments. They also provided insights into developing issues that may not yet be quantifiable. These issues point to economic, policy, and societal dynamics, offering a deeper understanding of the consequences of mass deportation.

Key terms

To ensure clarity and consistency throughout this report, we define several key terms used in both the quantitative and qualitative components of the study. These terms are essential for understanding the scope of our analysis, the population groups being examined, and the legal and policy context in which immigration enforcement operates:

1) **Immigrant:** Any individual who is foreign-born and not a U.S. citizen at birth. This definition is consistent with the U.S. Census Bureau's definition of the foreign-born population, which serves as our primary data source. This includes naturalized citizens, lawful permanent residents, refugees, asylees, temporary migrants (e.g., those on student or work visas), and undocumented immigrants.
2) **Undocumented immigrant:** An immigrant who does not currently hold lawful immigration status. Because legal status is not recorded in Census data, we identify likely undocumented individuals using a range of methods based on demographic and socioeconomic characteristics, and through imputed legal status information from other sources. (For a full description of methods and assumptions, refer to the **Methodological Appendix**).
3) **Noncitizen:** Any immigrant who has not naturalized. This includes lawful permanent residents (LPRs), often referred to as green card holders, who have been granted the right to live and work permanently in the U.S. and are eligible for naturalization, as well as those with temporary statuses or undocumented status. All noncitizens can be deported under current immigration policies.

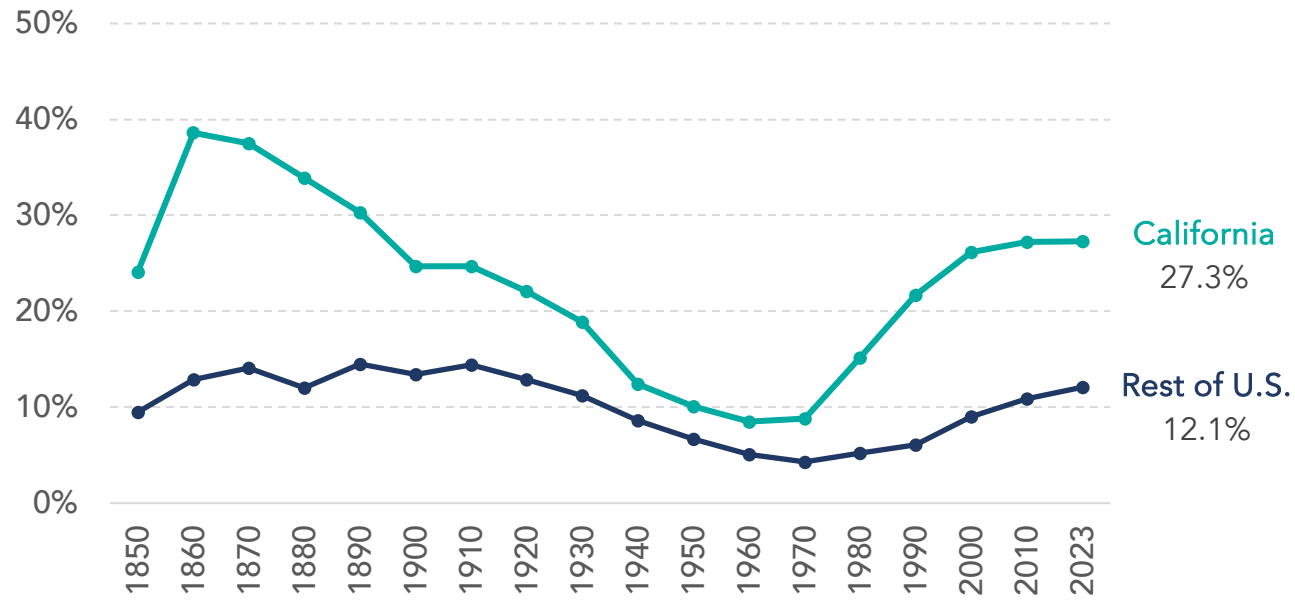
4) **Immigrants with temporary statuses:** Any immigrant who has been granted permission to live and, in most cases, work in the U.S. for a limited time. This group encompasses a wide range of legal statuses, such as student visa holders, those with Temporary Protected Status (TPS) – a status granted to individuals from designated countries that are experiencing war, disasters, or other dangerous conditions – and those with Deferred Action for Childhood Removals (DACA), a protection from deportation granted to people who arrived unauthorized to the U.S. as children.
5) **Mass deportation:** Drastic and sweeping policy aimed at removing the undocumented immigrant population of the U.S.
6) **Immigration enforcement**: Actions taken to enforce laws on entry, stay, and removal of noncitizens – such as raids, arrests, detentions, and coordination with local law enforcement. It can target individual immigrants, specific groups, or involve a broader mass deportation.

Chapter 1. The evolution of the immigration enforcement landscape in California

Federal immigration enforcement has taken many forms over the past century, shaping how states like California experience and respond to shifting national priorities. This chapter provides historical context for immigration in California and examines how the current federal enforcement landscape is unfolding. Though the state today is often viewed as a leader in pro-immigrant policy, its past includes restrictive laws, coordinated deportation campaigns, and fluctuating attitudes toward immigrant communities. With immigrants comprising nearly 30% of its population **(Figure 2),** California offers a critical case study in the complexities of immigration policy and enforcement in immigrant-rich states.

Figure 2. In California, immigrants comprise 27% of the population, a number that has consistently outpaced the rest of the U.S.

Immigrant population as share of the total population, California vs. Rest of U.S., 1850-2023



Source: U.S. Census, IPUMS NHGIS (1850-2000), ACS 2010 5-Year Estimates and 2023 1-Year Estimates.
Analysis: Bay Area Council Economic Institute

A. Brief history of immigration policy and enforcement

The California Gold Rush of the mid-19th century marked the state's first major wave of immigration, drawing immigrants from nearly every continent. Over time, growing job competition and racial hostility led to the Chinese Exclusion Act of 1882 – the first significant federal immigration law in the United States to explicitly prohibit immigration based on nationality or race. The exclusionary stance hardened further with the 1924 Immigration Act, which imposed strict quotas on European immigrants and completely barred migration from Asia, marking the start of a decades-long period of discriminatory federal immigration policy.[9]

While Asian immigration was effectively halted, the labor demands of World War II prompted a different approach toward Mexico. Under the Bracero Program (1942–1964), the U.S. legally recruited approximately 4.6 million Mexican laborers, primarily for agricultural work. While the program was active, the federal government launched Operation Wetback in 1954, deporting hundreds of thousands of Mexicans – many of whom had recently participated in or attempted to join the program.[10] When Bracero ended in 1964, no comparable legal pathway was created to meet ongoing labor demand. Instead, migration continued through unauthorized channels, fueling a steady rise in undocumented immigration in the decades that followed.[11]

Throughout the 1960s, California leaders pushed to dismantle racial and immigrant labor restrictions in key sectors, culminating in the federal Immigration and Nationality Act of 1965. While the law abolished the national origins quota system and reopened migration from Asia, it also imposed the first numeric caps on migration from the Western Hemisphere, leading to a rise in undocumented immigration to the United States.[12] In the decades that followed, federal and state enforcement expanded but faced local mobilization, legal challenges, and pressure from community and business coalitions. The growth of the undocumented population reflects the lack of legalization pathways: since the 1986 Immigration Reform and Control Act, Congress has enacted no new legalization programs. Millions remain without a path to permanent residency, even as temporary statuses like Deferred Action for Childhood Arrivals (DACA) recipients and Temporary Protected Status (TPS) have grown.[13]

B. Current immigration enforcement landscape

Federal actions taken since January 2025 signal efforts to increase arrests, detentions, and removals, as well as roll back legal protections for many immigrants. These efforts build on past enforcement strategies, ranging from high-profile sweeps to programs like *Secure Communities*, which shared local arrest data with federal immigration authorities like U.S. Immigration and Customs Enforcement (ICE).[14]

Current efforts to remove immigrants are unfolding through multiple channels, each contributing to an intensified enforcement environment:

1. **Executive Orders:** Recent Executive Orders have aimed to intensify immigration enforcement by expanding fast-track deportations, challenging state sanctuary laws, and threatening to withhold federal funding from non-compliant jurisdictions. They also target a wide range of immigrant populations – seeking to end birthright citizenship, suspend refugee admissions, revoke legal protections for migrants from specific countries, and require asylum seekers to remain outside the U.S. while their cases are processed.[15] Many of these orders are currently being challenged in court, with lawsuits arguing they violate constitutional rights such as due process and numerous federal laws.

2. **Congressional legislation:** Congress plays a central role in immigration policy by enacting laws that define immigration policy, allocating funding for enforcement agencies, and establishing penalties for non-cooperation. For example, the *Laken Riley Act* – signed into law in January 2025 – mandates the detention of undocumented immigrants accused of theft and authorizes states to sue the federal government over failures of immigration enforcement.[16] Supporters claim the law enhances public safety, but critics argue it undermines due process and gives states unprecedented authority over federal immigration policy. In addition, budget bill proposals currently include provisions for increasing funding to immigration enforcement agencies.[17]

3. **Status revocations:** The current federal administration announced the end to Temporary Protected Status (TPS) for specific countries, a program that allows more than 800,000 foreign-born nationals from 16 different countries to live, work, and study in the United States.[18] Affected individuals could lose work authorization and face deportation despite years of residence and community ties in the U.S., many of whom have U.S.-born children. Legal challenges have blocked some of these terminations, citing due process and humanitarian grounds, but the U.S. Supreme Court recently ruled that the revocations could stand while the legal challenges proceed through the courts.[19]

4. **Student visa revocations:** Recent federal actions paused all new student visa interviews and considered expanding social media screening for applicants, leading to concerns about the impact on international student enrollment and educational institutions. This move followed a mass action in which thousands of visas were revoked in April 2025 and high-profile arrests and detentions of international and immigrant students occurred at universities across the U.S.[20]

5. **DHS enforcement actions:** The Department of Homeland Security (DHS), through agencies like Immigration and Customs Enforcement (ICE) and Customs and Border Protection (CBP), has continued to conduct operations to identify, detain, and remove undocumented immigrants across the U.S. DHS has faced growing criticism for conducting arrests at sensitive locations such as schools and courthouses, raising due process concerns and eroding trust between immigrant communities and law enforcement.[21]

6. **Targeting of sanctuary cities:** California's Values Act (SB 54), sometimes referred to as the "Sanctuary State" law, restricts state and local law enforcement agencies from assisting federal immigration authorities in enforcing immigration laws. The federal government has attempted to penalize jurisdictions that limit cooperation with immigration enforcement by withholding funds or pursuing legal action. Although Executive Orders have sought to deny federal grants to such jurisdictions, courts have repeatedly ruled these efforts unconstitutional under the Tenth Amendment.[22]

C. "Mass deportation" in California is unlikely to occur through a single policy action

As these immigration policies and enforcement actions unfold, California business and community leaders are grappling with what a mass deportation may look like. A mass deportation is formally defined *as "drastic and sweeping policy aimed at removing the entire undocumented population of the U.S".*[23] However, our interviews revealed that **there is no widely recognized or understood definition of mass deportation** among businesses, industry sectors, or immigration advocates. Instead, respondents pointed to recent immigration enforcement activities that – while not officially classified as mass deportation – reflected patterns of targeted arrests, detention, and deportations in communities.

The lived experiences of members of communities that are witnessing these policies provide key insights into how mass deportation policies may unfold in California. Respondents described the immigration enforcement sweep that took place in Kern County in January 2025 as a "test run" of mass deportation, in which U.S. Customs and Border Protection (CBP) officers detained numerous individuals in public based on suspected undocumented status. The action was met with opposition in courts by the American Civil Liberties Union and is being investigated for Fourth Amendment violations. One respondent recalled that "[CBP officers] were just picking up people in vans throughout the county… and then putting them on the bus and sending them to the border."

Additionally, respondents described recent enforcement activity along highways, at rest stops, in general stores, near local markets, and in community spaces that are frequented by undocumented community members, as well as along the U.S.-Mexico border and near detention centers. One respondent from an immigrant-serving organization observed that the current federal administration is "taking the guardrails off," warning that all immigrants may now be at risk of arrest, detention, and deportation.

Respondents from business groups also raised concerns about an extension of these enforcement activities into other forms of enforcement, such as I-9 workforce audits – a process conducted by immigration enforcement officials that aims to ensure employers are complying with work authorization verification requirements. As one respondent from a trade organization shared:

> ***"If you were to go to the field and suddenly 60% of your workforce is eliminated, now you're playing a game of, 'Okay. I need to try to hire more people to come in.' It'd be a nightmare. We'd be scrambling trying to figure out how to backfill that workforce that would be eliminated."***

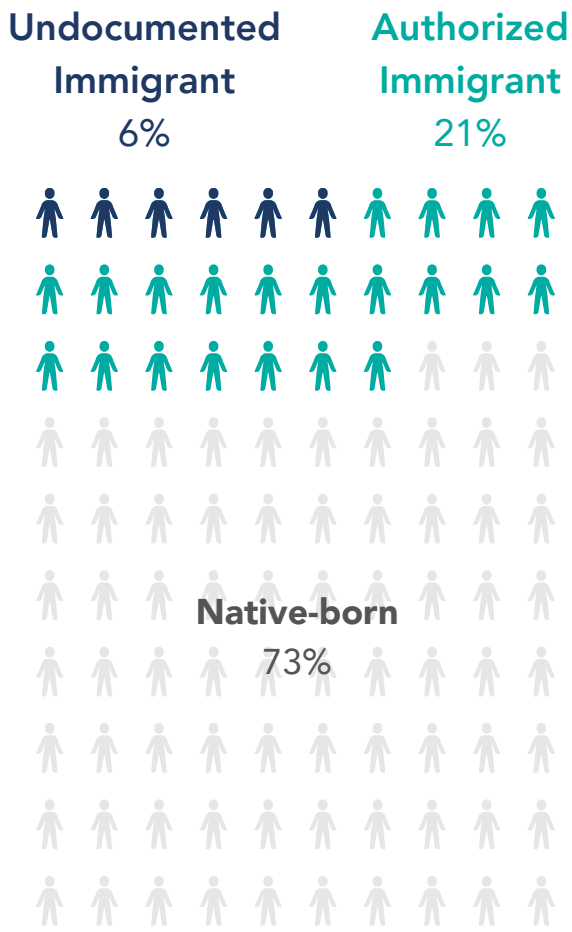
Overall, respondents' perspectives from across the state suggest that immigration enforcement occurs through a range of actions – from workplace audits to community raids – rather than occurring through one sweeping action. Mass deportation policies in California may be carried out over time, places, and even behind the scenes and without much public notice, resulting in a cumulative effect that could create long-lasting damage to the state economy.

Chapter 2. What California stands to lose without its immigrant workforce

Immigrants are a cornerstone of California's workforce and economy. Drawing on labor force data and firsthand insights from industry leaders, this chapter explores how immigrants contribute essential skills across nearly every major sector. Interview respondents consistently emphasized that immigrant workers are not only vital to the state's economic vitality but also bring specialized expertise, often in roles that native-born workers are unwilling or unable to fill. To understand the scale of this impact, it is important to first examine who these immigrant workers are – with a focus on the undocumented population – and how they are represented in California's labor force.

A. Who makes up the undocumented population in California?

Of California's 10.6 million immigrants, our study found that **2.28 million are undocumented** – representing 6% of the total population, and 22% of the overall immigrant population. Accurately estimating the size of this population is inherently complex. Neither the U.S. Census Bureau nor other government agencies directly measure legal status, and undocumented immigrants are often undercounted due to fear of disclosure.



To produce an accurate estimate of the undocumented population, our methodology draws on best practices from prior research, but unlike some of these approaches, we include groups whose legal protections have grown more uncertain under recent enforcement actions.[24] In California, this includes an estimated 149,740 DACA recipients, 67,800 TPS holders, and some of the 40,000 refugees resettled in the past decade who lack a clear path to citizenship or work authorization.[25]

Regionally, Greater Los Angeles and the Bay Area have the highest shares of immigrants, each at about one-third of the population, with undocumented individuals comprising around 7% of the total population. These figures reflect diverse immigrant populations: while both regions include many undocumented workers in sectors like hospitality, construction, and care work, they also attract higher earning, often highly educated immigrants in tech, entertainment, and other professional services sectors.

By contrast, while the San Joaquin Valley and Central Coast have smaller overall immigrant concentrations, undocumented immigrants account for a larger share of immigrants, reflecting the concentration of undocumented immigrants in agriculture and other lower-wage, labor-intensive industries. Even in regions like the Sacramento Metro, Inland Empire, and Southern Border, undocumented residents continue to play a significant role in both the population and regional economies.

Figure 3. In California, immigrant and undocumented populations vary widely by region

Immigrants and undocumented immigrants as a share of regional populations, 2023

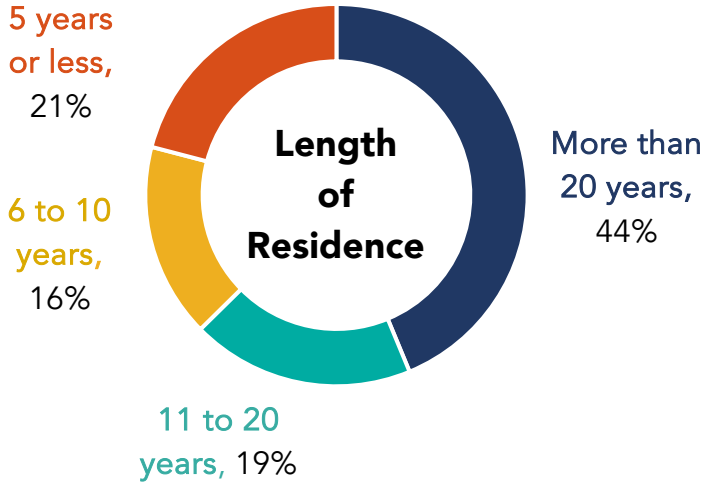
Region	Immigrants as a % of population	Undocumented immigrants as a % of population	Undocumented immigrants as a % of immigrants
Greater Los Angeles	32.9%	7.1%	21.5%
Bay Area	33.3%	6.4%	19.1%
San Joaquin Valley	21.8%	5.2%	23.6%
Central Coast	20.2%	4.9%	24.5%
Inland Empire	22.3%	4.7%	20.9%
Southern Border	23.6%	4.0%	16.8%
Sacramento Metro	19.8%	3.5%	17.6%
Far North	6.8%	1.1%	15.8%

Source: U.S. Census ACS 2023 1-Year Estimates. **Analysis:** Bay Area Council Economic Institute. **Note:** Regional boundaries in this map are based on the California 100 framework. "South Coast" was renamed "Greater Los Angeles" and includes Los Angeles and Orange counties. Counties within each region with populations under 65,000 were excluded due to data suppression.

Undocumented individuals have deep ties to California

Among the state's 2.28 million undocumented immigrants, nearly **two-thirds of the state's undocumented population arrived in the state over a decade ago**, and nearly half have been here longer than 20 years **(Figure 4).** Despite facing significant legal and financial barriers, more than 700,000 undocumented individuals – roughly 33% – own their homes. While this homeownership rate is lower than that of immigrants overall (54%) or native-born residents (60%), it underscores the deep, long-term roots many undocumented Californians have established in their communities.

Figure 4. Nearly two-thirds of the undocumented population has lived in the state for longer than a decade, and nearly half have lived here for more than 20 years
Undocumented population by Length of Residence in California



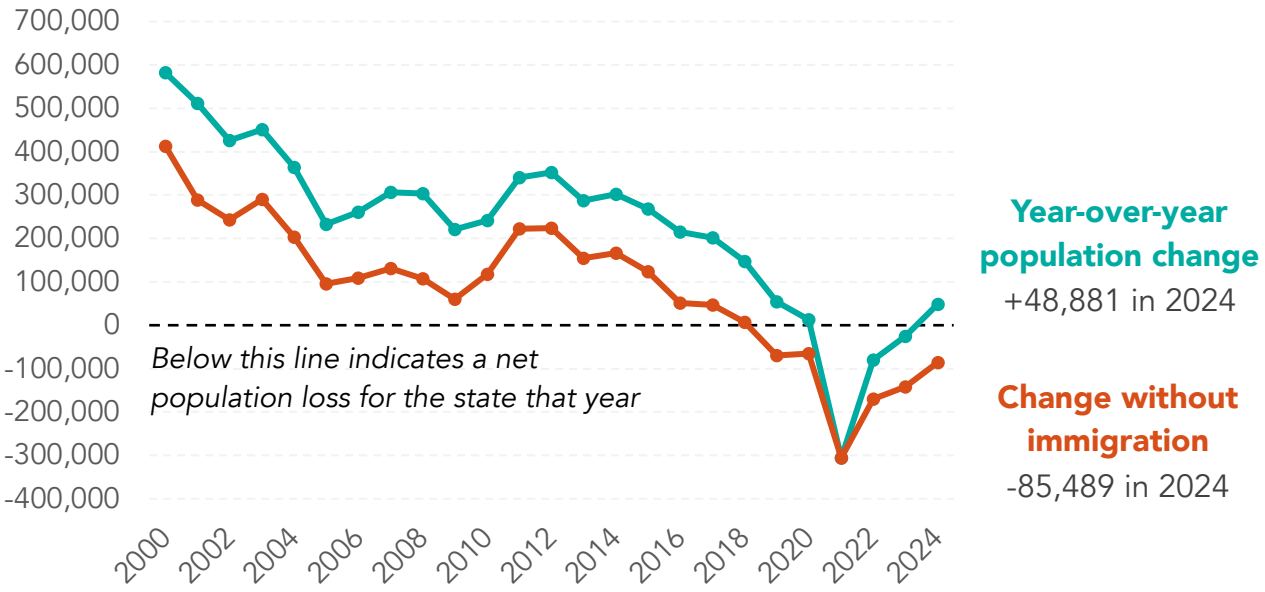
Source: U.S. Census ACS 2023 1-Year Estimates. **Analysis:** Bay Area Council Economic Institute

Undocumented immigrants are more likely to be of working age: 65% are prime-working age (25 to 54), compared to 51% of all immigrants and just 37% of native-born residents.[26] This leads to higher labor force participation rates: nearly 1.5 million of the state's undocumented individuals are active in the labor force, accounting for almost 8% of all workers in California – leading to a labor force participation rate of over 72%, which is 5% higher than the rate for native-born residents.

This strong labor force participation comes at a time when California faces broader demographic shifts: with continued domestic outmigration and declining birth rates, the state's population is aging faster than the national average. For years, foreign immigration has become a critical driver of both population stability and workforce growth. In fact, without new arrivals from outside the U.S., California would have lost 85,000 people last year. Instead, the state saw a net gain of 49,000 people **(Figure 5).**

Figure 5. Without new international arrivals, the state would have lost 85,000 people last year. Instead, it gained 49,000

Annual population change over the last decade, with and without foreign immigration



Source: California Department of Finance Components of Change. **Analysis**: Bay Area Council Economic Institute.

California's distinctive policies further underscore the integration of immigrants into its economy. For example, California allows the use of Individual Taxpayer Identification Numbers (ITINs) in lieu of Social Security Numbers (SSNs) to apply for certain professional and occupational licenses. This facilitates undocumented immigrant access to licensed occupations such as nurses, medical assistants and technicians, contractors, and other skilled trades.

As a result, the economic impact of undocumented immigrants in California is more challenging to quantify than in other states, given their deep involvement across a broader range of industry sectors. The vulnerability of undocumented and other noncitizen workers to potential immigration enforcement actions has widespread implications for businesses, industries, and the state as a whole. As one respondent from a trade organization explained, without immigrant workers:

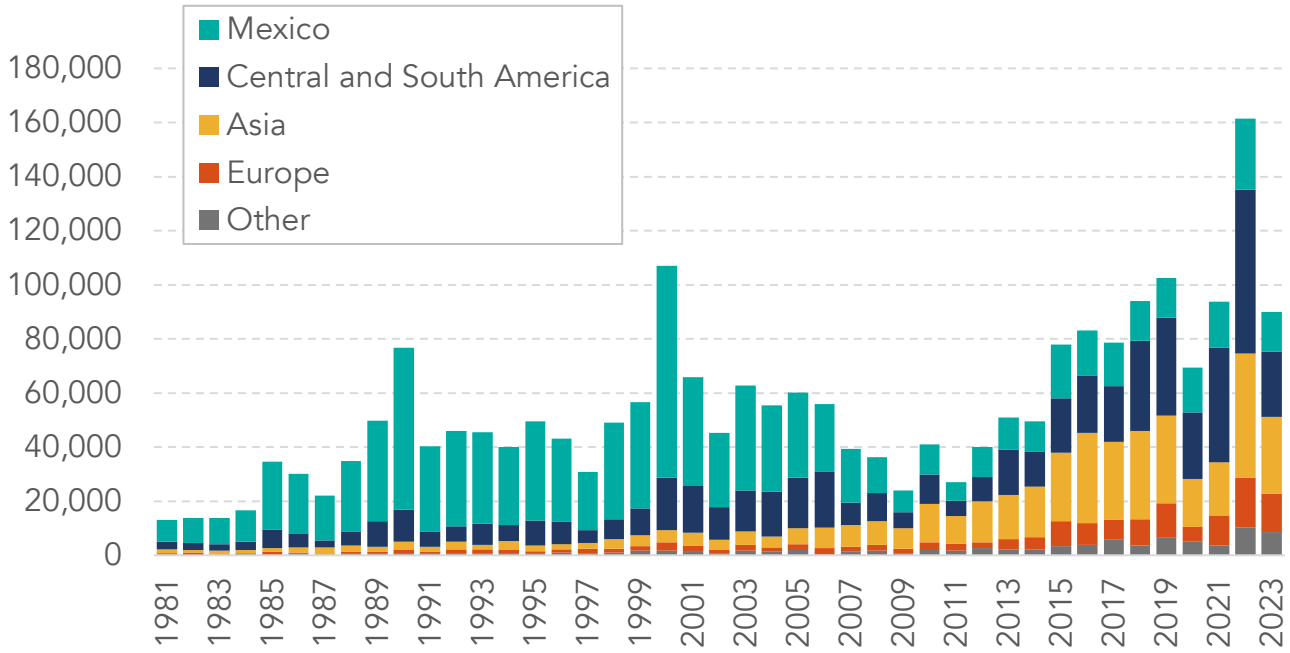
> ***"…we would be unable to do much of anything in California, to be honest. And we'd be unable to do the things that California's climate, and soils, and access to international markets, and the infrastructure we've built over the years allow us to do."***

Nearly half of the state's undocumented population is from Mexico, but new arrivals are increasingly from other countries

By country of origin, 47% of California's undocumented immigrant population comes from Mexico, over 80% of whom arrived prior to 2010 **(Figure 6).** However, declining birth rates and improving economic and educational prospects have lessened the pressures for Mexicans to emigrate. Meanwhile, worsening violence, poverty, and political instability have driven more Central Americans to flee, increasing their share of new undocumented arrivals. Among Asian immigrants, growing numbers have come from countries such as China and India, sometimes due to economic hardship or political repression.

Figure 6. Nearly half of the state's undocumented population comes from Mexico, but origins have increasingly diversified over time

Undocumented population in California by Place of Birth and Year of Arrival



Source: U.S. Census ACS 2023 1-Year Estimates. **Analysis:** Bay Area Council Economic Institute

This demographic shift was reflected in interviews – as respondents commented that the fear of deportation extends to immigrant communities beyond Latinos, including undocumented individuals from countries like China and Korea, many of whom are now withdrawing from public life and trying to stay under the radar to avoid attention:

> ***"When you think about undocumented immigrants, many think of Latinos. But we have large populations of folks from Korea and China [here] that are undocumented… you will certainly see that folks have now gone to retreating in the shadows, just trying to go fly under the radar."***

This broadening of undocumented populations also aligns with changes in how people arrive in the U.S. An increasing share now enter legally – on temporary visas for tourism, education, or work – and then overstay. Today, an estimated 42% of the undocumented population in the country are visa overstays – reflecting a growing shift in how undocumented immigration occurs today.[27]

B. Mass deportation would have uneven impacts across industry sectors

A wide variety of California's industry sectors would suffer the impacts of removing immigrant labor, ranging from specific agricultural sectors, such as farm labor, to building and construction. Because most immigrants have lived in California for long periods **(Figure 4)** and have extensive experience in their respective industries, they bring critical skills and knowledge to their work, despite taking on jobs often categorized as "low skilled." While the strength and sheer diversity of California's industries is a rich economic asset, interviews revealed that these differences result in each industry having unique vulnerabilities to immigration enforcement depending on factors such as their workforce, financial stability (and ability to withstand rapid changes), location, seasonality, as well as their level of influence over federal policy.

In the agriculture industry in California, over a quarter of the workforce is undocumented, and nearly two-thirds are immigrants of any status **(Figure 7).** At the occupational level, the reliance is even more pronounced: in roles such as maids/housekeepers and agricultural workers, immigrants make up more than 70% of the workforce, with undocumented workers accounting for a quarter or more **(Figure 8).** Other essential sectors – such as construction, food service, warehousing, and manufacturing – depend similarly on immigrant labor to operate effectively or at all. Industry-level figures may have lower shares of undocumented workers than occupations because they refer to a broad sector of the economy that includes a wide range of job types: from frontline laborers to managers, sales staff, and administrative workers. Occupations reflect specific job functions, often highlighting frontline, hands-on labor.

Many of these workers play critical roles in everyday life: **they grow and cook our food, clean homes and buildings, construct housing, care for children and the elderly, and ensure packages are packed and delivered.** Their contributions are not marginal, they are foundational to the functioning of California's economy and to the daily routines of millions of residents – both immigrant and non-immigrant.

Figure 7. Over a quarter of the state's agricultural sector workforce is undocumented, and nearly two-thirds are immigrants of any status

*Top 10 **industries** by number of undocumented workers, shown as share of state total*

Industry	% workforce that is undocumented	% workforce that are immigrants
Agriculture	25.6%	63.1%
Admin, Support and Waste Management	14.7%	43.3%
Construction	13.7%	41.2%
Accommodation and Food Services	12.2%	34.6%
Transportation and Warehousing	10.5%	39.4%
Wholesale Trade	10.5%	40.7%
Manufacturing	9.1%	44.6%
Retail Trade	6.7%	27.5%
Arts, Entertainment, and Recreation	4.9%	20.9%
Real Estate and Rental and Leasing	4.8%	29.3%

Source: Author's calculations of IPUMS U.S. Census Bureau ACS 2023 1-Year Data. **Analysis**: Bay Area Council Economic Institute.

Figure 8. Narrowing in on occupations, the concentration of undocumented and immigrant workers is especially pronounced in frontline and essential roles

*Top 10 **occupations** by number of undocumented workers, shown as share of total*

Occupation	% of workers that are undocumented	% of workers that are immigrants
Maids and housekeepers	35.1%	74.0%
Agricultural workers	32.7%	74.6%
Construction laborers	25.8%	60.5%
Packers and packagers	24.4%	52.6%
Landscapers	21.5%	63.1%
Cooks	20.6%	52.9%
Janitors	17.1%	51.5%
Truck drivers	12.4%	46.2%
Freight and material movers	9.4%	29.7%
Cashiers	7.8%	25.7%

Source: Author's calculations of IPUMS U.S. Census Bureau ACS 2023 1-Year Data. **Analysis**: Bay Area Council Economic Institute. **Note:** Many of these occupations were categorized as "essential" by the CDC during the COVID-19 pandemic. For a complete list, visit: https://archive.cdc.gov/www_cdc_gov/vaccines/covid-19/categories-essential-workers.html

Representatives of industries with seasonal patterns, like agriculture or tourism, expressed concern about enforcement activities during key production or service periods. As one respondent explained, the perishability of goods and strict delivery schedules mean that missing a harvest window could lead to significant financial losses or even legal action from retailers. **The following two sections explore how these risks manifest in two critical sectors – agriculture and construction –** where the loss of immigrant labor could have especially severe and far-reaching consequences.

Sector Snapshots

Interview respondents consistently highlighted the critical – and difficult to replace – role that immigrant workers play across sectors:

"Everybody says that Mexican immigrants are taking work away from locals. No, they're not. No, they're not. In agriculture, the people I work with are skilled laborers."

- Respondent in the agricultural industry

"There'd be nobody to run those warehouses, and there's not people to be able to pick the crops. If there's no way of fully being able to distribute this on a mass level because of this deportation, it would be an astronomical blow to the economic side of the establishment and to California."

- Respondent from a community-based organization

Industry Deep Dive: Agriculture

California's agricultural industry is already facing significant labor shortages, which are exacerbated by a combination of long-standing declines in domestic interest in farm labor, increasingly restrictive immigration policies, and the growing frequency of climate-related events that disrupt crop yields and harvest timelines. These challenges have made it increasingly difficult for growers to hire and retain a stable, reliable workforce, particularly during peak harvest seasons when labor demand is at its highest.

These labor challenges also carry nationwide implications. As the backbone of the U.S. agricultural industry, California plays an outsized role in feeding the nation – producing one-third of all vegetables and three-quarters of the country's fruits and nuts.[28] It is also the top milk-producing state, responsible for nearly 20% of U.S. milk production. Additionally, California is the exclusive domestic producer of 19 specialty crops – including almonds, pistachios, raisins, and olives.[29]

A mass deportation scenario would significantly worsen existing labor shortages in California's agricultural sector, where **26% of the overall workforce is undocumented and 63% are immigrants** (Figure 7). Among farmworkers specifically, **33% are undocumented and 75% are immigrants** (Figure 8). Without this labor force, growers would be forced to rely more heavily on imports or costly alternatives such as mechanization and the H-2A visa program, which allows agricultural employers to hire foreign workers on a seasonal basis. However, respondents noted that both options are too expensive and not sufficiently scalable to be viable alternatives. Many specialty crops require careful manual harvesting to maintain quality, which mechanization cannot replicate. While automation works for some commodities like corn in the Midwest, it remains largely unfeasible for California's diverse crops, making a reliable workforce essential.

Stakeholders in the industry emphasized how enforcement actions have already disrupted operations, highlighting the fragility of the labor supply. One respondent from an agricultural trade group described the immediate effects of immigration raids in Kern County in January 2025:

> ***"[On] Wednesday, [growers] reported no-shows. Individual companies said they've got a quarter of their workforce that didn't show up for work… the economic impact was probably in the small millions."***

Multiple respondents expressed concern that repeated enforcement actions – though occurring in different locations across the state – could collectively inflict significant economic harm by disrupting the regional agricultural workforce:

> ***"I would say if you had [enforcement] activity being sustained every week, the panic that that would cause and disruption in operations… because if week one [enforcement activities] are in Bakersfield, week two they're in Visalia, week three they're in Madera, farmworkers work regionally and that's the kind of fear that could be out there and cause a lot of fear and disruption."***

Industry Deep Dive: Construction

Similarly, California's construction industry is already grappling with a significant labor shortage. Nationwide, the construction industry needs to attract an estimated 439,000 new workers in 2025 to meet anticipated demand.[30] In California, 78% of construction firms report difficulty finding qualified workers.[31] While **14% of the construction industry in the state is undocumented and 41% are immigrants overall** (Figure 7), those shares are even higher among construction laborers specifically: **26% are undocumented and 61% are immigrants** (Figure 8). These workers often take on physically demanding, skilled roles that are essential to keeping projects on schedule. A respondent from a trade organization stated:

> ***"If [mass deportations] start, you know, there's going be raids on construction sites. You're not going to have homes being built. Pretty simple."***

California has long struggled to build housing quickly enough to keep pace with demand and growing affordability concerns. The latest Regional Housing Needs Allocation (RHNA) estimates the state must build over 312,000 new units annually, yet in 2024, it produced less than a third of that.[32] To meet these goals, the state will require significant policy and zoning reform, but also a stable, well-trained construction workforce. A mass deportation would remove a significant portion of this already strained labor pool, causing delays, driving up costs, and undermining recovery efforts after disasters like the January 2025 Los Angeles wildfires, where undocumented immigrants have played a key role in rebuilding.

One respondent in the construction industry noted that these types of disasters can trigger large-scale rebuilding efforts that offer higher pay and create intense demand for labor. The loss of immigrant labor would not only disrupt construction timelines but also shift workers toward higher-paying regions, creating labor shortages and driving up construction costs in other parts of the state, including the Central Valley.

C. Without undocumented workers, California's economic output would shrink considerably

Undocumented workers contribute not only through the jobs they hold but also through the broader economic ripple effects their labor enables. As workers in essential jobs across various industries, undocumented workers drive productivity and support local businesses. This labor, in turn, enhances supply chains, boosts consumption, and fosters innovation, ultimately increasing the state's overall economic output.

Gross Domestic Product (GDP) is the total value of all goods and services produced within a state's borders, serving as a key measure of economic activity.[33] This study uses 2023 GDP data, which places California's real GDP at $3.25 trillion, making it the fifth largest economy in the world at the time of this study.[34]

Economists typically measure economic impact in three ways:

1) **Direct impact** refers to the value created by undocumented workers themselves, including their wages and the goods and services they help produce.

2) **Indirect impact** includes the economic activity generated along supply chains – for example, when employers purchase materials, equipment, or services in support of immigrant labor.

3) **Induced impact** reflects the broader consumer spending that occurs when undocumented workers – and others supported by their employment – spend their earnings on necessities like housing, food, and transportation.

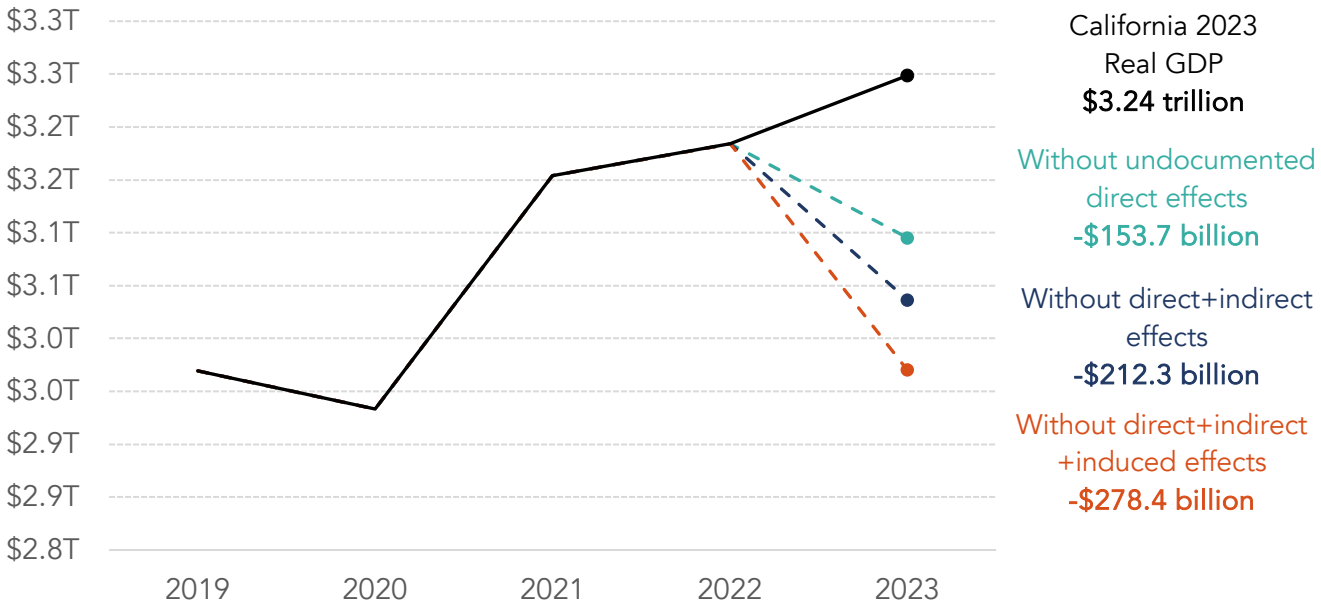
Based on direct wage contributions alone, undocumented workers generate nearly 5% of California's GDP – a figure that rises to nearly 9% when accounting for the broader ripple effects of their labor across the economy.

Figure 9 illustrates the projected decline in California's GDP without undocumented labor. Removing this workforce would result in the loss of nearly $153 billion in **direct effects** – the value of the labor undocumented workers contribute and the wages they earn. When factoring in **indirect effects**, which capture the broader economic impact of supply chain disruptions and reduced business activity in industries that rely on undocumented labor (e.g., equipment manufacturers, wholesalers, and transportation networks), the total loss grows to $212 billion. Finally, when accounting for **induced effects –** the impact of undocumented workers' household spending on goods and services like housing, food, transportation, and healthcare in local economies – the total economic loss rises to $278 billion.

These losses underscore the far-reaching role undocumented workers play in sustaining economic output across California's communities and industries. Without these contributions, **California's global economic ranking would fall two places,** placing it behind the United Kingdom and India.

Figure 9. California could lose more than $275 billion in GDP output without undocumented workers, including both direct labor and ripple effects

California real GDP without undocumented contributions, 2019-2023

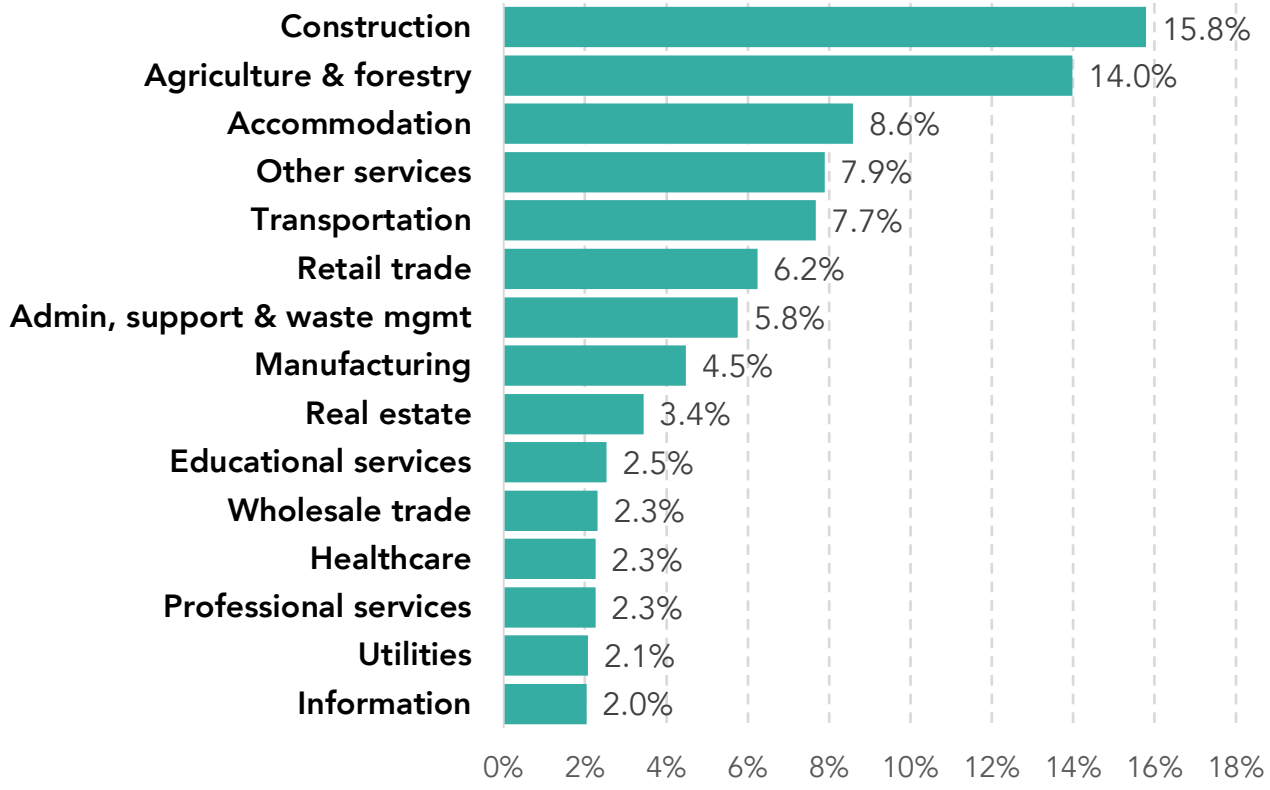


Source: Author's calculations of BEA, ACS, and IMPLAN data **Analysis:** Bay Area Council Economic Institute.

These statewide figures reflect the scale of potential economic disruption, but the impact would be even more pronounced in the specific industries discussed previously that disproportionately rely on undocumented labor. Without undocumented workers, GDP generated by California's construction industry would shrink by nearly 16%, and agriculture would contract by 14% **(Figure 10).** The loss of this labor would ripple across the economy, delaying projects, reducing food supply, and driving up costs.

Figure 10. Without undocumented labor, California's construction industry would shrink by nearly 16% of its GDP, and the agricultural sector would contract by 14%

Undocumented immigrant labor value added to California GDP by industry, 2023



Source: Author's calculations of BEA, ACS, and IMPLAN data. **Analysis**: Bay Area Council Economic Institute. **Note:** All industries with percent value added less than .01% have been added to "Other Services," as defined by the Bureau of Economic Analysis. These include Management of Companies and Enterprises, and Mining, Quarrying, and Oil and Gas Extraction.

D. Mass deportation could raise costs for all consumers

Overall, respondents from trade groups and businesses warned that this loss of labor inevitably would be "passed on to the consumer," leading to inflation and higher costs for agricultural products, homes, services, and other products. Businesses forced to absorb rising labor costs or scale back production would shift the burden onto customers, creating upward pressure on prices of basic consumer goods. One respondent explained:

> ***"[Mass deportation] would be a catastrophic blow to the economy….it would bring inflation insanely up…Overall it would be a massive domino effect."***

This is consistent with national studies that have shown that an enforcement approach to immigration could lead to a 5-6% increase in food prices for consumers, with fruit and vegetables hit the hardest.[35] The same study also found that this approach to immigration would lead to a loss of 15-29% of net farm income.

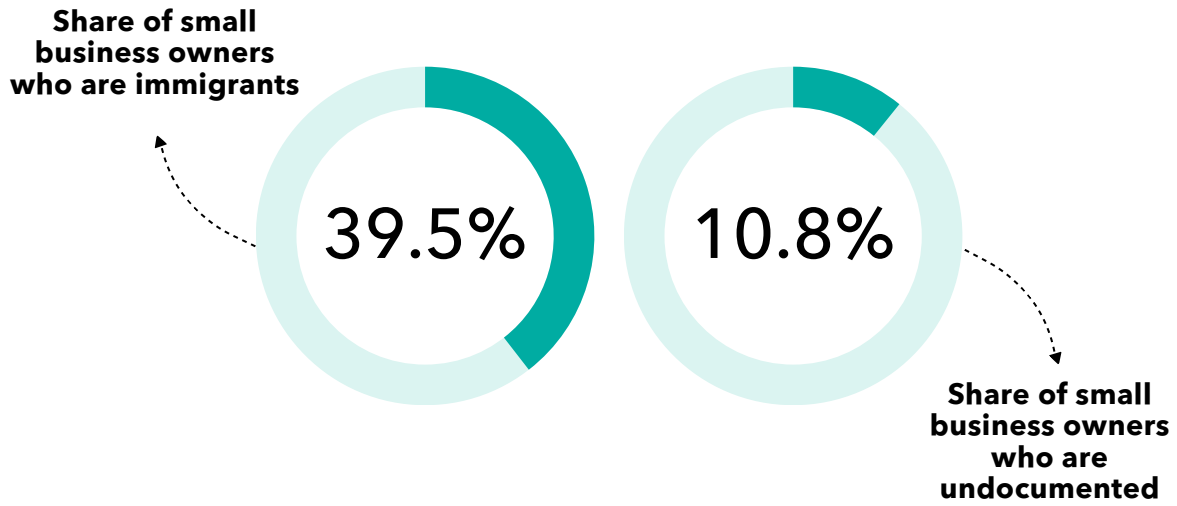
Other agricultural sectors, such as dairy, would also be severely impacted. A sharp loss of labor combined with rising production costs could force the closure of an estimated 7,000 farms, with smaller, family-owned operations bearing the brunt.[36] Nationally, the effects would be felt far beyond California, which plays an outsized role in feeding the country. Today, the average farmworker in California feeds 155 people – a dramatic increase from just 19 people 80 years ago – underscoring the critical importance of this workforce to the nation's food supply.[37]

Chapter 3. Immigrants strengthen the economy as entrepreneurs and small business owners

Immigrants spur the state's economic growth and vitality as business owners and entrepreneurs. This chapter draws on our estimates of undocumented individuals who own their own businesses and insights from respondents from a range of sectors, including legal and not-for-profit organizations that support small business development, to explore immigrants' contributions to small businesses and the costs to the state of losing these critical entrepreneurs to immigration enforcement.

Both the economic data and the interviews showed that immigrants are generating businesses, jobs, and tax revenue for the state, from leading start-ups supported by venture capital firms to filling the downtowns of small towns with restaurants and shops. Nearly 40% of self-proprietorships in the state are owned by immigrants and nearly 11% are owned by undocumented immigrants **(Figure 11).** Nationwide, immigrants are vital entrepreneurs: in 2024, 45% of all Fortune 500 companies were founded by immigrants or their children.[38] Of these companies, 10% are based in or were founded in California.[39]

Figure 11. Nearly 40% of small businesses in California are owned by immigrants – including 11% owned by undocumented entrepreneurs



Source: IPUMS U.S. Census ACS 2023 1-Year Estimates. **Analysis:** Bay Area Council Economic Institute

Interview respondents underscored that immigrant-led and owned businesses take all forms. One respondent, who was an investor in start-up businesses, shared:

> ***"Some of my best investments have been in [businesses of] immigrants, or the sons or daughters of recent immigrants that have built amazing technology and companies."***

While another respondent that provides legal services to small businesses shared how small business owners provide employment and commerce to communities:

> ***"We helped her to create her LLC. She has her food truck and now she is in the process of starting a brick-and-mortar restaurant. She's going to be hiring other people, paying rent for the space, paying the utility services. This is an immigrant woman who is creating jobs and producing all these resources for her community."***

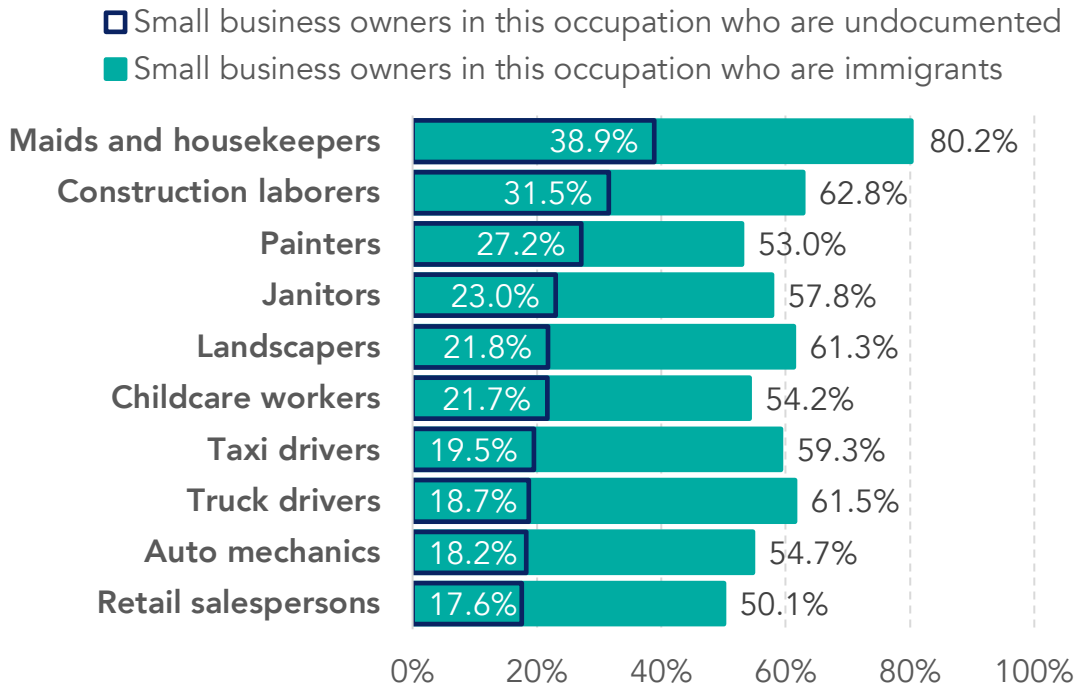
Respondents across the state highlighted that in smaller cities and towns facing economic challenges, immigrant entrepreneurs were often the driving force behind revitalizing and sustaining local economies. These small businesses lease commercial units, generate local taxes, create contracts for local distributors, and cater to the specific needs of the community. Immigrants, particularly in frontline industries, are the backbone of small business ownership.

For example, as shown in **Figure 12** below, over 80% of housekeepers who own small businesses are immigrants, with nearly 39% of them being undocumented. This pattern extends to other industries like construction, landscaping, and childcare, where more than 20% of small business owners are undocumented and over half are immigrants. Through these contributions, immigrant entrepreneurs play a vital role in maintaining the economic vibrancy of many communities across the state.

In some occupations, the share of undocumented small business owners is higher than the share of undocumented workers overall. For example, 26% of construction laborers are undocumented **(Figure 8)**, but 32% of construction laborers who own businesses are undocumented. This suggests that if a business owner is deported, the entire operation may collapse – even if employees remain.

Figure 12. In California, immigrants own the majority of small businesses in key service and labor-intensive occupations – including over 80% of housekeeping businesses and 63% of construction businesses

Top 10 occupations with the highest share of small businesses owned by undocumented immigrants



Source: IPUMS U.S. Census ACS 2023 1-Year Estimates. **Analysis:** Bay Area Council Economic Institute

Numerous respondents emphasized that small businesses and business districts would likely be the first ones harmed by increased immigration enforcement activity. They felt that major immigration enforcement activities would not only lead to loss of immigrant labor, but loss of whole small business ecosystems. One respondent described how the deportation of small business owners would have ripple effects, disrupting all aspects of the business that others, from property owners to distributors, also rely on:

> ***"If it's a brick-and-mortar business, then, now the situation is even more complicated. Because then, you probably have an inventory. You also have a contract for renting and leasing the space. You have contracts, probably, for different types of services that may be delivered there, etc."***

Chapter 4. Immigrants are vital taxpayers and consumers

Immigrants are vital to the state's economies via their purchasing power, their payments into local taxes and services, as well as their participation in day-to-day activities such as riding public transportation, going to school, and utilizing health care. This chapter draws on tax revenue and consumption data and respondents from local government and agencies and community-based organizations to explore immigrants' contributions to the state's economy by paying income taxes, purchasing from local businesses, and paying for services.

The Institute on Taxation and Economic Policy found that undocumented immigrants maintain high effective tax rates, with an average state and local tax rate of 7.1% that is higher than the rate paid by the top 1% of earners nationally.[40] However, the systems that support and allow undocumented immigrants to pay taxes may be at risk. At the time we conducted our interviews, the IRS was in unprecedented negotiations with the Department of Homeland Security to share taxpayer information.[41] As one immigrant services provider who offers tax assistance explained:

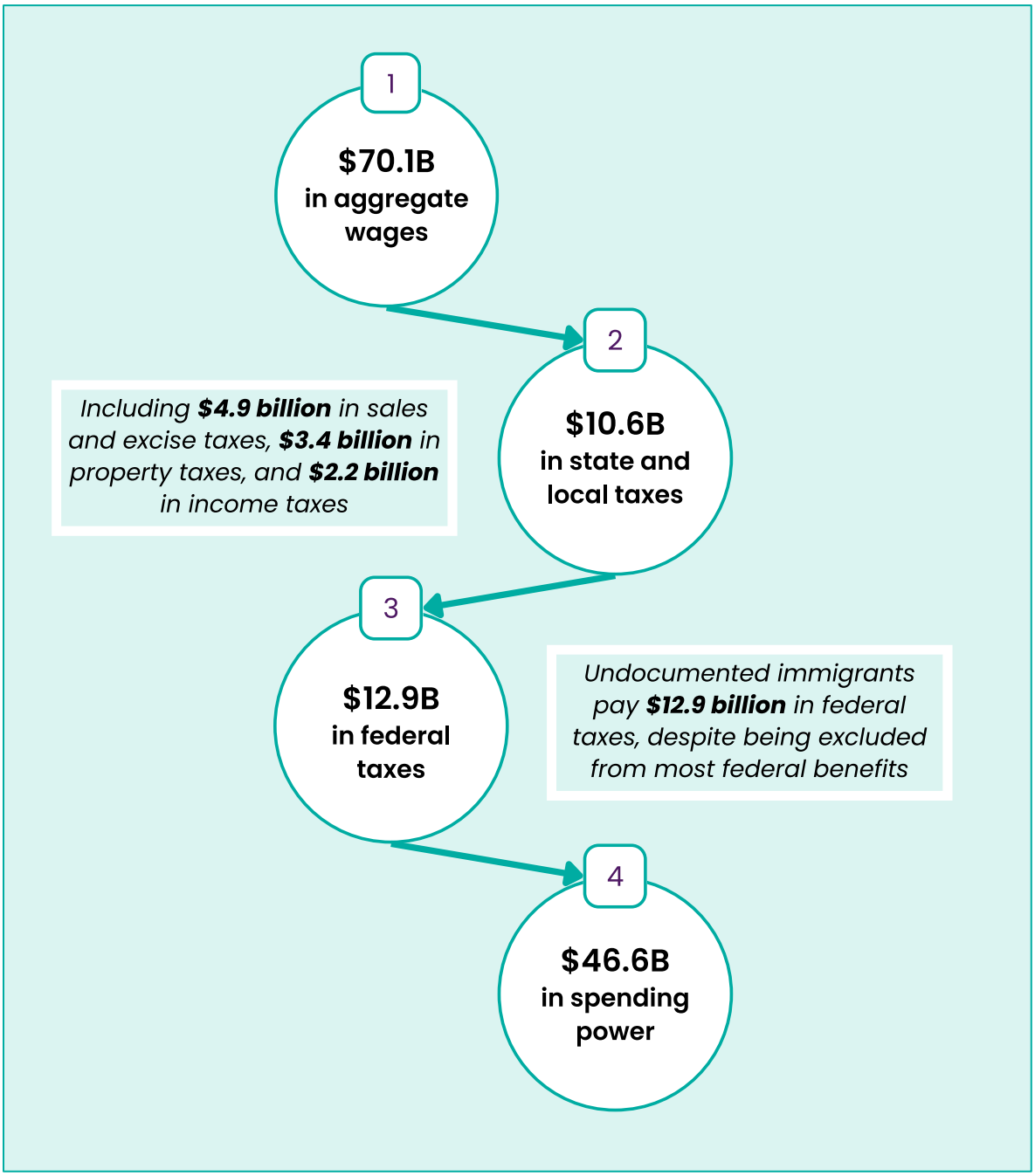
> ***"If this [taxpayer] information does in fact get released to other departments, then the ITIN is going to lose the trust that it currently has. And it probably won't ever gain it back or it'll take years to gain that trust back for people to use ITINs."***

A. Undocumented immigrants contribute billions of dollars in federal, state, and local taxes

Individuals without lawful immigration statuses are allowed to file federal and state taxes, open bank accounts, apply for loans and mortgages, and obtain documents that verify their place of living – such as utility bills or rental agreements – which can be used to access services like enrolling children in school or applying for local benefits. As a result, undocumented Californians contribute significantly to public revenues through income, sales, and property taxes: the average undocumented worker contributes over $7,000 in annual taxes.[42] California also pays $83 billion more in federal taxes than it receives, making it a "donor state."[43] This means the economic impact of immigration enforcement in California would extend beyond its borders: beyond the loss of state tax dollars, the loss of federal tax dollars paid by undocumented Californians would have economic consequences for the rest of the U.S.

California communities depend heavily on both local taxes and federal funding. A major concern among respondents was the economic and political fallout of federal immigration enforcement on tax revenues. Interview respondents expressed that increased enforcement activity would lead to reductions in consumption and have ripple effects for communities in the form of vacant commercial units, loss of local tax revenue, and reductions in product distribution for companies who contract with small businesses.

Figure 13. Without undocumented immigrant tax contributions, California would face significant fiscal losses



Source: Author's calculations of BEA, ACS, and IMPLAN data. **Analysis**: Bay Area Council Economic Institute.

Beyond federal and state tax revenue, undocumented immigrants also contribute to tax revenues via their spending power. Numerous respondents noted that local economies would be hard hit should immigrant consumers stop frequenting restaurants, shops, and other small businesses. One respondent noted:

> ***"We bring in a lot of economic value when we [go out to] eat. We bring these local businesses money. Whether that is on a Sunday and you're going out with family [or] going out to restaurants."***

Undocumented immigrants pay sales and excise taxes on everyday goods and services, contributing $4.9 billion annually – nearly half of the $10.6 billion they pay in state and local taxes. This revenue is vital as many California cities still face sales tax shortfalls post-pandemic. Removing immigrants would deepen these gaps and stall local economic recovery. In one city, an official described the consequences of reduced spending among immigrants:

> ***"I think that our city would be hard hit because the funding for the general fund comes from people spending, from people having businesses and paying taxes. There are a lot of business owners that are immigrants… So, what would happen is that there would be jobs left empty. There would be buildings or businesses that would shut down. Our downtown… I think that it would be kind of like a ghost town."***

B. Schools, health care institutions, and other vital public services rely on immigrants

Interviews revealed widespread concern among leaders that heightened immigration enforcement could have ripple effects beyond the business community, disrupting other critical sectors that underpin California's broader economy. Immigrants' avoidance of commercial districts and public spaces would likely extend to other places such as schools, health care facilities, and public service providers. Avoidance of these places and institutions may harm the economy through reduced economic mobility, school district funding cuts, worsening health, and depleted public services. As one elected official described:

> ***"If our residents were to say, 'We're not going to take public transportation', that agency would not exist. [Immigrant residents] power this city, this county, and the state."***

A major area of concern was that schools and universities would not be able to meet their educational missions, impacting workforce development and economic mobility. It was reported that there has been widespread fear about possible immigration enforcement actions amongst students and their families. Respondents shared that many school districts were preparing for increased absenteeism and reduced funding because: "If students aren't showing up, there's no attendance… so that means, funding would go down on a local level too."

Respondents also noted that fear of immigration enforcement is deterring individuals from seeking necessary health care services. This aligns with existing research on immigrant health care access and utilization. This avoidance is worsened by fears around federal policies like the public charge rule, which discouraged immigrants from using public benefits such as Medi-Cal. One health care provider noted that policies promoting mass deportation are deeply connected to those that push immigrants out of the social safety net. As a result, people delay care until conditions worsen, leading to preventable emergency visits and poor health outcomes. In short, many fear that seeking care could hurt them later, so they avoid it even when it is urgent.

As taxpayers, consumers, and community members, immigrants contribute to the economy in a range of ways beyond just being a labor force. In the next chapter, we go on to discuss some of the early challenges already being faced in California's communities and businesses due to increases in immigration enforcement activity.

Chapter 5: Challenges faced by communities and businesses from increased enforcement

This chapter provides insights into consequences already unfolding in the state due to increased immigration enforcement. While there continues to be uncertainty around what forms a mass deportation will take, our findings reveal that California's communities are actively experiencing impacts from increased immigration enforcement. These impacts include the challenges that business and industry leaders are grappling with regarding how to respond to protect their workers and influence federal immigration policy.

A. Communities are already experiencing the impacts of immigration enforcement

While some recent immigration enforcement events have been publicized, many actions have not – although deportations and removals are currently underway. The immigration enforcement action that took place in Kern County in January 2025 created a chilling effect across the San Joaquin Valley in which many residents avoided daily activities out of fear. While this event lasted three days, respondents emphasized that enforcement activities have long-lasting impacts. For example, one respondent from an immigrant services organization described persistent trauma years after a raid at his workplace:

> ***"I still get afraid – even though I have status now. I remember being picked up and thrown in the back of a Bronco. That's a lived trauma…So someone who's here without status, who's never been in contact with immigration, [they have] that additional fear of not knowing what's going to happen or how it could happen."***

Respondents expressed concern that immigration authorities may target specific groups based on suspicions of being undocumented. For example, those with first-hand knowledge of the raid in Kern County described racial profiling, in which enforcement agents were targeting individuals from the Latino community. A federal judge recently confirmed this, stating that the actions of immigration enforcement had illegally targeted Latinos for deportation.[44]

Respondents underscored that a mass deportation could lead to immigrants not only losing trust in the government and institutions but would also lead many immigrants to avoid seeking essential services like medical care, financial advice, or emergency services. For example, concerns about sharing private information and not knowing who to trust may make immigrants and their families less likely to seek mental health or crisis support.

Community Snapshots

Various respondents described enforcement tactics they are seeing on the ground as well as how the immigrant community is responding:

"We have been seeing a lot of racial profiling when it comes to immigration enforcement and their rates, meaning where [enforcement agents] are being placed. They're going to Home Depot [and] really targeting immigrant communities. They are stationed outside of a Highway 99 exit where there's a lot of agricultural fields... It's racial profiling."

- Respondent from a community-based organization

"There are also those... who don't want to become a public charge and are very concerned about receiving any form of government benefits... all of those things really create a difficult time for us to reach out to them. They hide. They aren't as willing to come forward to participate or even just articulate their needs."

- Respondent from a government agency

B. Challenges and barriers for business and other sectors to speak up regarding federal immigration policy

Industry and business respondents expressed hope that there would be opposition to enforcement actions and mass deportation policies that harm the state's economy. Many, however, expressed hesitance and concerns about speaking up. Elected officials we interviewed echoed concerns should they designate their city or county a "sanctuary" jurisdiction, and other respondents shared that they would speak up against federal immigration enforcement actions once they saw labor shortages, worksite raids, or specific federal policy changes.

Leaders are using this "wait and see" approach due to concerns about becoming a target of the current administration should they speak up in opposition to mass deportation. A business owner described her hesitation and how speaking up could have repercussions for her workers:

> ***"What does speaking up do? What it does is it potentially puts your workforce in real danger. I'm not going to get deported, I'm a White American female. But I have a lot of people that could get deported. So, I'm not going to put them in that position."***

Others expressed that they were careful about when they used public avenues like social media to influence federal policy and felt limited in their ability to criticize federal policy because of potential reprisals. This "wait and see" approach was further complicated by lack of clarity regarding what constituted "mass deportation." Although all respondents, regardless of industry or organization type, were opposed to mass enforcement actions, worksite raids, and other major forms of enforcement, there was relative support for some forms of immigration enforcement that targeted individuals with criminal records.

However, lacking a clear distinction between what they felt was acceptable enforcement and not acceptable enforcement left many respondents uncertain about the moment to speak up about federal policy. This challenge revealed the limitations of linking federal immigration policy to local crime and public safety issues. For example, some respondents expressed concern that actions focused on those with criminal records could still lead to significant and harmful arrests of their workforce. One respondent from a Central Valley trade group described how the raids in Kern County played out, highlighting how operations that appear targeted can, in practice, become broad sweeps:

> ***"Initially the word that we got was that this was a targeted criminal enforcement activity, which sort of made sense. But why would it be the Border Patrol – it would typically be ICE, not Border Patrol? But the next day we started getting reports, 'No, that's not what it is. They're doing broad sweeps.' They're saying they're getting targeted criminals, but they're doing broad sweeps."***

Respondents from community-based organizations expressed that the acceptance of deportation of those labeled as criminals had resulted in a policy environment where the state's business and policy leaders were unwilling to speak up on behalf of immigrants more broadly. Ultimately, blurring the line between public safety and crime enforcement – and targeting all immigrants for deportation – has led to increased fear and uncertainty among both employees and employers.

C. The role of local leadership in responding to immigration enforcement

The impacts of increased enforcement on immigrant communities and the concerns of businesses are unfolding across California's diverse regions where some localities are more welcoming to immigrants than others. Several respondents noted that local attitudes and rhetoric toward immigrants would likely shape how a mass deportation effort unfolds in California – and have already influenced how safe immigrants feel in different counties, cities, and communities. A respondent from an immigration services organization noted that responses toward immigration enforcement will vary depending on local elected officials' priorities:

> ***"Where I live, our local officials are not going step in unless it starts hurting local dairies and ranchers, period. I know that. [But] there are other communities where I think they will mobilize as a community. Like [another city] had a whole rapid response where people in their City Council were even going to go out and try to disrupt ICE."***

Multiple respondents also expressed that local law enforcement agencies had a particularly key role in influencing immigrant community members' sense of safety. For instance, one respondent from a legal services organization compared local sheriffs' responses to SB 54, the state "sanctuary" law that limits local law enforcement from working with and sharing information with federal immigration enforcement agencies. She described the range of actions by local law enforcement, that "one [sheriff] attempted to pass an ordinance [saying] that they weren't going to follow the sanctuary law... while another went out to the fields to talk with farm workers and say, 'I am not working with ICE.'"

D. Immigrant-serving organizations are responding to increases in immigration enforcement activity

Our findings show that collective action and stronger communication among organizations that serve immigrant communities has been key in responding to increased federal immigration enforcement in California. Many immigrant service providers interviewed had been preparing for up to a year for increased immigration enforcement. Examples of preparation work included coalition building, sharing resources and networks with other community-based organizations, reactivating rapid response hotlines and networks, and hosting strategic planning meetings with staff and partners about how to best serve the immigrant community.

Since January 2025, rising fear and uncertainty in the community meant that these groups experienced increased demands for Know Your Rights workshops – educational events that provide information about legal rights for immigrants – and for information on how community members can protect immigrants when interacting with law enforcement. One respondent from an immigrant services organization noted significant increases in workshop attendance:

> ***"Every time there's a fear of deportation… there's an uptick of calls… When we host events, we see an uptick of individuals who come to these Know Your Rights events… it really doubles or triples in size."***

In addition, several respondents highlighted that the need for low-cost legal representation services and immigration attorneys is far greater than current statewide capacity can handle. And in rural regions – where there are fewer removal defense attorneys, legal aid clinics, and practicing immigration attorneys compared to urban areas – resources are even more scarce. Numerous respondents from legal and immigrant services organizations advocated for increased investments in capacity building, especially in regions where attorneys are already stretched thin:

> ***"The biggest solution I can see the state taking would be investing in capacity building… wanting people to build these [community-based organizations] who are already doing immigration work, providing them the funding to build their departments… [Fund] the Central Valley."***

Respondents serving immigrant communities were not only providing support but also leading efforts to resist enforcement policies, despite having less political and policy leverage than business or elected leaders. Their leadership highlights regional differences in who is best positioned to push back against mass deportations. Many raised concerns about limited staffing and capacity if enforcement intensifies, noting that support for immigrants often requires pausing other priorities. Legal service providers, in particular, are overwhelmed, with attorneys sacrificing personal time to meet demand. Other organizations have had to delay initiatives like financial aid support, college preparation programs, civic engagement, and health programs to respond to urgent enforcement-related needs.

Chapter 6: The need for a multi-sector response

Across California, many organizations and industry groups are already actively navigating the implications of federal immigration policy. While earlier chapters focused on how mass deportation could impact various industries and local economies, this section explores how stakeholders can coordinate a cross-sector response. Several business leaders interviewed noted that long-term solutions, such as a legal pathway to citizenship, would help stabilize their workforce and address ongoing uncertainty. As one trade association representative remarked, efforts to change federal immigration policy have stalled, creating continued challenges for employers across the state:

> ***That's the unfortunate part: we're fixing [immigration policy] from the extreme sides, when we really need a workable humane solution that makes sense from a social justice standpoint in addition to an economic standpoint.***

Several respondents, including business owners, emphasized the importance of cross-sector coordination in engaging with federal immigration policy. One business leader emphasized the value of industries speaking together to highlight the economic risks of workforce disruptions and to advocate for more stable immigration policies.

> ***"The workers themselves don't have much of a voice. So, [we need] the restaurant industry, the hotel industry, and agriculture…It's going take a lot of voices expressing a lot of concern and recommending to our Congress and senators that this is impacting the lives of people and businesses and needs to be addressed."***

A. Policy and organizational strategies for businesses

Business owners, industry groups, and sector leaders can play a proactive role in responding to shifts in federal immigration enforcement by supporting policies and practices that promote workforce stability and legal compliance. Companies may consider both internal strategies and external partnerships to manage operational risks and ensure continuity across their labor force.

1. **Building cross-sector coalitions to ensure economic stability.**

A multi-sector response can prevent any one business sector or industry from potential federal push back when communicating about federal immigration policy. Business leaders can collaborate with advocacy groups and lawmakers to support state protections for immigrants and oppose mass deportation efforts. By working together, industries can strengthen their influence and push for policies that limit enforcement and expand pathways to legalization.

2. **Workplace protocols and legal preparedness.**

Increased immigration enforcement can create uncertainty for employers, especially regarding workplace access. Interviews revealed strong interest in Know Your Rights materials and trainings specifically tailored for business owners, managers, and worksites – including guidance on property rights and how to respond if immigration enforcement occurs at a workplace. These tools clarify employer responsibilities, minimize disruptions, and may boost employee confidence and reduce absenteeism.

3. **Support for long-term policy solutions.**

Several interview respondents – including those representing employers, trade groups, and labor-reliant sectors – emphasized the need for federal immigration policies that offer legalization and a path to citizenship, providing stability for long-term workforce planning. Legalization would increase tax revenues and eliminate many of the challenges outlined in this report. While it may be a longer-term goal, a consistent, organized business voice can help shape priorities and highlight the economic value of a stable, inclusive immigration system.

B. Legislative priorities for policymakers

1. **Ensure compliance with SB 54 and other laws that define the role of state and local agencies in immigration policy.**

The State of California has numerous laws, such as SB 54, which provide a wide range of protections to immigrants in their communities, in schools, and other places. The state legislature can ensure that these laws continue to provide these protections through monitoring of implementation.

2. **Expand access to legal and immigration services.**

California state legislators can ensure funding for legal and social services that support immigrant communities concerned about or directly affected by potential mass deportation. There is a critical need for legal aid clinics and immigration attorneys, particularly in the state's rural regions. Immigration attorneys working out of state can be given permission to practice in California to address this immediate immigration attorney shortage.

3. **Support a federal path to legalization and citizenship.**

State legislators and policymakers can work alongside federal policymakers to provide a legalization path to citizenship for undocumented immigrants. State legislators can also protect and support SB 54 and vote against bills introduced that limit its scope or make it easier for localities to opt out.

C. Areas for future research

Building on the findings in this report, several areas merit further exploration to deepen understanding of the economic and social impacts of immigration enforcement and mass deportation in California, including:

1. **Sector-specific deep dives**: In addition to our study's focus on agriculture and construction, other industries – such as hospitality, logistics, health care, and manufacturing – also rely heavily on immigrant labor. Deeper analysis of how mass deportation affects these sectors could guide policy and business preparedness.

2. **Expanded regional analysis**: While this study addresses some regional variation, future research could deepen this analysis by examining localized effects in greater detail across key areas such as the Central Valley, Inland Empire, Bay Area, and Los Angeles. This would offer more tailored insights for regional leaders and employers.

3. **Second-generation outcomes**: The long-term economic effects of enforcement actions on the children of undocumented immigrants remain understudied. Research could explore educational attainment, health outcomes, labor market participation, and social mobility among this population to better understand the broader generational implications of deportation policies.

4. **Effects on consumer goods and services**: No studies currently provide an accurate estimate of how increased enforcement or deportations would affect prices. Future research could help fill this gap by analyzing how labor shortages might lead to rising costs, reduced product availability, or shifts in business models – especially in sectors like food production, retail, and homebuilding.

5. **Revisiting key themes over time**: Given the fluid nature of federal and state immigration policies, enforcement priorities, and labor market dynamics, it will be important to revisit these topics on an annual basis. Ongoing monitoring can help track shifts in risk, economic exposure, and industry response strategies, enabling more timely and responsive policymaking.

Authors

This report is a collaborative effort led by the Bay Area Council Economic Institute (BACEI), in partnership with University of California, Merced (UCM).

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About BACEI

Since 1990, the Bay Area Council Economic Institute has been a leading think tank focused on the economy of the San Francisco/Silicon Valley Bay Area. Through its economic and policy research and its partnerships, the Institute addresses issues impacting the competitiveness, economic development, and quality of life of the region and California. The Institute is housed at and supported by the Bay Area Council, a public policy organization that includes hundreds of the region's largest employers and is committed to keeping the Bay Area the world's most competitive economy and best place to live.

About UC Merced (UCM)

The University of California, Merced is the newest campus in the prestigious University of California system and the first American research university of the 21st century. Located in the heart of California's San Joaquin Valley, UCM is committed to excellence in instruction, research and public service. The campus serves as a hub for innovation, sustainability, and educational opportunity, particularly for first-generation and underrepresented student populations. With world-class faculty, cutting-edge research initiatives, and a strong commitment to student success, UC Merced is shaping the future of California and beyond.

Methodological Appendix

A. Quantitative Methods

1. Data Sources

This analysis draws on multiple nationally representative datasets to estimate the size and characteristics of the undocumented population and assess its fiscal and economic contributions. The principle sources include:

- **American Community Survey (ACS), via IPUMS-USA:** Provides annual, person-level demographic, socioeconomic, and geographic data. Its large sample size and public availability make it the best source for understanding undocumented immigrants' characteristics at both national and state levels.
- **Survey of Income and Program Participation (SIPP):** Offers detailed information on immigration history, legal status transitions, income sources, and household relationships, used here primarily to estimate legal status transitions and validate ACS-based assumptions.
- **Bureau of Economic Analysis (BEA):** Supplies official measures of national, state, and local GDP, income, and industry output. BEA data were used to calibrate and validate GDP estimates produced through IMPLAN, ensuring consistency with official economic accounts.
- **IMPLAN Input-Output Model:** A widely used economic modeling tool that allows for the estimation of GDP contributions, employment impacts, and industry-level multipliers.
- **Institute on Taxation and Economic Policy (ITEP) State Tax Model:** Used as a methodological foundation for estimating tax contributions, particularly state and local taxes paid by undocumented residents.

2. Residual Method and Legal Status Estimation

To estimate the undocumented population, we applied a **residual methodology**. This approach subtracts the estimated legally present foreign-born population from the total foreign-born population observed in the ACS.

The methodology used to classify individuals as Lawful Permanent Residents (LPRs) or Non-LPRs is based on a series of eligibility criteria designed to reflect key indicators of LPR status. The process follows two main steps:

a. Initial Exclusion of Non-LPRs:

Individuals who are foreign-born and not U.S. citizens were initially flagged as "Non-LPR." Additionally, those who reported being naturalized but had been married to a U.S. citizen for less than three years or had been in the U.S. for five years or less were also considered "Non-LPR" due to their limited LPR eligibility.

b. Reassignment as LPR based on Qualifying Criteria:

Individuals were reclassified as "LPR" if they met any of the following criteria:

- U.S. citizens by birth (including those born abroad to American parents),
- Children under 18 with at least one U.S. citizen parent,
- Individuals born in Cuba (covered by the Cuban Adjustment Act),
- Employment in the military or government positions,
- Participation in government assistance programs such as food stamps, Medicare, TRICARE, or VA health insurance,
- Immigrants who arrived before 1980,
- Veterans or individuals receiving retirement benefits,
- Workers in state or local government roles, or
- Occupations requiring professional licenses.

Unlike previous estimates, we include groups with increasingly uncertain legal protections: such as an estimated 149,740 DACA recipients, 67,800 TPS holders, and some of the 40,000 recently resettled refugees in California without a clear path to citizenship or work authorization. Some may still be classified as lawful permanent residents if they meet above criteria.

Additionally, this study draws on the residual method specifications used by a few sources:

1. **American Immigration Council (AIC)** assumes census data overestimates naturalized citizens, and recodes foreign-born individuals as holding LPR status if they meet conditions such as: receives Social Security benefits, has been in the armed forces, and arrived in the United States before 1980.

2. **Migration Policy Institute (MPI)** applied Survey of Income and Program Participation (SIPP) data to the residual model through multiple imputation to estimate the number of undocumented immigrants. After calculating the estimate, the study identifies the number of undocumented immigrants in ACS data through SIPP's data.

3. **Pew Research Center** starts with ACS and CPS estimates of undocumented citizens and then adjusts based on overreporting of naturalization. Pew reclassifies naturalized citizens as non-citizens, and then reassigns groups legal status based on occupation, country of origin, year of arrival, and marriage to U.S. citizen.

3. Integration of SIPP and ACS Using Multiple Imputation

Because ACS does not identify immigration status, and may undercount undocumented immigrants, we leveraged SIPP's detailed information on legal pathways and status change over time. We acknowledge critiques of legal status estimation methods, including Warren (2022), Van Hook & Bachmeier (2014), and Bachmeier (2016), and have sought to apply best practices in light of these concerns.

We used multiple imputation techniques to probabilistically assign likely status categories to foreign-born ACS respondents. Our imputation model was based on variables common to both surveys: year of entry, age, country of origin, English ability, education, and household structure.

4. Tax Contribution Estimates

To estimate state and local tax contributions of undocumented immigrants, we followed the methodology developed by the Institute on Taxation and Economic Policy (ITEP). These tax estimates reflect average compliance behaviors, not full tax evasion or perfect filing. We adjusted ITEP's tax incidence assumptions to reflect recent state-level minimum wage changes, sales tax rates, and eligibility for tax credits (e.g., California's Earned Income Tax Credit). We included:

- **Income taxes,** assuming ITIN-filers comply at similar rates to wage-earning undocumented workers. We identified likely non-taxpaying individuals and excluded them, applying an estimated 60% compliance rate among undocumented filers based on ITEP rates. We excluded likely non-taxpaying individuals and applied compliance-adjusted federal and state tax rates using data from the Congressional Budget Office and California's tax brackets. Some undocumented individuals pay more through withholding than they ultimately owe, which is captured in the compliance estimate.
- **Sales and excise taxes,** applied based on consumer spending patterns by income bracket.
- **Property taxes,** either paid directly (homeowners) or indirectly through rent.

5. Economic Contributions: GDP and Employment Impacts

We used the IMPLAN input-output model to estimate the GDP contributions, industry output, and employment effects of undocumented immigrants. Key steps included:

- Mapping undocumented workers to IMPLAN sectors using occupation and industry codes
- Modeling direct, indirect, and induced effects of removing these workers to estimate lost GDP using IMPLAN's production functions

B. Qualitative Methods

The goal of the qualitative component of the study was to conduct in-depth semi-structured interviews with business, policy, and community stakeholders across California to understand:

1. What is happening on the ground in terms of immigration enforcement and a proposed mass deportation;
2. The responses of businesses and immigrant-serving organizations to past and current immigration enforcement activities across California;
3. The likely impact that mass deportation would have on state and local economies as well as immigrant communities.

Here we describe our study plan for recruiting participants, conducting stakeholder interviews, and conducting analysis of interviews.

1. Participant recruitment

Key informant interviews were conducted across four major categories of stakeholders: business owners and/or industry trade organizations, elected officials, immigrant advocates and/or attorneys, and nonprofit organizations. For the purposes of the report, we grouped these into three stakeholder groups: business, policy, and community stakeholders.

A list of 100 potential organizations and contacts was built to identify stakeholders across these groups with representation from of each of California's regions. From this original list, we contacted each by email between February and April of 2025 in "waves" based on the stakeholder categories. Outreach emails included a standardized script with a brief description of the study, the interview format, and a request for a 60-minute interview with the research team. All respondents were also offered a $25 Amazon gift card for participating in the study. Of the 100 organizations contacted, 39 interviews were conducted representing 36 different organizations/entities.

2. Key informant interviews

Interviews with key informants were conducted between February and April 2025. Interviews were recorded on Zoom and respondents received information regarding their rights and protections as interview participants and provided verbal consent to participate. Respondents' information will remain confidential and anonymous. Audio files were sent to GMR Transcription Services for verbatim transcripts. All interviews, except for one, were about an hour, with the exception lasting 30 minutes.

Interviews followed an interview guide that aligned with the study research questions, including questions about respondents' perception of the contribution of immigrants to California's economy, the local history of immigration enforcement, public- and community-level attitudes and sentiments toward immigrants, the current immigration enforcement climate, including any recent changes perceived, and the ways enforcement activity may affect their organization. Follow up questions were specified by industry or sector.

3. Data analysis

Analysis of the key informant interviews followed a rapid qualitative analysis methodology developed by Maietta et al. (2021) called "Sort and Sift, Think and Shift".[45] This form of analysis utilizes an iterative process of memoing and drafting "episode profiles" from interview transcripts; thematic analysis is driven by diagramming and quotes that tell a story as opposed to coding each individual interview. This methodology is meant to be flexible and adaptive and includes processes for the research team to conduct in-depth review of individual interviews to identify key passages that are reviewed across multiple interviews.

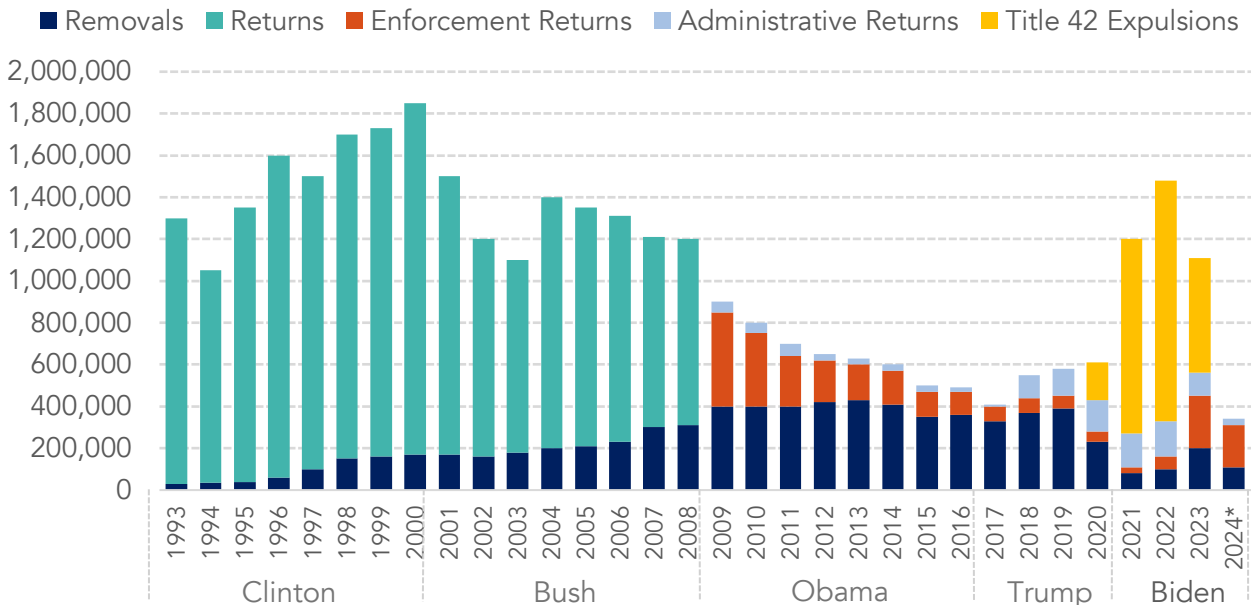
After each interview, the lead interviewer and the observer each wrote a memo summarizing the question domains and identifying major themes or findings. After an interview's transcript was completed, a team member that did not participate in the original interview read and highlighted notable quotes. Next, they wrote an in-depth profile to identify key quotes and how those contributed to an overall theme.

This qualitative approach borrows from goals and methods that appear in phenomenology, grounded theory, narrative research and in-depth case studies to generate core topics that demonstrate the dimensions each example (Maietta et al., 2022). This methodology was appropriate for the mixed-methods study approach because it allowed the team to explore and discover overarching themes generated by interview respondents while also aligning illustrative quotes with quantitative data findings.

B. Appendix Figures

This study references how immigration enforcement strategies have varied significantly across presidential administrations, influencing the types and volumes of migrant repatriations. For FY 1993 through FY 2008, Department of Homeland Security (DHS) data did not distinguish between enforcement returns, which apply to irregularly arriving migrants, and administrative returns, which apply to migrants who withdraw their applications for admission and foreign crewmembers without visas ordered to stay aboard their ships, among others; for FY 2009 onward, enforcement returns and administrative returns are categorized separately. It is possible that administrative returns comprised only a small share of overall returns in the FY 1993-2007 period. Because enforcement data were not provided publicly by month for earlier administrations, the data here are organized by fiscal year rather than by actual month of each presidential administration so that similar comparisons can be made across administrations.

Appendix Figure 1. Repatriations of Unauthorized Migrants in the United States, by Type and Presidential Administration, FY 1993-2024



Source: U.S. Border Patrol, DHS, Office of Homeland Security Statistics (OHSS). **Analysis:** Migration Policy Institute. **Note:** *Fiscal year (FY) 2024 data are through February.

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