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E-Verify and Arizona: Early Experiences for Employers, Employees, and the Economy Portend a Rough Road Ahead

On July 7, 2007, Arizona passed the Legal Arizona Workers Act, which requires all employers in the state to enroll in and use the E-Verify system to verify the employment eligibility of all new hires. The law also creates penalties—including suspension or revocation of business licenses—for employers who “knowingly” or “intentionally” hire unauthorized immigrant workers. The law went into effect on January 1, 2008.

Some have claimed that E-Verify is working well in Arizona—that employers are signing up for the program and not experiencing any problems with the system. However, multiple reports point to the opposite conclusion. E-Verify is not yet fully implemented in Arizona and already there are significant signs of trouble. Before other state and federal lawmakers jump on the bandwagon and blithely seek expansion of E-Verify, they should heed the warning signs that the program is not ready for roll-out. Read below about the experiences of Arizona’s employers and employees with E-Verify, and early signals of its impact on the state’s economy.

Arizona Employers: Fewer than 15 Percent Have Taken the Plunge and Signed Up

- Roughly 20,000 of Arizona’s 150,000 employers have signed up for E-Verify—less than 15 percent of the state’s employers. Given the small number, it’s not yet possible to make definitive statements about the impact that E-Verify will have on employers in general, especially when those who have already signed up are likely to be the most eager and willing to comply. More problems may occur as more recalcitrant employers begin to use the system.

U.S. Citizens: Learning the Hard Way that Database Errors Can Stop Their Employment

- The Social Security Administration (SSA) database that E-Verify taps into has a 4.1 percent error rate, and approximately 10 percent of naturalized U.S. citizens are initially told they are not authorized to work.¹ Between October 2006 and March 2007, roughly 3,200 foreign-born U.S. citizens were initially flagged as not-work-authorized.² As a result of these problems with E-Verify, Arizona workers—including U.S. citizens—have been erroneously flagged as non-work-authorized.³
- Ken Nagel, a restaurant owner in Phoenix, recently hired one of his daughters—a *native-born U.S. citizen*—to work in his restaurant. When he put her information through E-Verify, he received a “tentative nonconfirmation,” meaning the system could not verify that she was authorized to work in the United States.⁴

Innocent Arizona Workers: Wrestling a Government Agency to Correct Database Errors

- Workers who receive tentative nonconfirmations and must go to government agencies to clear their records in Arizona have limited opportunities to do so because of the locations

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and business hours of government offices. Workers must often take time off from work to resolve database problems, and sometimes must go repeatedly to a government agency in order to bring all of the necessary documents.

- There are 16 SSA field offices located throughout Arizona, which are open between the hours of 9 a.m. and 4 p.m., Monday through Friday.
- There is only one U.S. Citizenship and Immigration Services office in Arizona—in Tucson. Walk-ins are not allowed and appointments can only be made online.

Arizona Small Businesses: E-Verify is Expensive and Not Easy

- Small businesses have reported that using E-Verify is difficult, particularly businesses that do not have dedicated Human Resources staff or internet access. Enrolling in the system, taking the tutorial, and passing the necessary test takes precious time and may require costly computer upgrades.⁵
- Out-of-state businesses are concerned about how the new state law will interact with federal laws that regulate commerce. Out-of-state employers who may have branches or even a single employee in Arizona are subject to competing laws, and a single mistake could lead to tough penalties.

Arizona Economy: E-Verify Lands a Punch in the Purse

- One national restaurant chain spent \$100,000 planning to open a restaurant in Arizona, but decided not to invest the additional \$4 million needed to do so because of problems associated with the new law.⁶
- An Arizona Chamber of Commerce spokesperson believes the new law has had a “significant impact” and that workers are leaving the state: “I can’t emphasize enough that the labor shortage has been severe and continues to be severe.”⁷
- According to an Arizona Farm Bureau spokesperson, growers cannot find enough workers. In Yuma, where agricultural workers earn up to \$19 an hour, growers can’t find enough workers to harvest the lettuce crop, some farmers have stopped planting labor-intensive vegetables, and other farmers are considering getting out of the agriculture business. “If the agricultural industry can’t get laborers, the land will be converted to other uses and we’ll put our food production at the mercy of other countries.”⁸

Frustrated Arizona Lawmakers: Oops, We Need More Workers

- Some have begun to see how the new E-Verify law has been harmful to the state's economy, which may lose as much as [\\$10 billion](#). With its low unemployment rate, there are not enough workers in Arizona to take the jobs abandoned by immigrant workers. The agricultural, tourism, and construction industries have been particularly hard hit. In an astounding turnaround, some Arizona policymakers -- including the leading proponent of the E-Verify law -- want the immigrant workers back, and have now proposed a new guestworker program.

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Endnotes

¹ Westat, *Findings of the Web Basic Pilot Evaluation* (Rockville, MD: Westat, September 2007), <http://www.uscis.gov/files/article/WebBasicPilotRprtSept2007.pdf>.

² Nicholas Riccardi, "Arizona slams Door on Illegal Immigrants: Some Citizens Have Been Bruised, Too, as the State Cracks Down," *Los Angeles Times*, April 5, 2008.

³ Becky Pallack, "Small Businesses Bump into E-Verify Obstacles," *Arizona Daily Star*, April 8, 2008.

⁴ Ronald J. Hansen, "Economy Serves Up Unhappy Meal: Worst Lull in 2 Decades is Hurting Valley Restaurateurs," *Arizona Republic*, March 3, 2008.

⁵ Becky Pallack, "Small Businesses Bump into E-Verify Obstacles," *Arizona Daily Star*, April 8, 2008.

⁶ *INQUIRER.net*, "U.S. Pays the Price for Absence of National Immigration Law," April 10, 2008, http://globalnation.inquirer.net/news/news/view_article.php?article_id=129490.

⁷ Terry Greene Sterling, "Crossing the Line? The Economic Price of Arizona's Crackdown on Illegal Immigration," *Newsweek*, April 15, 2008, <http://www.newsweek.com/id/132231/>.

⁸ Ibid.