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The Impact of E-Verify on North Carolina'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 North Carolina.

- North Carolina was home to 665,270 immigrants in [2009](#).¹
- The **foreign-born share** of North Carolina's population rose from 1.7% in [1990](#)² to 7.1% in [2009](#),³ according to the U.S. Census Bureau.
- Immigrants comprised **9.3% of the state's workforce** in [2009](#) (or 443,978 workers), according to the U.S. Census Bureau.⁴ Unauthorized immigrants comprised **5.4% of the state's workforce** in [2010](#) (or 250,000 workers), according to a report by the Pew Hispanic Center.⁵

Mandatory E-Verify without immigration reform will result in lost tax revenue for North Carolina.

- **Households headed by unauthorized immigrants in North Carolina paid \$317.7 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, North Carolina will lose **\$82.3 million in income tax revenue** from these workers.⁷

Unemployment in North Carolina will likely INCREASE as a result of mandatory E-Verify.⁸

- North Carolina's civilian [labor force](#) is 4,501,300 workers, and North Carolina's current [unemployment rate](#) is 9.7%.⁹
- [Surveys of E-Verify](#) have found that between 0.8%¹⁰ and 2.3%¹¹ 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 North Carolina, we estimate that between

36,010 and 103,530 U.S. citizens and legal workers in North Carolina would either have to correct their records or lose their jobs.

- An estimated 0.5% of workers receive an erroneous final non-confirmation.¹² In North Carolina, **22,507 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 North Carolina businesses.

- Currently, only 6,337 businesses in North Carolina are enrolled in E-Verify,¹³ which amounts to 3.6% of all North Carolina businesses.¹⁴ Mandatory E-Verify would mean a 2,700% increase in the number of businesses using E-Verify in a short time period.
- Small businesses would be hardest hit. In North Carolina, there are more than 172,000 small businesses, and 98% of all state employers are small businesses.¹⁵
- Bloomberg estimated that E-Verify would cost small business \$435 per year.¹⁶ That amounts to **more than \$74.8 million per year paid by small businesses** in North Carolina 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 Also see "[E-Verify: The Impact of its Mandatory Use on North Carolina's Workers and Businesses](#)," National Immigration Law Center, April 2011.

⁹ U.S. Bureau of Labor Statistics, [North Carolina Economy at a Glance](#) (as of May 2011).

¹⁰ Westat, *Findings of the Web-Based E-Verify Program Evaluation*, December 2009, p. xxix.

¹¹ Error rate calculated from William T. Fujioka, Chief Executive Officer, "[Report on \[L.A.\] County's Use of E-Verify System](#)," March 10, 2010.

¹² Westat, p. xxix.

¹³ Number of MOUs signed by employers. Data provided to IPC and CAP by USCIS, July 11, 2011.

¹⁴ Based on 176,196 firms. U.S. Census Bureau, [Statistics of U.S. Businesses: 2008: All industries: North Carolina](#).

¹⁵ Ibid.

¹⁶ Jason Arvelo, "[Assessing E-Verify Costs for Employers, Taxpayers](#)," *Bloomberg Government*, January 2011.