



Small business owners. Small business values.

September 14, 2011

Chairman Lamar Smith
House Committee on the Judiciary
2138 Rayburn House Office Building
Washington, DC 20515

Ranking Member John Conyers, Jr.
House Committee on the Judiciary
2138 Rayburn House Office Building
Washington, DC 20515

Re: Impact of mandatory E-Verify proposal, H.R. 2885, on America's small businesses

Dear Chairman Smith, Ranking Member Conyers, and members of the Committee:

On behalf of the Main Street Alliance network and small business owners across America, we write to express our opposition to H.R. 2885, the proposed mandatory expansion of the current E-Verify system to every employer in the United States.

The Main Street Alliance is a national network of small business owners. We create opportunities for Main Street small business owners to speak up for policies that will benefit their businesses and their local economies. A mandatory E-Verify regime would be, quite simply, a direct threat to both.

The current broken immigration system is failing our businesses, failing our economy, and failing our country. That's something we can all agree on. But a mandatory E-Verify program is not the solution. Mandatory E-Verify will be bad for small businesses, bad for our workforce, and bad for the country's bottom line.

A recent report from Bloomberg Government indicated that, had the use of E-Verify been mandatory last year, it would have cost the nation's employers \$2.7 billion. Small businesses would bear the bulk of those costs, paying millions of dollars to verify employees' work eligibility in this time when we're trying to stretch every dollar to meet payroll, keep people employed, and find ways to grow our businesses and create jobs.

The government's own figures suggest that errors in a mandatory E-Verify system would cause close to 800,000 American workers to lose their jobs incorrectly, and another 3.6 million would be forced to spend time correcting mistakes in the database in order to keep their jobs. That's bad not only for workers, but also for business owners like us, who will lose productive hours while employees take time off to get their records fixed and, in the case of wrongful terminations, lose trained employees altogether.

These problems will be especially acute for employers and sectors that hire a significant number of naturalized citizens, legal permanent residents, and refugees. Research suggests that permanent

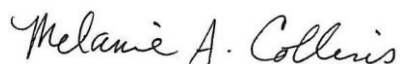
residents and naturalized citizens are at least 10 times (and perhaps as much as 30 times) more likely to be wrongly identified as “unauthorized” by the E-Verify system. Mandatory E-Verify will institutionalize discrimination against these workers and the businesses that hire them.

Looking at the broader impact of this policy on the economy and the deficit, Congressional Budget Office estimates suggest that mandatory E-Verify will drive more economic activity into the underground economy, reducing federal tax revenues by \$17 billion over a ten year window. This is in addition to the actual costs of implementing the law (on the government side) and complying with it (on the business side). At a time when Congress is focusing so much energy on finding ways to reduce the federal deficit, this proposal would take us in exactly the wrong direction.

We can and must do better – for our businesses, our economy, and the country’s balance sheet. What we need is a comprehensive reform of the immigration system, not expansion of a piecemeal and flawed program like E-Verify that forces small business owners to suit up as immigration agents and creates new costs for our businesses and for the country. Comprehensive immigration reform, by cutting down on the underground economy and realigning our immigration system with the realities of our economy and the needs of employers, could add \$1.5 trillion to the nation’s economy over ten years. That’s the kind of constructive policy we need now.

A vibrant small business sector is critical to ensuring the recovery of the U.S. economy overall. Mandating E-Verify would do serious harm to small businesses, local economies, and the country’s fiscal outlook. We strongly urge you not to move forward with this proposal.

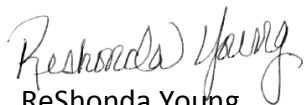
Sincerely, on behalf of the Main Street Alliance network,



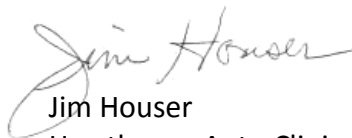
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