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The Impact of E-Verify on Massachusetts' 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 Massachusetts

- Massachusetts was home to **943,335 immigrants** in 2009.¹ **The foreign-born share** of Massachusetts's population rose from 9.5% in 1990² to 14.3% in 2009,³ according to the U.S. Census Bureau.
- Immigrants comprised **17.5% of the state's workforce** (or 637,339 workers) in 2009.⁴ Unauthorized immigrants comprised **3.7% of the state's workforce** (or 130,000 workers) in 2010.⁵

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

- **Households headed by unauthorized immigrants in Massachusetts paid \$138 million in state and local taxes** in 2010.⁶
- 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, Massachusetts will lose **\$38 million in income tax revenue** from these workers.⁷

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

- Massachusetts's civilian labor force is 3,497,500 workers, and its unemployment rate is 7.6%.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 Massachusetts, we estimate that between

27,980 and 80,443 U.S. citizens and legal workers in Massachusetts 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 Massachusetts, up to **17,488 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 Massachusetts businesses.

- Currently, only 4,064 businesses in Massachusetts are enrolled in E-Verify,¹³ which amounts to 2.9% of all Massachusetts businesses.¹⁴ Mandatory E-Verify would mean a 3,400% increase in the number of businesses using E-Verify in a short time period.
- Small businesses would be hardest hit. In Massachusetts, there are [138,846 small businesses](#), and 98% 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 \$60,398,000 per year paid by small businesses** in Massachusetts 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: Bad for Massachusetts' Workers, Bad for Massachusetts' Economy](#)," National Immigration Law Center, June 2010.

⁹ U.S. Bureau of Labor Statistics, [Massachusetts 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 141,843 firms. U.S. Census Bureau, [Statistics of U.S. Businesses: 2008: All Industries: Massachusetts](#).

¹⁵ Ibid.

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