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The Impact of E-Verify on New York's Economy

Some members of Congress have proposed making it mandatory for all employers to use E-Verify—the federal, web-based program through which U.S. businesses can verify the work authorization of new hires. However, mandatory E-Verify without immigration reform is not a solution to the problem of unauthorized immigration. Addressing the reality of a workforce that relies on unauthorized immigrants requires a more comprehensive package of reforms—including a legalization program that brings unauthorized workers out of the shadows, and the creation of sufficient legal visas for the immigrant workers America needs. Mandatory E-Verify alone is likely to harm the economy and U.S. workers.

Immigrants in New York.

- New York was home to 4,178,170 immigrants in [2009](#).¹
- **The foreign-born share** of New York's population rose from 15.9% in [1990](#)² to 21.4% in [2009](#),³ according to the U.S. Census Bureau.
- Immigrants comprised **26.6% of the state's workforce** in [2009](#) (or 2,673,904 workers), according to the U.S. Census Bureau.⁴ Unauthorized immigrants comprised **4.7% of the state's workforce** in [2010](#) (or 450,000 workers), according to a report by the Pew Hispanic Center.⁵

Mandatory E-Verify without immigration reform will result in lost tax revenue for New York.

- **Households headed by unauthorized immigrants in New York paid \$662.4 million in state and local taxes** in 2010, according to [estimates](#) prepared for the IPC by the Institute for Taxation and Economic Policy.⁶
- If E-Verify is made mandatory, unauthorized workers will move into the unregulated, underground economy where they will be paid under the table. As a result, New York will lose **\$104.4 million in income tax revenue** from these workers.⁷

Unemployment in New York will likely INCREASE as a result of mandatory E-Verify.

- New York's civilian [labor force](#) is 9,580,400 workers, and New York's current [unemployment rate](#) is 7.9%.⁸
- [Surveys of E-Verify](#) have found that between 0.8%⁹ and 2.3%¹⁰ of workers received an erroneous response from E-Verify, meaning they had to either correct their records or lose their jobs. Applying the error rates to New York, we estimate that between **76,643**

and 220,349 U.S. citizens and legal workers in New York would either have to correct their records or lose their jobs.

- An estimated 0.5% of workers receive an erroneous final non-confirmation.¹¹ In New York, **47,902 U.S. citizens and lawful workers** could receive an erroneous final non-confirmation and lose their jobs.

E-Verify without comprehensive immigration reform will burden New York businesses.

- Currently, only 7,768 businesses in New York are enrolled in E-Verify,¹² which amounts to 1.7% of all New York businesses.¹³ Mandatory E-Verify would mean a 5,600% increase in the number of businesses using E-Verify in a short time period.
- Small businesses would be hardest hit. In New York, there are [more than 439,000 small businesses](#), and 99% of all state employers are small businesses.¹⁴
- Bloomberg estimated that E-Verify would cost small business \$435 per year.¹⁵ That amounts to **more than \$190 million per year paid by small businesses** in New York to maintain E-Verify.

Endnotes

¹ 2009 [American Community Survey](#) (1-Year Estimates).

² U.S. Census Bureau, *The Foreign-Born Population: 2000*, December 2003.

³ 2009 American Community Survey (1-Year Estimates).

⁴ Ibid.

⁵ Jeffrey S. Passel and D’Vera Cohn, *Unauthorized Immigrant Population: National and State Trends, 2010* (Washington, DC: Pew Hispanic Center, February 1, 2011), p. 24.

⁶ Immigration Policy Center, *Unauthorized Immigrants Pay Taxes, Too: Estimates of the State and Local Taxes Paid by Unauthorized Immigrant Households* (Washington, DC: American Immigration Council, April 18, 2011).

⁷ Ibid.

⁸ U.S. Bureau of Labor Statistics, *New York Economy at a Glance* (as of May 2011).

⁹ Westat, *Findings of the Web-Based E-Verify Program Evaluation*, December 2009, p. xxix.

¹⁰ Error rate calculated from William T. Fujioka, Chief Executive Officer, “[Report on \[L.A.\] County’s Use of E-Verify System](#),” March 10, 2010.

¹¹ Westat, p. xxix.

¹² Number of MOUs signed by employers. Data provided to IPC and CAP by USCIS, July 11, 2011.

¹³ Based on 443,992 firms. U.S. Census Bureau, *Statistics of U.S. Businesses: 2008: All Industries: New York*.

¹⁴ Ibid.

¹⁵ Jason Arvelo, “[Assessing E-Verify Costs for Employers, Taxpayers](#),” *Bloomberg Government*, January 2011.