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E-VERIFY LOWERS EARNINGS FOR MEN WORKING IN THE U.S. ILLEGALLY

By Ben Leubsdorf
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Men who may be working in the U.S. illegally earn less money if they live in states that are cracking down on the hiring of undocumented workers, according to new research from the Federal Reserve Bank of Dallas.

"Taken as a whole, the results indicate that E-Verify mandates to date are largely successful in achieving the goal of worsening labor market outcomes among unauthorized immigrants," wrote Pia Orrenius and Madeline Zavodny in a new Dallas Fed working paper.

But while requiring employers to verify the legal status of new employees can be a "powerful interior enforcement tool," the economists warned it "could also lead to higher poverty and more social assistance needs among the unauthorized immigrant population."

Ms. Orrenius, a vice president and senior economist at the Dallas Fed, and Ms. Zavodny, an economics professor at Agnes Scott College in Georgia, analyzed labor market data from 2002 to 2012. They focused on people they described as "likely" unauthorized immigrants, defined as any non-U.S. citizen from Mexico with at most a high-school education. "Although not all immigrants in this group are unauthorized immigrants, a high share of them are," the economists wrote.

Eight states between 2006 and 2012 adopted "universal" mandates requiring all employers to verify the legal status of newly hired workers through the federal government's E-Verify system: Alabama, Arizona, Georgia, Mississippi, North Carolina, South Carolina, Tennessee and Utah.

Hourly earnings fell about 8 percent for male "likely unauthorized Mexican immigrants" in those states after the mandates took effect, compared with other states. The same mandates, though, led to higher labor force participation by women, which the economists wrote "makes sense in the context of family decision making – as men's earnings go down, wives may enter the labor force as secondary earners."

Ms. Orrenius and Ms. Zavodny found the earnings hit was roughly 14 percent for men who had lived in the U.S. for a decade or longer. "One potential explanation is that recently arrived men move away from – or do not go to – states that adopt an E-Verify mandate . . . Meanwhile, longer-term male residents who have put down roots and are less mobile experience earnings losses," they wrote.

Earnings and employment did rise in E-Verify-mandate states for low-education men from Mexico who had become naturalized U.S. citizens, and earnings rose for low-education Hispanic men born in the U.S., the economists found. "Workers who compete closely with unauthorized immigrants . . . may benefit from the mandates," the economists wrote.