

July 2011

## The Impact of E-Verify on Minnesota'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 Minnesota*

- Minnesota was home to **357,561 immigrants** in [2009](#).<sup>1</sup> The **foreign-born share** of Minnesota's population rose from 2.6% in [1990](#)<sup>2</sup> to 6.8% in [2009](#),<sup>3</sup> according to the U.S. Census Bureau.
- Immigrants comprised **7.9% of the state's workforce** (or 234,457 workers) in [2009](#).<sup>4</sup> Unauthorized immigrants comprised **2.1% of the state's workforce** (or 60,000 workers) in [2010](#).<sup>5</sup>

### *Mandatory E-Verify without immigration reform will result in lost tax revenue for Minnesota.*

- **Households headed by unauthorized immigrants in Minnesota paid \$82 million in state and local taxes** in 2010, according to [estimates](#) prepared for the IPC by the Institute for Taxation and Economic Policy.<sup>6</sup>
- 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, Minnesota will lose **\$16 million in income tax revenue** from these workers.<sup>7</sup>

### *Unemployment in Minnesota will likely INCREASE as a result of mandatory E-Verify.*<sup>8</sup>

- Minnesota's civilian [labor force](#) is 2,977,400 workers, and its unemployment rate is 6.6%.<sup>9</sup>
- [Surveys of E-Verify](#) have found that between 0.8%<sup>10</sup> and 2.3%<sup>11</sup> 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 Minnesota, we estimate that between **23,819**

**and 68,480 U.S. citizens and legal workers** in Minnesota would either have to correct their records to keep their jobs.

- An estimated 0.5% of workers receive an erroneous final non-confirmation.<sup>12</sup> In Minnesota, up to **14,887 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 Minnesota businesses.***

- Currently only 4,047 businesses in Minnesota are enrolled in E-Verify,<sup>13</sup> which amounts to 3.3% of all Massachusetts businesses.<sup>14</sup> Mandatory E-Verify would mean a 2,900% increase in the number of businesses using E-Verify in a short time period.
- Small businesses would be hardest hit. In Minnesota, there are 118,391 small businesses, and 98% of all state employers are small businesses.<sup>15</sup>
- Bloomberg estimated that E-Verify would cost small business \$435 per year. That amounts to **more than \$51.5 million per year paid by small businesses** in Minnesota to use E-Verify.<sup>16</sup>

## Endnotes

<sup>1</sup> 2009 [American Community Survey](#) (1-Year Estimates).

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

<sup>3</sup> 2009 American Community Survey (1-Year Estimates).

<sup>4</sup> Ibid.

<sup>5</sup> 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.

<sup>6</sup> 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).

<sup>7</sup> Ibid.

<sup>8</sup> Also see "[E-Verify: The Impact of its Mandatory Use on Minnesota's Workers and Businesses](#)," National Immigration Law Center, March 2011.

<sup>9</sup> U.S. Bureau of Labor Statistics, [Minnesota Economy at a Glance](#) (as of May 2011).

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

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

<sup>12</sup> Westat, p. xxix.

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

<sup>14</sup> Based on 120,950 total firms. U.S. Census Bureau, [Statistics of U.S. Businesses: 2008: All industries: Minnesota](#).

<sup>15</sup> Ibid.

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