

July 2011

The Impact of E-Verify on Louisiana'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 Louisiana.

- Louisiana was home to **152,002 immigrants** in [2009](#).¹
- **The foreign-born share** of Louisiana's population rose from 2.1% in [1990](#)² to 3.4% in [2009](#),³ according to the U.S. Census Bureau.
- Immigrants comprised **4.3% of the state's workforce** (or 94,080 workers) in [2009](#).⁴ Unauthorized immigrants comprised **2% of the state's workforce** (or 40,000 workers) in [2010](#).⁵

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

- **Households headed by unauthorized immigrants in Louisiana [paid \\$80.7 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, Louisiana will lose **\$9.5 million in income tax revenue** from these workers.⁷

*Unemployment in Louisiana will likely INCREASE as a result of mandatory E-Verify.*⁸

- Louisiana's civilian [labor force](#) is 2,060,700 workers, and its unemployment rate is 8.2%.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 Louisiana, we estimate that between **16,486 and 47,396 U.S. citizens and legal workers** in Louisiana would either have to correct their records to keep their jobs.

- An estimated 0.5% of workers receive an erroneous final non-confirmation.¹² In Louisiana, up to **10,304 U.S. citizens and lawful workers** would receive an erroneous final non-confirmation and lose their jobs.

E-Verify without comprehensive immigration reform will burden Louisiana businesses.

- Currently, only 2,237 businesses in Louisiana are enrolled in E-Verify,¹³ which amounts to 2.7% of all Louisiana businesses.¹⁴ Mandatory E-Verify would mean a 3,600% increase in the number of businesses using E-Verify in a short time period.
- Small businesses would be hardest hit. In Louisiana, there are 80,188 small businesses, and 97% of all state employers are small businesses.¹⁵
- Bloomberg estimated that E-Verify would cost small business \$435 per year. That amounts to **more than \$34.9 million per year paid by small businesses** in Louisiana to use E-Verify.¹⁶

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 Louisiana Workers and Businesses](#)," National Immigration Law Center, March 2011.

⁹ U.S. Bureau of Labor Statistics, [Louisiana 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 82,301 firms. U.S. Census Bureau, [Statistics of U.S. Businesses: 2008: All industries Louisiana](#).

¹⁵ Ibid.

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