

Does E-Verify Discriminate against Hispanics?

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Motivation and Objectives: Immigration enforcement has evolved from being exclusively the purview of federal immigration officials maintaining inspections at the nation's borders to a more diffused system involving laws and mandates imposed in specific state and local jurisdictions. This study concentrates on one such extension – namely the mandated use of an employment verification system, commonly referred to as E-Verify, in some jurisdictions. In states mandating the use of E-verify, newly hired individuals are asked to present documents (birth certificates, passports, drivers' licenses) to prove their U.S. nationality or, alternatively, their eligibility to work in the United States. The information collected in the form I-9, indicative of the work eligibility of the prospective hire, is then compared to data from U.S. government records. If the information matches, the employee is deemed eligible to work in the United States. If there is a mismatch, E-Verify alerts the employer and the employee must contact the appropriate agency to resolve the mismatch within eight federal government work days from the referral date. In some states, the E-verify system is also utilized when issuing drivers' licenses or state ID cards.

While the mandated use of E-verify by employers should not negatively impact job prospects for native or naturalized Hispanic/Latino¹ workers,² there might be reasons to believe that this group could be potentially hurt if employers avoid hiring “Hispanic-looking” workers for fear they might turn out to be undocumented. In fact, in 2012, nearly one-quarter of native-born Hispanics responded that “being Hispanic/Latino hurts when it comes to finding a job” (Pew Research Center, 2012). In comparison, only 14 percent of native-Latinos claimed to have experienced job discrimination when asked in 2002 (Pew Research Center, 2002). We test whether there is any basis for fearing a backlash on the Hispanic population by exploring whether following the introduction of E-Verify in any given state, Hispanics who clearly are authorized to work –as would be the case with native and naturalized Hispanics, perceive a change in Hispanics' likelihood of succeeding in the United States. As of 2012, seven states (*i.e.* Arizona in 2008, Mississippi in 2009, Utah in 2010, North Carolina and Alabama in 2011, and Tennessee and South Carolina in 2012) required all firms to screen their new hires through the system, while eleven other states (Georgia and Oklahoma in 2007, Idaho, Minnesota and

¹ We use the terms Hispanic and Latino interchangeably.

² To the contrary, it could be argued that these policies should impact native Hispanics positively by opening up employment opportunities no longer taken by undocumented workers.

Colorado in 2008, Missouri and Nebraska in 2009, Florida, Indiana and Louisiana in 2011 and Virginia in 2012) have only imposed E-Verify mandates on public agencies and contractors.³ Using data from the 2002 through 2012 *National Latino Surveys* from the Pew Hispanic Center, along with data on the enactment of E-Verify mandates from the *National Conference of State Legislatures*, we exploit the temporal and spatial variation in the adoption of E-Verify mandates to learn how they might have impacted native and naturalized Hispanics' perceptions of discrimination toward Latinos.

Data and Methodology: We make use of the 2002 through 2012 waves of Pew's *National Latino Surveys* to measure perceptions of discrimination toward Hispanics. Specifically, we make use of a set of questions that generally inquire whether being Hispanic is viewed as a major problem, minor problem, or not a problem for succeeding in America. Additionally, because we lack information on whether or not a given non-citizen is authorized to work in the United States, we restrict our attention to native and naturalized Hispanics. These individuals are authorized to work and, therefore, are clearly not the target of E-Verify mandates. We have obtained a special license providing us with access to the respondent's state of residence. Using this information, we are able to identify whether the respondent resided in a state where E-Verify was mandatory at the time of the interview.

To evaluate the consequences of employment verification mandates on the perceptions of discrimination toward Hispanics held by native and naturalized Hispanics, we exploit the variation in the enactment and implementation dates of E-Verify mandates across states and over time. Specifically, we estimate the following regression:

$$(1) \quad Y_{ist} = \alpha_0 + \alpha_1 E-Verify_{st} + \gamma' X_{ist} + \delta_s + \varphi_t + \delta_s t + \varepsilon_{ist}, \quad \varepsilon_{ist} \sim N(0,1)$$

where: $i=1, \dots, n$ individuals, s =state, and t =year. Y_{ist} equals 1 if the i th respondent, at time t , located in state s , indicates perceiving being Hispanic as a major problem, minor problem, or not a problem for succeeding in America. $E-verify_{st}$ is a dummy variable equal to 1 if the respondent resides in a jurisdiction that has mandated the use of E-Verify. For example, $E-verify_{st}$ equals 1 if the Hispanic respondent was residing in Arizona after 2007. By contrast, $E-verify_{st}$ equals 0 if s/he resided in Arizona prior to 2007 or if s/he resided in California during any of the years in question. In subsequent specifications, we also distinguish according to the type of E-Verify mandate adopted by the state –namely a universal mandate imposed on all employers or a mandate on public agencies and contractors.

The vector X includes a set of individual characteristics known to influence attitudes and perceptions, including age, gender, education, years of residence in the United States, self or

³ All federal employees are subject to E-Verify regardless of the physical location of the job.

family's country of origin and marital status. Additionally, we include a series of state dummies, time dummies and state-time trends in equation (1) in order to capture fixed and time-varying regional and macroeconomic factors affecting perceptions and attitudes. State dummies can help capture time invariant geographic characteristics, such as a political environment hostile to immigration –a characteristic that could potentially be related to the likelihood of enacting E-verify. State dummies can also capture the presence of networks that can affect perceptions of vulnerability influencing responses to the questionnaire. Time dummies are also incorporated in the model. They help account for economy-wide shocks that could impact attitudes. Finally, the inclusion of state-specific time trends allows us to also control for changing economic conditions, such as a booming economy attracting Hispanics to the area, which could be responsible for the enactment of the policy itself.

Policy Relevance: At a time when immigration enforcement measures are being heightened, it is crucial to gain a better understanding of their unintended consequences on other groups of bystanders. The possibility exists that the implementation of laws intended to reduce undocumented immigration ends up hurting Hispanics clearly authorized to work via ethnic profiling or by misinterpretation of the law. Learning whether that is the case is essential in addressing these developments and in shaping future policies, especially at a time when immigration enforcement measures are being increasingly tightened.

References

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