

July 2011

## The Impact of E-Verify on Ohio'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 Ohio.*

- Ohio was home to 433,330 immigrants in [2009](#).<sup>1</sup>
- **The foreign-born share** of Ohio's population rose from 2.4% in [1990](#)<sup>2</sup> to 3.8% in [2009](#),<sup>3</sup> according to the U.S. Census Bureau.
- Immigrants comprised **4.4% of the state's workforce** in [2009](#) (or 259,979 workers), according to the U.S. Census Bureau.<sup>4</sup> Unauthorized immigrants comprised **1.2% of the state's workforce** (or 70,000 workers) in [2010](#), according to a report by the Pew Hispanic Center.<sup>5</sup>

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

- **Households headed by unauthorized immigrants in Ohio paid \$103.9 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, Ohio will lose **\$25.1 million in income tax revenue** from these workers.<sup>7</sup>

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

- Ohio's civilian [labor force](#) is 5,893,400 workers, and Ohio's current [unemployment rate](#) is 8.6%.<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 Ohio, we estimate that between **47,147 and**

**135,548 U.S. citizens and legal workers** in Ohio would either have to correct their records or lose their jobs.

- An estimated 0.5% of workers receive an erroneous final non-confirmation.<sup>12</sup> In Ohio, **29,467 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 Ohio businesses.***

- Currently only 4,450 businesses in Ohio are enrolled in E-Verify,<sup>13</sup> which amounts to 2.2% of all Ohio businesses.<sup>14</sup> Mandatory E-Verify would mean a 4,400% increase in the number of businesses using E-Verify in a short time period.
- Small businesses would be hardest hit. In Ohio, there are more than 195,000 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.<sup>16</sup> That amounts to **more than \$84 million per year paid by small businesses** in Ohio to maintain E-Verify.

## **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 Ohio's Workers and Businesses](#)," National Immigration Law Center, March 2011.

<sup>9</sup> U.S. Bureau of Labor Statistics, [Ohio 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 rate 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 199,647 firms. U.S. Census Bureau, [Statistics of U.S. Businesses: 2008: All Industries: Ohio](#).

<sup>15</sup> Ibid.

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