

Impacts of Operation Metro Surge on MSP Labor Outcomes

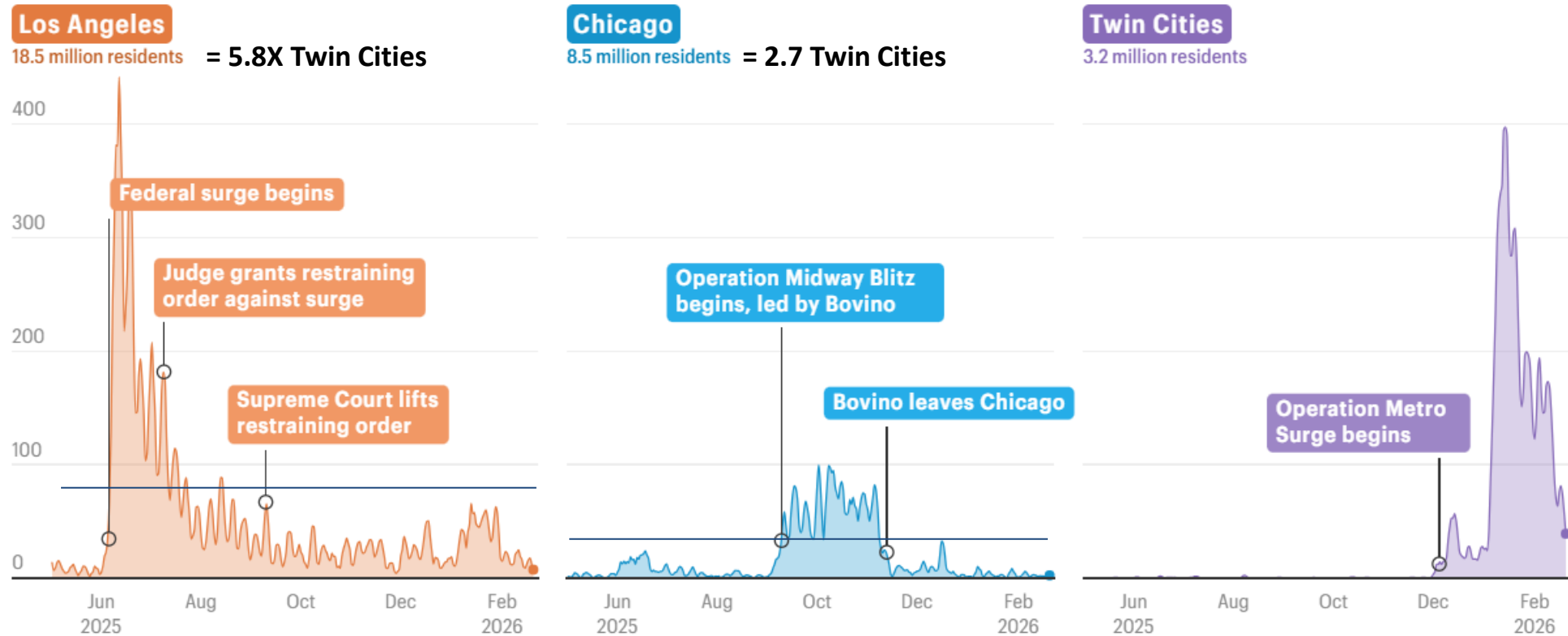
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Operation Metro Surge was intense

HOW METRO SURGE COMPARED TO OPERATIONS IN OTHER CITIES

TOTAL REPORTS IN EACH METRO AREA

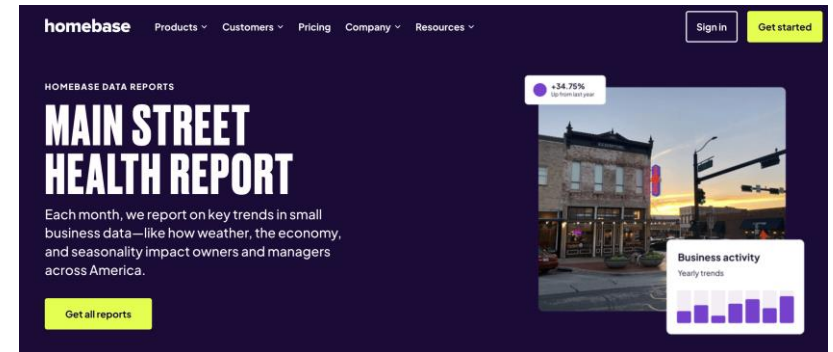


<https://www.startribune.com/is-ice-really-pulling-out-of-minnesota-observer-data-tells-a-complicated-story/601580496>

Labor market impacts?

1. Daily, all industries, MSP metro vs other metros, Homebase

- employees working,
- hours worked,
- business locations operating



2. Monthly, leisure & hospitality, MN vs other states, BLS

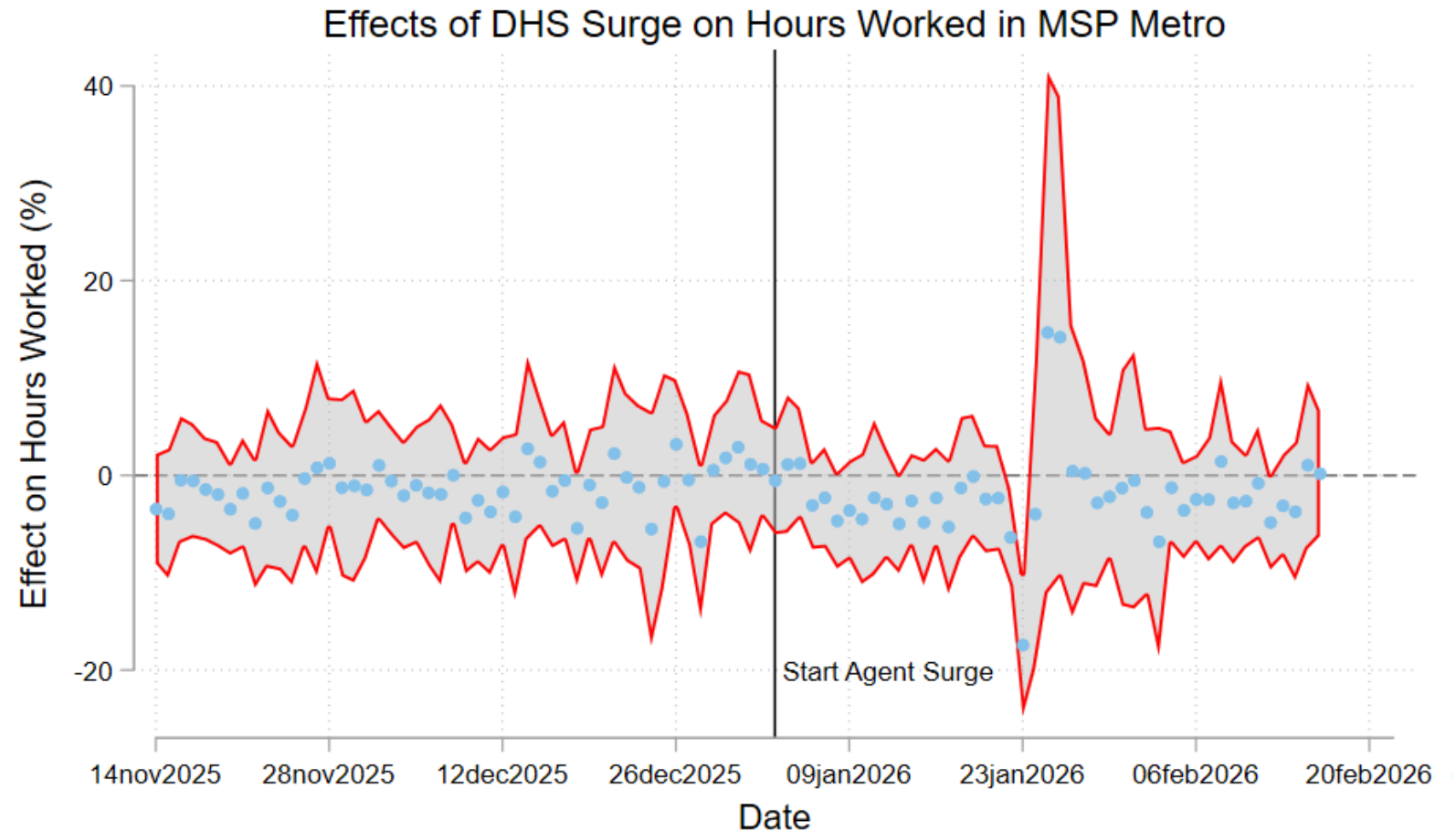
- Jobs
- Total hours
- Total earnings



U.S. BUREAU OF LABOR STATISTICS

1. MSP all industries daily

- 2.8% decline in employees working
- 1.9% decline in hours worked
- 1.7% decline in businesses operating



Data: Homebase daily data on value as percent difference from the base period. Data from 01mar2020 used in estimation. Pre-surge meant as placebos. Post as effects.

1. MSP all industries daily: Lost Wages

= (% impact on employee hours)
x (average employee dollars per hour)
x (average employee hours per week)
x (number of weeks)
x (number of employees)

= (-0.019) x (\$16.93) x (25.5) x (6.4) x (2,021,300) = -\$106.1 million

Conservatively

2. MN leisure & hospitality monthly

In MN's leisure & hospitality sector in the first 3 months of 2026, OMS caused loss of:

- -4,600 jobs (-1.7%),
- -4.8% total hours,
- -\$71M total earnings

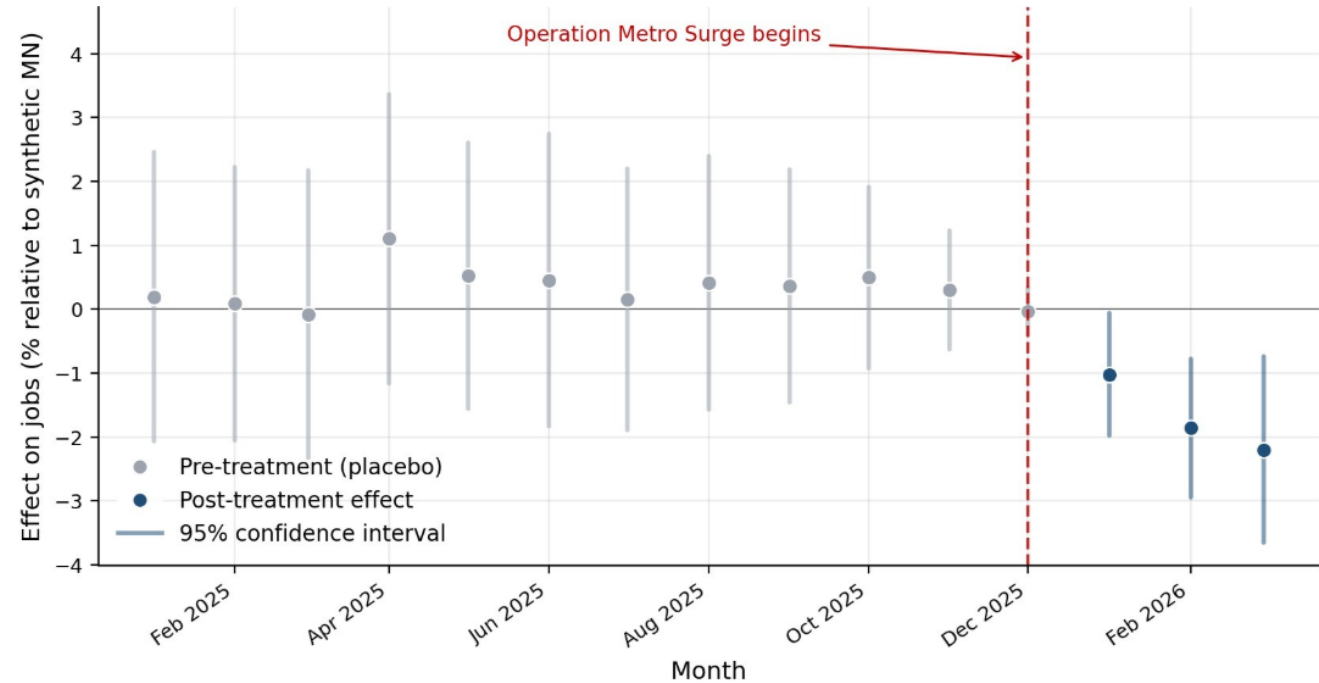


Figure 2. Monthly estimates of the effect of OMS on Minnesota leisure and hospitality employment, relative to synthetic Minnesota. Gray points are pre-treatment placebo estimates; dark blue points are the post-treatment effects in January, February, and March 2026. Vertical bars denote 95 percent confidence intervals.

Labor competition channel misses

- Immigrant and native workers have different skills and characteristics, and immigrants may take jobs natives do not want.
- Immigrants bring new skills in the host economy that may spur innovation, ultimately increasing productivity (and hence wages) of native-born workers.
- As immigrants may perform manual jobs at low cost, native-born workers respond by specializing in communication-intensive jobs in which they have a comparative advantage. Specialization helps natives to upgrade their jobs and protect their wages from immigrant competition.
- Firms can reduce labor costs by hiring immigrant workers at a lower wage with respect to natives. Firms then take advantage of this cost cut by creating complementarity/support jobs largely filled by native-born workers, who will not experience job losses or wage cuts.
- As new immigrants arrive into a local labor market, natives move out. Because of this crowding-out effect, characteristics of the labor market, such as wages and employment rate, are unaffected.
- Immigrants are not simply workers but consumers. They increase the host country's demand for goods and services. In the long run, immigration can lead to more investment, resulting in greater demand for labor and thus increased wages and employment in the economy.
- The inflow of less-educated immigrants increases the labor supply of highly educated natives with family responsibility. High-skilled female workers may now buy household services at a lower cost and then participate in the labor market with potential positive effects on the whole economy and natives' wages.
- When more workers are available, entrepreneurs respond by expanding their capacity or starting new firms up. The creation of new jobs will then raise wages for both native and migrant workers.

Giovanni Peri: <https://wol.iza.org/uploads/articles/42/pdfs/do-immigrant-workers-depress-the-wages-of-native-workers.pdf>

Thanks!

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Motivation: Beyond anecdotes for policy

▲ Rochester News

Catharine Richert · Rochester · January 12, 2026 4:00 AM

Latino businesses in Rochester hurting as ICE ramps up presence in greater Minnesota

SMALL BUSINESS

Immigrant corridors in both Minneapolis and St. Paul nearly shut down by intensifying ICE actions

Revenue is down between 50% and 100% at immigrant-run businesses along Lake Street and on St. Paul's East Side. Businesses say the impact is worse than COVID's.

By Dee DePass
The Minnesota Star Tribune

Shakopee business on impact of ICE surge: "This is worse than the pandemic"

By [Adam Duxter](#)

March 6, 2026 / 9:15 PM CST / CBS Minnesota

The screenshot shows the MPRnews website interface. At the top, the logo 'MPRnews' is displayed with the tagline 'Stay Curious. Stay Connected.' To the right of the logo are links for 'Newsletters' and a 'DONATE NOW' button. Below the logo is a navigation menu with icons for 'Menu', 'Programs & Podcasts', 'Schedule', 'Ways to Give', 'Search', and 'Sign in'. A red banner below the navigation contains the text 'DHS SEARCH WARRANTS' and 'Federal agents are executing warrants at Twin Cities daycare providers'. The main content area features a news article with the sub-headline 'Immigration enforcement in Minnesota' and the byline 'Kirsti Marohn, Catharine Richert and Estelle Timar-Wilcox · Minneapolis, Rochester, and St. Cloud, Minn · January 15, 2026 4:00 AM'. The article title is 'Minnesota business owners feeling the effects of ICE enforcement actions'. Below the title is a video player showing a person's face.