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The Impact of E-Verify on Virginia'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 Virginia.

- Virginia was home to **805,742 immigrants** in [2009](#).¹
- **The foreign-born share** of Virginia's population rose from 5.0% in [1990](#)² to 10.2% in [2009](#),³ according to the U.S. Census Bureau.
- Immigrants comprised **13.4% of the state's workforce** (or 562,454 workers) in [2009](#).⁴ Unauthorized immigrants comprised **3.9% of the state's workforce** (or 160,000 workers) in [2010](#), according to a report by the Pew Hispanic Center.⁵

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

- **Households headed by unauthorized immigrants in Virginia paid \$165.3 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, Virginia will lose **\$47.1 million in income tax revenue** from these workers.⁷

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

- Virginia's civilian [labor force](#) is 4,208,200 workers, and Virginia's current [unemployment rate](#) is 6.0%.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 Virginia, we estimate that between **33,665 and 96,788 U.S. citizens and legal workers** in Virginia 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 Virginia, **21,041 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 Virginia businesses.

- Currently, only 7,770 businesses in Virginia are enrolled in E-Verify,¹³ which amounts to less than 5% of all Virginia businesses.¹⁴ Mandatory E-Verify would mean a 1,900% increase in a short period of time.
- Small businesses would be hardest hit. In Virginia, there are [more than 151,000 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 \$65.6 million per year paid by small businesses** in Virginia 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 Virginia's Workers and Businesses](#)," National Immigration Law Center, March 2011.

⁹ U.S. Bureau of Labor Statistics, [Virginia 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 154,808 firms. U.S. Census Bureau, [Statistics of U.S. Businesses: 2008: All Industries: Virginia](#).

¹⁵ Ibid.

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