



Latino Immigration: Implications for Business



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Introduction

In 2009, the United States, like the rest of the world, faces a wide-ranging economic and financial crisis. The broad business contraction threatens massive job losses in many of the industries that have recently hired large numbers of Latino immigrants. At the same time, because the U.S. federal government failed to pass immigration legislation, the public policy debate shifted to individual states and localities, where lawmakers have enacted a confusing patchwork of reforms. As the recession persists, the efficacy of much state and local legislation is in question. There remains considerable confusion about immigration trends and the right mix of policies needed to address the challenges posed by immigration.

This report will focus on how the economy, along with varying federal and state policies, is fundamentally changing both immigration trends and attitudes. The national and local debate that grew with rising immigration through 2007-2008 produced a wealth of information and analyses, which this report will summarize.

The South Carolina Farm Bureau financially supported this study. The study research was conducted and report written by faculty and students working for the Division of Research in the Moore School of Business, The University of South Carolina. The funding helps Moore School researchers reach out to the public through applied research on relevant topics of interest and concern.

The main objective is to address trends and policies surrounding the immigration of the Latinos (used interchangeably with Hispanics in this report). Undertaken by the Division of Research in the Moore School of Business, the report highlights the history of the Latino population in the United States and its growth due to immigration. The report also summarizes the latest trends and explains what drives Latinos to immigrate to America, given the risks involved with entering the country illegally.

The report argues that Latino immigrants come to the United States primarily to seek better employment opportunities and the ability to support their families at home through money sent back home—known as remittances. The lack of economic opportunity and the overall rough conditions in the home country, especially for the lower skilled workers, pushes Latinos to risk their lives in hopes of a better future in America.

This report also covers the major economic concerns about Latino immigration, particularly the fiscal cost and the impacts on both society and the economy. A section of the report is devoted to immigration in the face of an economic crisis, which indicates the early stages of a significant shift in migration patterns. Much attention is also given to recent immigration legislation. As of June 30, 2008, 190 bills were passed in 39 states, of which 175 were enacted.



One of the main components of immigration reform is the application of an online verification tool known as E-Verify. This report covers the history of the now voluntary E-Verify system and concludes that a mandatory implementation of the online system will be bound to dozens of issues, hundreds of incorrect verifications, and thousands of dollars spent often at the business owner's expense.

In such a weakened economy, businesses are realizing the potentially adverse effects that such a system could have on their success; some have started to challenge the immigration reform. In particular, businesses have joined initiatives that pursue an alternative to a mass expulsion of the immigrant population. Local businesses, especially those that most utilize Latino immigrant labor, have been hit hard by both immigration legislation and the economic crisis. In some cases, an increase in plant raids has led to an insufficient labor supply. A reduction in day laborers has negatively affected the construction industry and agriculture is greatly suffering from a labor shortage as well. Financially, the new immigration laws have created significant financial burdens for businesses, not to mention law enforcement.

In sum, this report closely examines the implications for immigration reform and how a number of states have reacted to the influx of immigration over the years and how their particular economies have been affected by the changes. An important conclusion is that segments of the U.S. economy depend on immigrant labor and a mass exodus of Latino workers would be harmful in significant ways. Lastly, it should be recognized that immigration is primarily a national concern and the federal government must address it.

The Rise of Latino Immigration

This section begins with an overview of the rising Latino (Hispanic) population in the United States and South Carolina. Using the U.S. Census definitions, Hispanics represent the largest minority group in the United States, accounting for approximately 50 percent of U.S. population growth since 2000. Reports show that from April 2000 to July 2007, the Hispanic population increased by 10.2 million to 45.5 million.¹

According to projections by the well-respected Pew Hispanic Center, “. . . the population of the United States will rise to 438 million in 2050, from 296 million in 2005, and 82% of the increase will be due to immigrants arriving from 2005 to 2050 and their U.S.-born descendants”.²

The 2000 U.S. Census data concluded that 11 percent of the nation is foreign-born. Mexico alone accounted for fewer than 30 percent of the foreign-born population. It is well known, however, that the U.S. Census greatly undercounts Latino immigrants. Clearly, it is difficult to tally the large number of undocumented workers in the United States. According to one study, “Latino immigrants’ complex household composition and cultural differences in ‘household’ definitions, their immigrant status,

individual and family mobility, language barriers, and/or fear or distrust of government agencies are the most commonly cited reasons for the undercount”.³

Undocumented immigration accelerated in the early 2000s; that is, until the economic crisis. The Pew Hispanic Center found that average arrival of undocumented migrants from 2000 to 2005 was 850,000, up from 575,000 from 1995 to 1999 (Figure 1). In other words, 40 percent of undocumented migrants entered the United States between 2000 to 2005 since the 1980s (Figure 2). Of the immigrants in 2005, 56 percent were Mexican, 22 percent were from other Latin American countries and the rest were from various other parts of the world (Figure 3).⁴

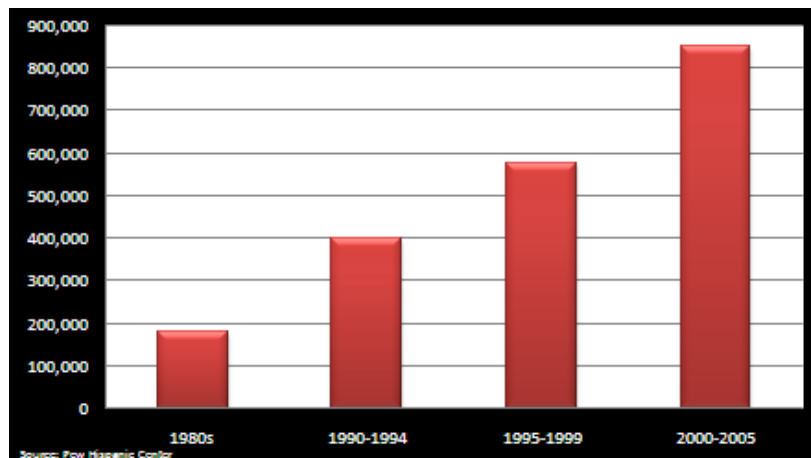


Figure 1: Average Arrivals of Undocumented Migrants

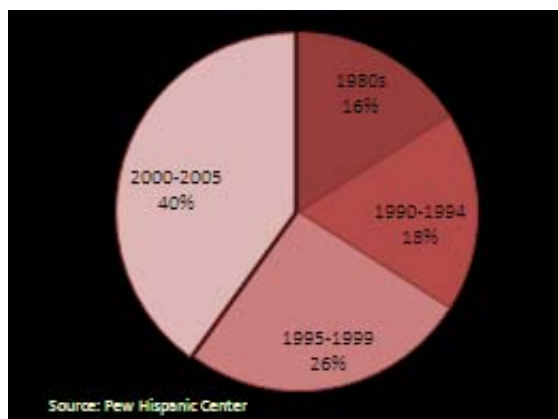


Figure 2: Undocumented Migrants by Period of Arrival

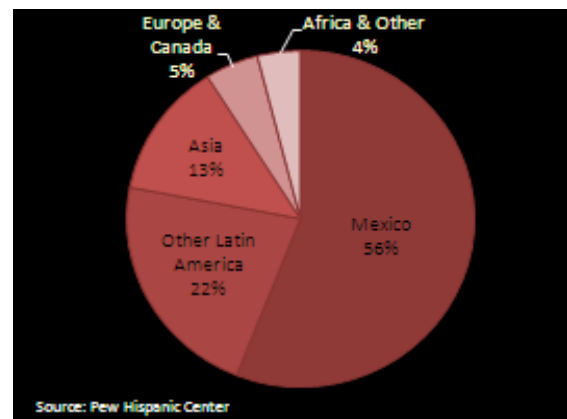


Figure 3: Nationality of Undocumented Migrants (2005)

Next consider the rise of the Hispanic population from South Carolina’s perspective. South Carolina’s population increased by 15.4 percent between 1990 and 2000 and by another 7.4 percent between 2000 and 2005; 11.6 percent of that increase has been attributed to immigration. South Carolina’s

Latino population increased considerably faster than for the United States as a whole.⁵ One organization, FAIR, placed the undocumented South Carolina immigration population in 2005 at 76,000, which is slightly above the U.S. Census count (2000).⁶

In general, the Southeastern United States experienced the largest growth of Latinos in the recent past. The trends can be seen in Figures 4 through 9.

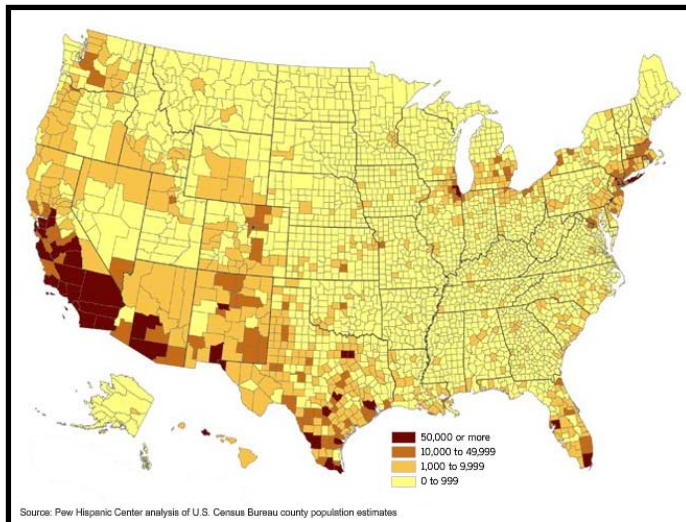


Figure 4: Population by County, 1980

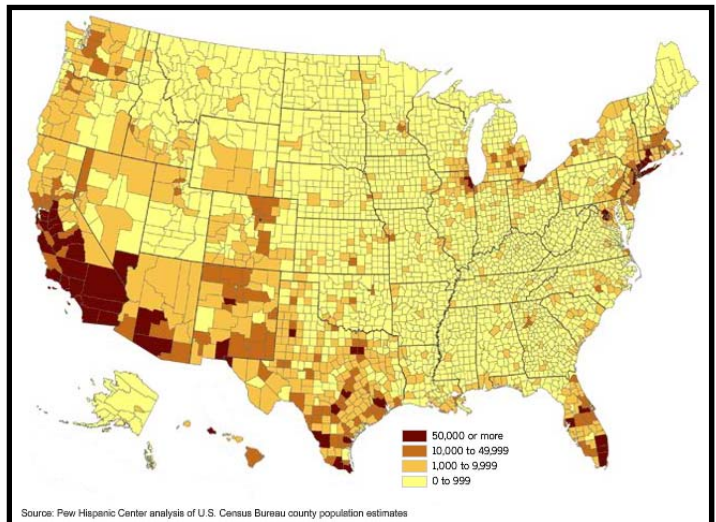


Figure 5: Population by County, 1990

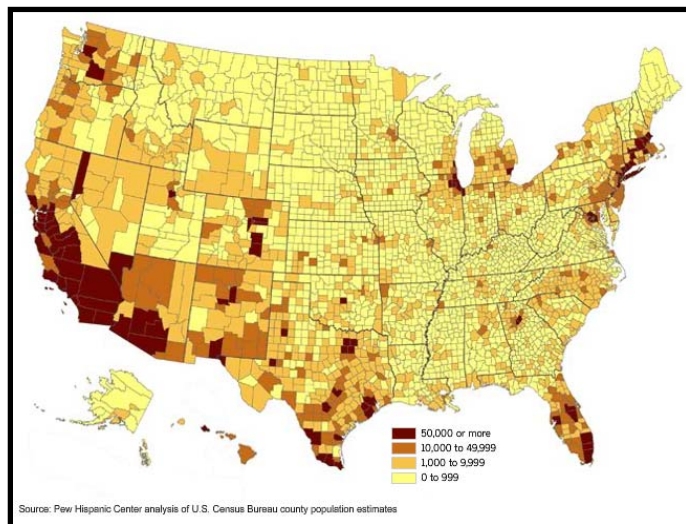


Figure 6: Population by County, 2000

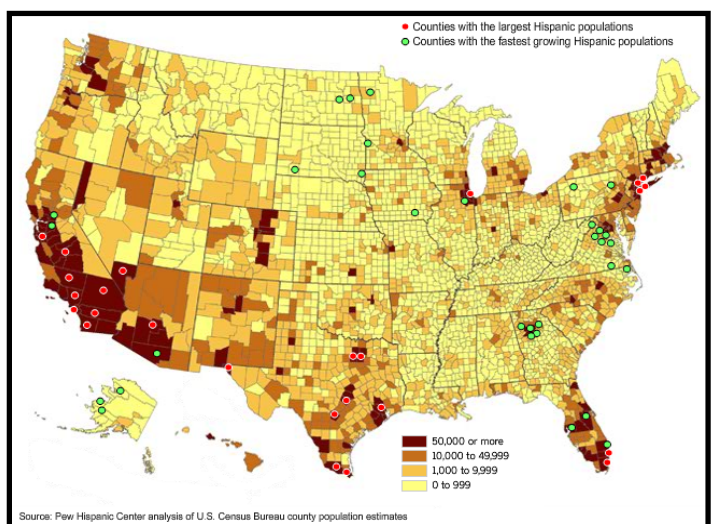


Figure 7: Population by County, 2007

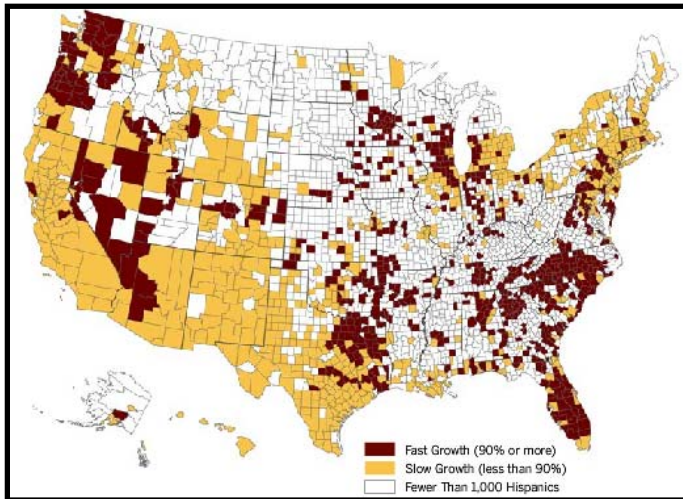


Figure 8: Fastest Growing Counties, 1990-2000

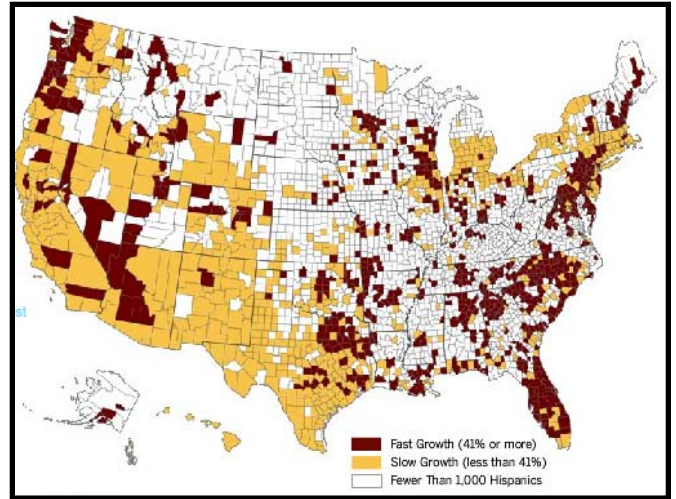


Figure 9: Fastest Growing Counties, 2000-2007

Like the rest of the Southeast, South Carolina has also witnessed a significant growth in the Hispanic population. The latest reliable figures are compiled by the Pew Hispanic Center and shown in Figure 10. The Hispanic population totals approximately 150,000, or about three percent of the state. The majority are from Mexico.

<i>Total Hispanic Population in South Carolina</i>	<i>150,000</i>
Hispanics as a Percent of State Population	3%
Hispanics as a Percent of U.S. Hispanic Population	0.30%
Native-Born Hispanics	46% (70,000)
Foreign-Born Hispanics	54% (80,000)
Mexican Origin (All Hispanics)	64% (96,000)
Non-Mexican Origin (All-Hispanics)	26% (54,000)

**Figure 10: Demographic Profile of Hispanics in South Carolina, 2006
(Source: Pew Hispanic Center)**

WHAT DRIVES LATINO IMMIGRATION?

Latinos immigrated to the United States—including the Southwest and South Carolina—for one primary reason: economic opportunity. Before the recession unfolded in 2008, Latino immigrants generally had far better employment opportunities in the United States, including the chance to make considerably more income. This higher income gives Latinos the ability to send money back home—known as remittances—and support family and community networks.

Extreme economic hardship at home is a major motive to undertake an arduous re-location to the United States. In fact, researchers have found that many immigrants came to the United States because the home country failed to provide long-term economic stability. Thus, despite the disruption and hardship, the chance to send money home through remittances is a solution to endemic poverty. This problem has continued in part because the Mexican government, along with others in Latin America, did not funnel remittances into long-term economic growth. Now Mexico is heavily dependent on remittances as a source of foreign income. Yet by 2008, these remittances began to fall, along with the U.S. economy and loss of employment opportunities. Many in Latin America have experienced financial crises (particularly Mexicans), but never expected the United States would enter a prolonged and deep financial meltdown.

Until the economic crisis, Latinos found thousands of jobs in the United States and the chance for a better life. Much of the employment could be found in a few industries; notably, construction. According to The Mexican Immigrant Study⁷ conducted in 2006, 45 percent of Mexican immigrants worked in construction. Approximately 6 percent worked in landscaping, and 5 percent worked in poultry processing.

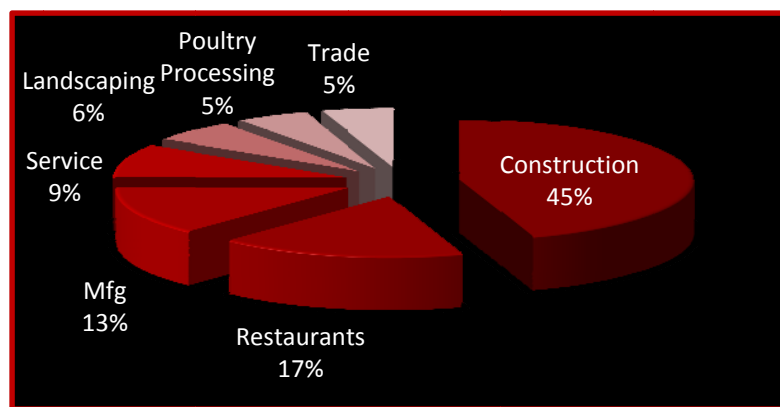


Figure 11: Hispanic Labor Breakdown (Source: Pew Hispanic Center)

The main industries and businesses that attracted Latinos (Figure 11) are in the “non-tradable” sectors of the economy. Non-tradable activities cannot be re-located or outsourced. In contrast, some industries like apparel and auto parts are tradable goods. Production can move across borders, sometimes to lower-cost production sites like Mexico, with the “traded goods” then sent back to the United States. But non-tradable industries cannot relocate. These business activities include construction, restaurants, retail and wholesale trade, farming, and landscaping, and all have benefited from highly productive, flexible and cheaper labor provided by Latino immigrants.

LABOR FORCE

The Pew Hispanic Center’s April 2009 report, “A Portrait of Unauthorized Immigrants in the United States”, paints a clear picture of the reality behind the American work force. Roughly 5.4 percent of the labor force was unauthorized immigrants in 2008, or 8.3 million workers. In terms of industry,

construction still has the largest percentage of undocumented workers. Fourteen percent of undocumented immigrants worked in construction in 2008 while 13 percent worked in agriculture; however, in regards to occupation, farming represented the highest percentage of undocumented immigrants in 2008. Twenty-five percent of farmworkers were undocumented while only 17 percent of construction workers were undocumented in 2008 (See Figures 13 and 14). Participation in construction has grown the most in recent years, but it is evident from the Pew Hispanic Center’s most recent report that both construction and agriculture employ a substantial number of undocumented workers and may undergo serious changes as a result of changing legislation⁸.

Industries with High Shares of Unauthorized Immigrants, 2008
(% unauthorized immigrants of workers in industry)

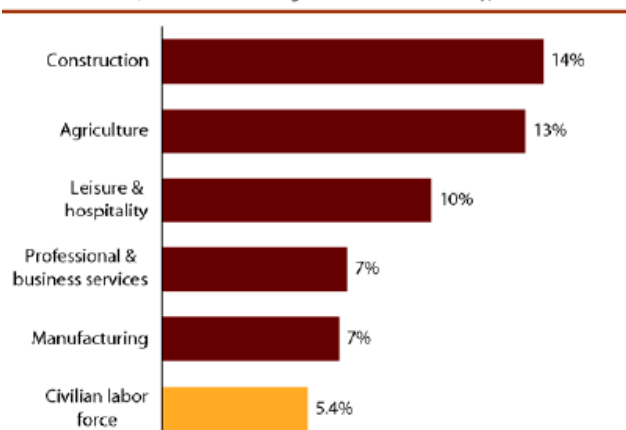


Figure 13: Industry Percentage (Source: PHC)

Occupations with High Shares of Unauthorized Immigrants, 2008
(% unauthorized immigrants of workers in occupation)

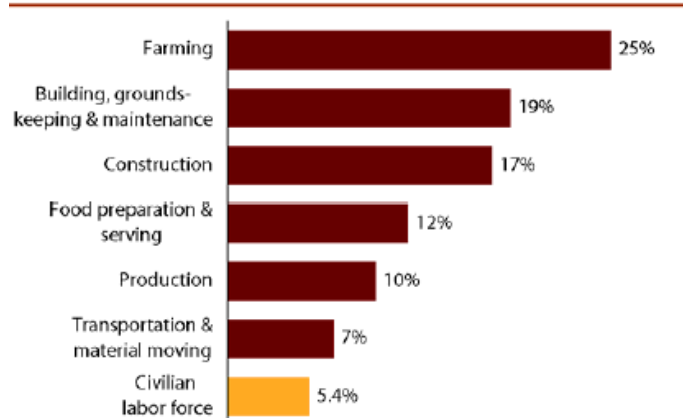


Figure 14: Occupation Percentage (Source: PHC)

THE IMMIGRATION SLOWDOWN

Even as the debate has heated up, immigration growth from Latin America has cooled off. Approximately 12 million unauthorized immigrants reside in the United States, according to a March 2008 Pew Hispanic Center estimate, yet the size of the “unauthorized” population appears to have declined since 2007. Given the state of the U.S. economy, it is likely that this trend will continue. In any event, estimates show that the unauthorized immigrant population slowed from 2005 to 2008, unlike the sharp growth earlier in the decade.⁹

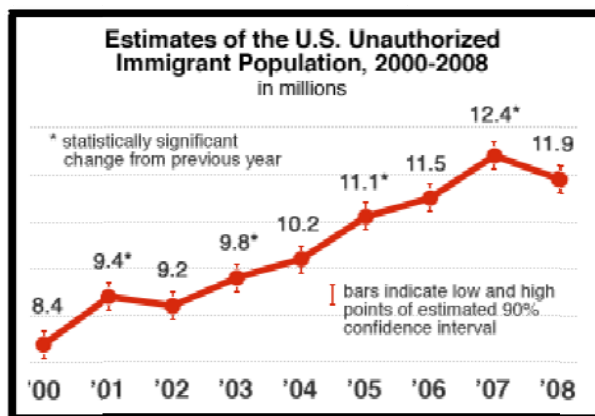


Figure 15: Current Population Trend Analysis
(Source: Pew Hispanic Center)

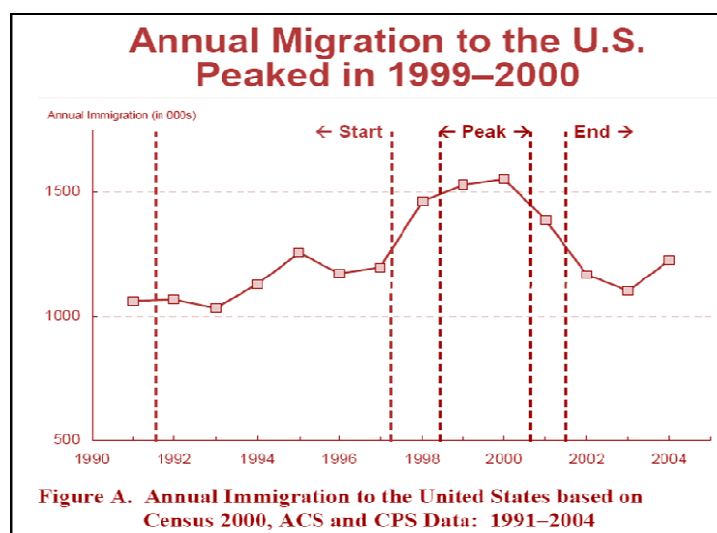


Figure A. Annual Immigration to the United States based on Census 2000, ACS and CPS Data: 1991-2004
Figure 16: Annual Peak Migration Analysis (Source: Pew Hispanic Center)

The influx of undocumented immigrants exceeded legal residents arriving in the United States between 1998 and 2004, but for 2005 to 2008, 1.6 million undocumented immigrants arrived in the country, while 2.1 million legal residents migrated to the United States.

There are reasons to believe that a slowdown in U.S. economic growth disproportionately affects foreign-born Latino workers. Because the United States has experienced a large, prolonged slump in the construction industry, unemployment for Latinos in the United States rose to a notable level in 2008. Latinos lost upwards of 250,000 jobs, mostly in construction, between June 2007 and June 2008. The Pew Hispanic Center estimates that unauthorized immigrants make up 5 percent of the United States labor force and 12 percent of the labor force in construction; however, the Department of Homeland Security (DHS) recently reported that the number of illegal immigrants fell for the first time in at least

four years. As of January 2008, the number of illegal residents dropped from 11.8 million in 2007 to 11.6 million. Mike Keegan, DHS spokesman, recently concluded that “rising unemployment led to few people trying to sneak across the border. The department is also doing a better job stopping people from entering the country illegally and apprehending illegals residents in the USA”.¹⁰

In addition to the economy, the slowdown in unauthorized immigration is influenced by the more concerted enforcement of immigration laws.

Primarily, the slowdown in immigration is an economic phenomenon. One analyst pointed out that “On average, most immigrants share the demographic characteristics of the workers who are most vulnerable during recessions, including relative youth, lower levels of education, and recent entry into the labor force. Immigrants are also highly overrepresented in many of the most vulnerable industries—including construction, many sectors in low value-added manufacturing, leisure and hospitality, and support and personal services—and in many of the most vulnerable jobs within those industries. Immigrants from Mexico and Central America are even more concentrated in many of these industries, and as a result, bear a disproportionate share of the downturn’s consequences”.¹¹ Furthermore, the lack of access to the social safety net for unauthorized immigrants may increase immigrants’ susceptibility to hopeless poverty if they become long-term unemployed. The unauthorized immigrant labor force is notorious for its level of determination, flexibility, and work ethic, but desperation may push workers into dangerous working conditions, ultimately degrading the workforce. In its report entitled “Immigrants and the Current Economic Crisis”, the Migration Policy Institute (MPI) asserts that “Each period of US history is unique so historical comparison must be taken with caution; however, available historical evidence does not suggest a direct, long-term relationship between legal immigration flows and the ups and downs of the US economy”.¹² As seen in Figure 17 below, “The decline in legal immigration observed during the Great Depression actually began in 1928—before the stock market crash of 1929. This timing suggests that the decline in illegal immigration observed during the Great Depression may be also explained by the Immigration Act of 1924, which imposed severe quotas limiting the annual inflow of new immigrants from most countries which took effect in 1928”.¹³ Other factors such as policy changes may have contributed to historical declines in immigration. For example, the decline from July 1990 to March 1991 resulted from the recession at the end of the IRCA legalizations. In addition, the decline following the 2001 recession is soundly tied to the heightened security measures after the September 11, 2001 terrorist attacks.

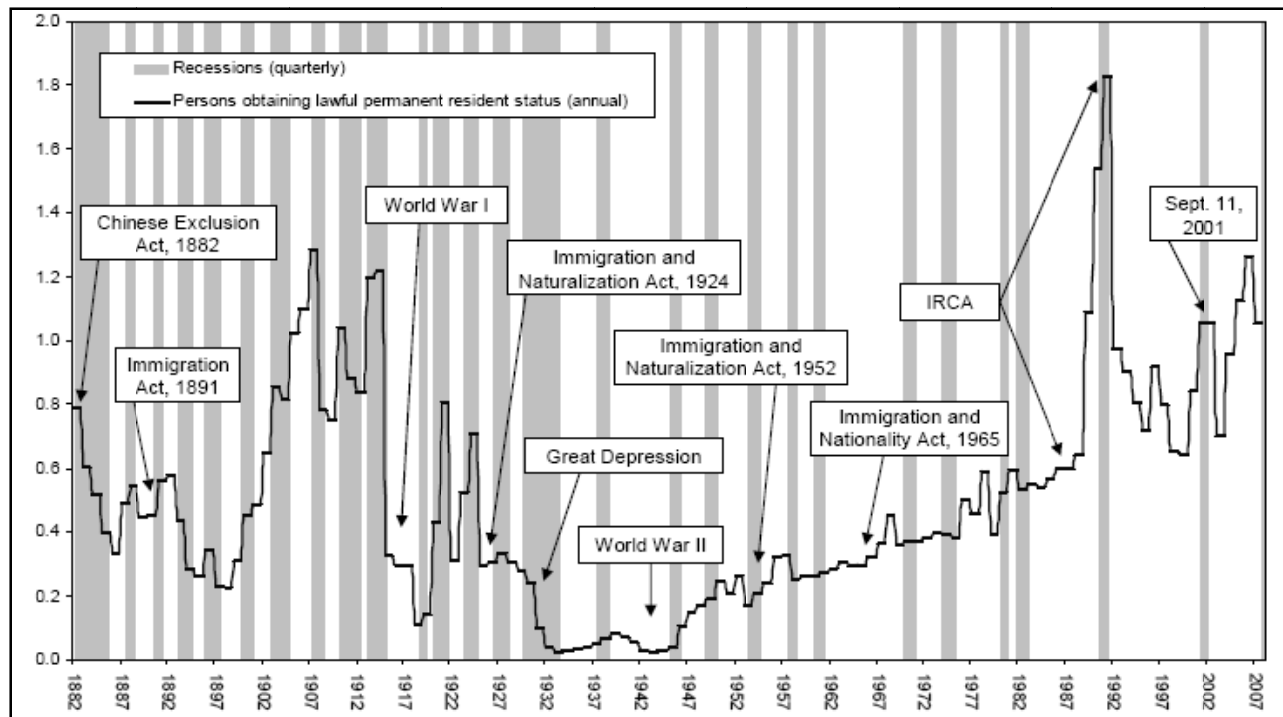


Figure 17: Persons Obtaining Lawful Legal Residence, the Business Cycle, and Key Immigrant Legislation (Source: MPI)

Beyond the economy, MDI concludes that several variables may be contributing to the current decline in immigration, in particular changing federal immigration policies, sustained high level deportation, and the depth and speed with which migrant-sending countries' economies have been effected by the global economic crisis. Although changes in immigration were not tied to economic crises in the past, the current economic crisis facing the world today may be deterring would-be migrants from entering the United States. Nevertheless, MDI emphasizes that the recent changes in legislation and border security may initially divert unauthorized immigrants to other destinations rather than encourage return migration. "It is not possible to identify the destinations of those who have left [Arizona, Colorado, Mississippi, Oklahoma, and South Carolina], and it is difficult to disentangle the effects of the economic crisis from those of much more stringent implementation of enforcement regimes—both on the federal and state levels—as nationwide, state laws and selective enforcement strategies will probably first divert unauthorized immigrants to other destinations within the United States rather than induce return migration. They may also force unauthorized immigrants into increasingly informal and precarious employment situations and further isolate them from US society".¹⁴

In early 2009, the country learned that many illegal immigrants are now migrating home because of the economic crisis in the United States. In particular, Pedro Pablo left his family four years ago to get ahead in America, and now he leaves with regrets of coming. Other illegal immigrants like Pablo are faced with the difficult decision to "Continue to search for jobs in a struggling U.S. economy or return home to an

even bleaker economic situation”.¹⁵ The 1990s and 2000s were filled with prosperity and economic success in America and unskilled laborers were pulled from Latin America to perform low wage jobs like picking fruit, building homes, and slaughtering animals for U.S. companies. However, the day laborers have been the most affected by the current economic crisis, particularly those with a high school degree or less. As a result, many day laborers are returning home, which negatively affects remittance behavior. “The remittances dipped 3.6%, from \$26 billion in 2007 to \$25 billion, according to Mexico’s central bank. Remittances are Mexico’s second largest source of foreign income, behind oil. Other Latin American countries also have seen money sent from immigrants in the United States slow”.¹⁶ Not only is the outmigration of illegal immigrants hurting Mexico’s economy, but also unemployment continues to rise in the United States, and many of the low skilled labor jobs, that illegal immigrants once performed, are not being filled by native workers. Simply put, most natives are not willing to pick fruit. While Americans are turning down available—albeit low paying—jobs, some immigrants are trying to tough out the economic crisis. “One or two days of work per month at \$8 an hour is often better than what they can make back home. Tougher border enforcement along the US-Mexico border has made it harder for them to return once they leave. Smuggling costs to get into the US from Mexico have skyrocketed from about \$1,500 three years ago to about \$6,000 today”.¹⁷ Although Pablo chose to return home to his family, claiming: “I can’t make it here. If I have to suffer, It’s better to suffer in Guatemala with my family”,¹⁸ it appears that only some illegal immigrants are ready to give up the American dream.

Industry	Change in employment, 2007 to 2008		Total Native born employment in industry, 2007		Total Foreign born employment in industry, 2007		Foreign born from Mexico and Central America employed in industry, 2007	
	Number ('000)	Percent	Number ('000)	Percent of total	Number ('000)	Percent of total	Number ('000)	Percent of total
Total nonfarm	-1,870	-1.4%	127,750	84.3%	23,765	15.7%	9,484	6.3%
Construction	-568	-7.6%	9,292	77.2%	2,746	22.8%	1,945	16.2%
Administrative and support services	-532	-6.6%	4,550	76.6%	1,392	23.4%	872	14.7%
Transportation equipment	-153	-9.1%	2,115	88.0%	287	12.0%	109	4.5%
Motor vehicle and parts dealers	-126	-6.6%	1,811	88.9%	226	11.1%	99	4.9%
Accommodation	-109	-5.8%	1,184	70.4%	497	29.6%	215	12.8%
Durable goods	-108	-3.4%	2,068	86.8%	315	13.2%	107	4.5%
Credit intermediation and related activities	-79	-2.8%	1,298	87.7%	181	12.3%	35	2.4%
Fabricated metal products	-70	-4.5%	1,222	85.3%	210	14.7%	108	7.5%
Clothing and clothing accessories stores	-65	-4.2%	1,189	83.3%	238	16.7%	62	4.3%
Wood products	-63	-12.4%	494	85.4%	84	14.6%	64	11.0%
Furniture and related products	-62	-11.7%	487	78.1%	137	21.9%	90	14.5%
Truck transportation	-59	-4.2%	1,701	86.8%	259	13.2%	127	6.5%
Building material and garden supply stores	-55	-4.3%	1,412	92.3%	118	7.7%	51	3.3%
General merchandise stores	-53	-1.8%	2,628	88.7%	333	11.3%	107	3.6%
Plastics and rubber products	-43	-5.8%	614	84.3%	114	15.7%	58	8.0%

Figure 18: Native and Foreign Born Employment in Industries with Net Largest Job Loss (Source: MPI)

ECONOMIC BENEFITS AND COSTS

During the economic expansion that lasted through 2007, the stepped up flow of immigrant labor into certain sectors of the U.S. economy prompted increased attention from researchers, including economic analysts. In general, the research shows that there can be net economic gains as a result of immigration, on the national and state and local levels. A major benefit is that Latino immigrants possess a strong work ethic and a willingness to do often-undesirable tasks. This raises overall economic output and tends to produce lower prices for goods and services.

The White House's Council of Economic Advisors found that "immigrants tend to complement (not substitute for) natives, raising natives' productivity and income".¹⁹ The council also concluded that the long run fiscal effects of immigration are positive and the overall benefits outweigh the overall costs.

Summarizing the debate, one news report alleged, although immigrants "tend to raise American's per capita income, the income is unevenly distributed; people with means pay less for taxi rides and household help while the less affluent command lower wages and probably pay more for rent."²⁰

Despite clear economic benefits, the potential fiscal burden on state and local governments should be considered. The amount of tax revenue paid by undocumented Latino immigrants is an ongoing source of study. According to the Texas-based Perryman Group, between 50 and 75 percent of undocumented immigrants pay federal, state, and local taxes. Furthermore, their social security and medical contributions directly support older Americans as undocumented immigrants are not eligible to receive these services".²¹

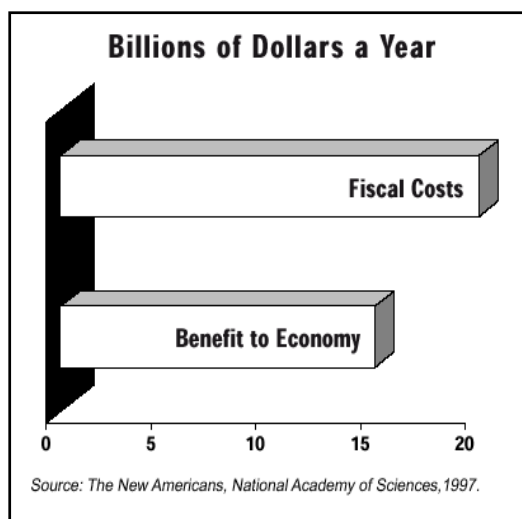


Figure 19: Net Fiscal Drain on Taxpayers

On the other hand, many professionals argue that the Latino immigrants' low income generates small contributions to state and local revenue. For example, many Hispanics are below the poverty line (approximately 20 percent in South Carolina). Therefore, low income Latinos do not inject a substantial

income into the economy, especially since to some extent remittances take away from local spending in the United States. For most states, remittances are not a major drain from local income. According to the Inter-American Development Bank's Multilateral Investment Fund's investigation into the international remittances to Latin American and The Caribbean in 2006, 12.6 million Latin American immigrants in the United States sent home approximately \$45 billion in remittances. Although that figure is astonishing, the total income for these immigrants is approximately \$500 billion. Thus, it appears that 10 percent of earnings are sent home to home, leaving 90 percent to be spent in the states and towns in the United States.²²

Despite this income and spending, some researchers argue that immigration is a drain on the economy. In one study, it was asserted that the net annual cost of immigration ranges between \$67 and \$87 billion a year. Indeed, the National Academy of Sciences found that the net fiscal drain on the American taxpayers is between \$165 and \$226 a year per native household.²³

With a generally low-income population, local health care providers and educational institutions see increased costs. Concerning health care, undocumented immigrants cannot be turned down from emergency care. The Emergency Medical Treatment and Labor Act requires hospital staff to treat patients no matter their immigration status, but the portion of the \$250 million appropriation for the Act, split among states based on the population of immigrants, only compensates for a fraction of the hospital's costs. Because so many immigrants do not have health insurance, many wait until the medical issue becomes an emergency to visit the hospital, if they go at all, which either puts a financial strain on the hospital or degrades the workforce. Overall, many immigrants are young, male, and in good health, but the difficulties associated with assimilation introduce preventable health problems, if the circumstances were different. Depression, culture shock, lack of sleep, digestive issues, respiratory issues, chronic fatigue, and back pain are just a few of the issues that undocumented immigrants may fall victim to in a country that cannot provide benefits to everyone who resides within its borders. According to the Federation for American Immigration Reform (FAIR), "Hospitals through the state [of South Carolina] say they have been left with at least \$4 million in unpaid bills after delivering babies for illegal immigrants who disappear before filing Medicaid paperwork".²⁴

Regarding education, analyses from several states indicate that the costs of educating students who do not speak English fluently were 20 percent to 40 percent higher than the costs for native-born students.²⁵ Because the 1982 Supreme Court ruled that no child can be excluded from school because of immigration status, state and local governments have incurred unavoidable costs that have not been offset by tax revenues. The drop out rate is high and federal funding and migrant immigration programs do not provide enough money and support to keep children in school and/or provide a sound education for the thousands of children that pack the nation's schools. One study conducted by FAIR found that "educational expenditures for illegal immigration were costing the South Carolina taxpayer \$143.5 million annually. The cost was partially for educating students who were themselves illegally in the country and in part for the education of their siblings born in the United States to illegal residents".²⁶

Even so, it has been shown that the presence of Latino/Spanish speaking students present schools with the opportunity to graduate an increasing number of bilingual and multilingual students.

DO IMMIGRANTS DISPLACE JOBS AND DEPRESS WAGES?

Another important economic issue concerns the wage effects of immigration. Wage losses would be most pronounced among low-skilled Americans since they directly compete with low-skilled immigrant workers.

One of the most thorough studies of this issue is by well-known economists Richard Freeman and Lawrence Katz. They found that “immigration accounted for slightly more than 25% of the 10% drop in relative earnings of US born high school dropouts.”²⁷

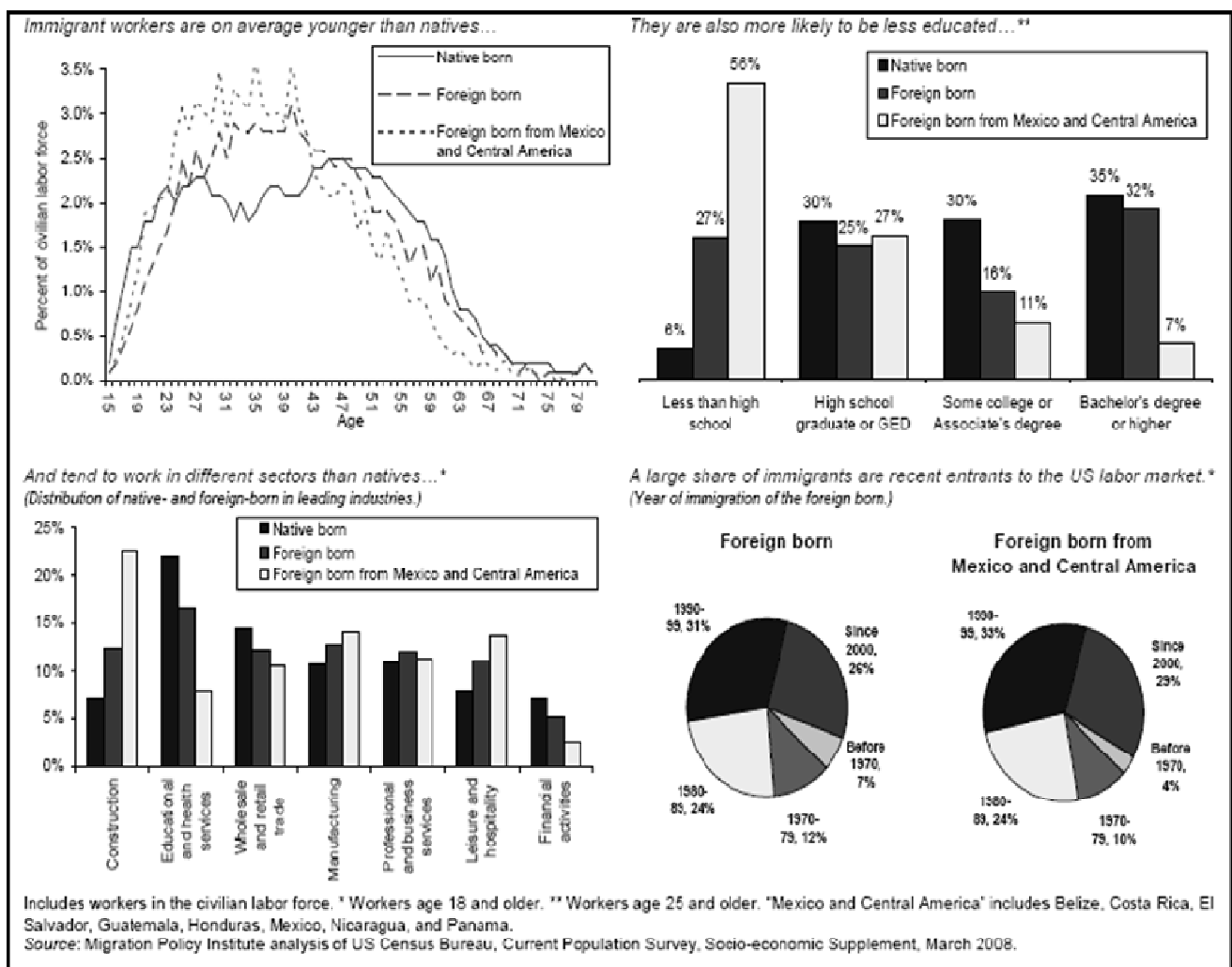


Figure 20: Demographic and Labor Force Characteristics of Native and Foreign Born Workers in Civilian Labor Force, 2008

In many cases, it is not low wages that matter, but increased productivity and lower absenteeism for jobs that many native workers do not desire. In South Carolina, immigrants have worked as roofers and in animal slaughtering, where labor force turnover is high.

Another well-known economist, David Card, a professor at the University of California at Berkeley, points out that when immigrants enter labor market, although they add labor supply (and could lower wages), they also increase demand as consumers. In fact, many analysts believe that immigration does not significantly affect wages (or displace jobs).

Yet some economists contend that immigrants depress wages and take jobs away from native Americans. Harvard economist George Borjas states that “immigrants hurt the economic prospects of the Americans they compete with. And now the biggest contingent of immigrants are poorly educated Mexicans, they hurt poorer Americans, especially African-Americans, the most”.²⁸ Borjas asserts that wages have been negatively impacted by immigration.

In short, there is evidence to support and refute the notion that immigrants displace jobs and lower wages. Overall, it is not possible to draw sweeping generalizations about the labor market and economic effects during this period of stepped-up immigration. For native workers, one could conclude that the strong, growing economy could absorb new entrants from Latin America, and at the same time provide opportunities for the native work force.

SOCIAL CONCERN: CIVIL RIGHTS CRISIS?

The United States may very well be a melting pot, but the melting does not come with ease, or haste. Decades ago, many Irish immigrants disembarked onto a cold, unwelcoming Ellis Island despite Lady Liberty’s symbolism. Although the mode of entry – and legality of said entrance – is different today, hundreds of thousands of immigrants are facing similar rejection and social barriers to entry. In fact, The Southern Poverty Law Center, a non-profit civil rights organization, recently published a report that calls attention to the treatment of immigrants, legal and illegal, in the United States, particularly in the South. The report begins with a few horrific, yet real, injustices that face Latino immigrants today. Although many immigrants hope to escape oppression in their home countries, “they are routinely cheated out of their earnings and denied basic health and safety protections. They are regularly subjected to racial profiling and harassment by law enforcement. They are victimized by criminals who know they are reluctant to report attacks”²⁹.

Section 287(g) of the Immigration and Nationality Act became a law in 1996, permitting designated officers to identify, process, and detain immigrants at the state and local level. In an effort to curb immigration, the Secretary of Homeland Security granted power to local authorities that, while proven useful in certain situations, may have opened the door to systemic racial profiling. Confronted with wage theft, high levels of on-the-job injuries, and low wages, it has been reported that many Latino immigrants do not even know how to contact enforcement agencies such as The Department of Labor, let alone know of their existence.

Specifically, the report uncovered a shocking component of the Hurricane Katrina clean up effort, revealing that many immigrant laborers worked twelve hour days, seven days a week to remove toxic chemicals and waste, often without receiving overtime wages. Unfortunately, the abuse is not always external. At this point, thousands of American residents, legal or illegal, are terrified to report crimes to authorities, trust the government, or fight back against a rising level of discrimination and abuse.

State Immigration Reform

Next consider the political reaction in U.S. states that followed from the rise of Latino immigration. According to The National Center on Immigrant Integration Policy, “State legislators in 50 states introduced a total of 1,059 immigration-related bills and resolutions in 2007, of which 167 were enacted into law in 2007...Only a small percentage of immigration bills actually became law. Of the 1,059 immigration-related bills and resolutions introduced in 2007, just 16% (167 bills) were signed into law. The vast majority of bills proposed in 2007 either expired (33%) or remained pending (45%) without any legislative resolution”.³⁰ Refer to Figures 21 – 24 for a comprehensive summary of recent legislation by type and state. In particular, note the position of South Carolina in Figure 23.

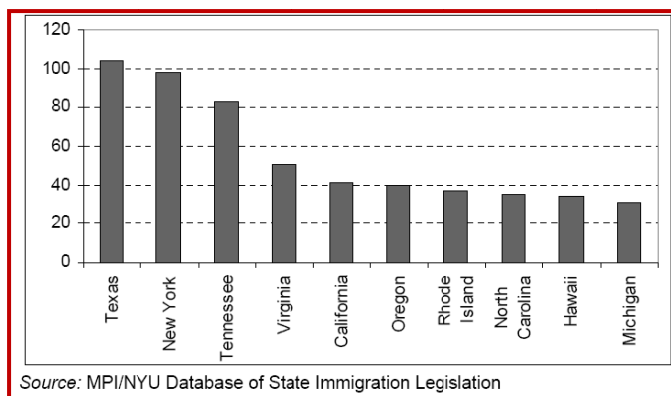


Figure 21: Top 10 States that Proposed Immigration Legislation, 2007

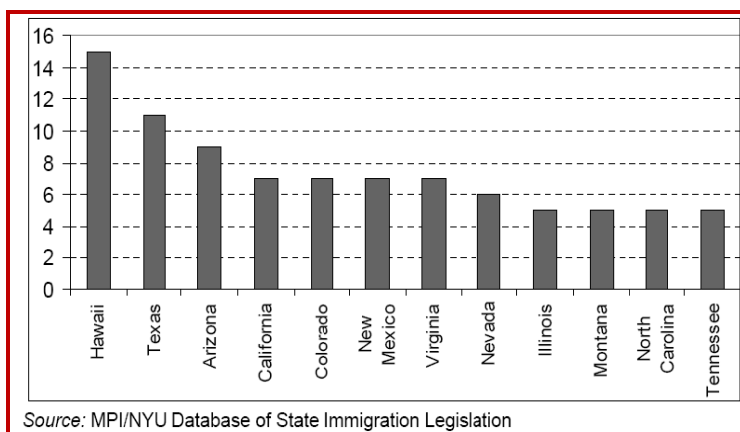


Figure 22: Top 10 States that Passed Immigration Legislation, 2007

State	Number of Bills Introduced	Passed		Rejected		Expired		Number of Pending Bills
		Number of Bills	Percent of Proposed Bills	Number of Bills	Percent of Proposed Bills	Number of Bills	Percent of Proposed Bills	
Alabama	23	2	9%			21	91%	
Alaska	2					2	100%	
Arizona	30	9	30%	3	10%	18	60%	
Arkansas	5	2	40%			3	60%	
California	41	7	17%	5	12%	6	15%	23
Colorado	14	7	50%	5	36%	2	14%	
Connecticut	18	4	22%	1		13	72%	
Deleware	5	3	60%					2
Florida	19	2	11%			17	89%	
Georgia	10	4	40%					6
Hawaii	34	15	44%					19
Idaho	4	2	50%			2	50%	
Illinois	15	5	33%					10
Indiana	11	3	27%			8	73%	
Iowa	12							12
Kansas	13	4	31%					9
Kentucky	18	2	11%			16	89%	
Louisiana	4	4	100%					
Maine	2	1	50%	1	50%			
Maryland	10	4	40%			6	60%	
Massachusetts	22							22
Michigan	31	2	6%					29
Minnesota	24	4	17%	1	4%			19
Mississippi	23			22	96%	1	4%	
Missouri	25					25	100%	
Montana	19	5	26%	14	74%			
Nebraska	6	3	50%					3
Nevada	10	6	60%	1	10%	3	30%	
New Hampshire	6	1	17%	2	33%			3
New Jersey	6					6	100%	
New Mexico	18	7	39%			11	61%	
New York	98	3	3%			2	2%	93
North Carolina	35	5	14%					30
North Dakota	4	2	50%	2	50%			
Ohio	6							6
Oklahoma	21	2	10%					19
Oregon	40	4	10%			36	90%	
Pennsylvania	16							16
Rhode Island	37	2	5%			2	5%	33
South Carolina	29	4	14%					25
South Dakota	4	1	25%					3
Tennessee	83	5	6%			6	7%	72
Texas	104	11	11%			93	89%	
Utah	9	3	33%			6	67%	
Vermont	7	2	29%					5
Virginia	50	7	14%	10	20%	33	66%	
Washington	18	4	22%	1	6%			13
West Virginia	12	3	25%			9	75%	
Wisconsin	3			1	33%	2	67%	
Wyoming	3	1	33%			2	67%	
TOTAL	1059	167	16%	69	7%	351	33%	472

Figure 23: All Proposed Legislation by State and Bill Status, 2007 (Source: MPI/NYU Database of State Immigration Legislation)

Legislative Typology	Number of Bills Introduced	Passed		Rejected		Expired		Number of Pending Bills
		Number of Bills	Percent of Proposed Bills	Number of Bills	Percent of Proposed Bills	Number of Bills	Percent of Proposed Bills	
Expanding the Rights of Immigrants	313	50	19%	10	3%	88	28%	155
Contracting the Rights of Immigrants	263	28	11%	20	8%	78	30%	137
Regulating Employment	237	24	10%	19	8%	77	32%	117
Regulating Law Enforcement and Criminal Justice	264	30	11%	18	7%	98	37%	118
Other	231	64	28%	10	4%	71	31%	86

Figure 24: State Legislation by Legislative Typology and Bill Status, 2007 (Source: MPI/NYU Database of State Immigration Legislation)

The proliferation of state and local legislation is leading to considerable confusion. According to the NCSL Immigrant Policy Project's latest findings, 190 bills have been passed in 39 states legislatures. Of these, 175 were enacted (as of June 30, 2008).

E-VERIFY

One of the biggest challenges for federal, state and local policy makers is employment verification. In hopes of finding a consistent law that every state must eventually adopt, the United States introduced the Basic Pilot/Employment Eligibility Verification Program (EEV or E-Verify) in 1996. The Basic Pilot Program was voluntary and introduced as a means through which employers could verify the work authorization of new hires. The program applies to non-citizens and US citizens and was re-named E-Verify in August 2007. California, Florida, Illinois, New York, and Texas joined the program in 1997, with Nebraska joining in 1999. Congress authorized the expansion of the pilot to all 50 states in 2003. The deadline for E-Verify was recently extended from March 2009 to June 30, 2009, which leaves very little time for Congress to determine whether the program is essential to combat illegal immigration.

The program first necessitates that all employers must complete an I-9 form for every new hire within three business days of the employee's start date. The form asks for the employee's name, date of birth, social security number, citizenship status, documentation to establish work authorization, and proof of identity and expiration date (if applicable). The employer enters the applicant's information into E-Verify, which is then compared against 425 million records in the Social Security Administration's database and 60 million records in the DHS immigration databases. Most inquiries are confirmed or denied within 72 hours. Although the process is not complicated, the reliability of the system is largely

criticized. The Social Security Administration estimates that 4.1 percent, or 17.8 million records, contained discrepancies related to name, date of birth, or citizenship status and 12.7 million of the discrepancies pertained to US citizens.

The Center for Immigration Studies (CIS) released a misleading report that claims that E-Verify is 99.5% accurate. According to Michele Waslin, the Senior Policy Analyst at The Immigration Policy Center, E-Verify “is not a solution to our nation’s serious immigration problems, and that attempts to expand the program will harm lawful US workers.”³¹ Waslin argues that CIS’s report is flawed because it is only based on a sample of 1,100 voluntary users of E-Verify. “Since only about 1% of employers are currently using EV, the results are not useful for predicting what would happen if all 7 million US employers were forced to use the system.”³² Furthermore, CIS claims that businesses that use the system are likely to be safe from the increasing worksite enforcement, but ICE raids on two plants, Swift & Co. and Howard Industries, both users of E-Verify, are proof that E-Verify users are not immune to the investigations. Waslin concludes, “stronger worksite enforcement does not solve the problem of undocumented immigration. In fact, it will cause more workers to go to the underground economy, costing US tax dollars and leaving workers more vulnerable”.³³

E-Verify became a major issue in the political arena. For example, in the debate of the stimulus package, E-Verify figured prominently. The Immigration Policy Center asserts that expanding E-Verify as a part of the economic stimulus package will only hurt America’s economic recovery. The US Chamber of Commerce concludes that the net social costs would amount to \$10 billion a year, which would disproportionately affect small businesses. The Congressional Budget Office estimates that a mandatory E-Verify program would decrease revenues by \$17.3 billion over 10 years due to the consequential flow of workers out of the formal workforce and into an untaxed underground workforce. Furthermore, a mandated enrollment in E-Verify would create a registering nightmare, especially if companies are pressured to register quickly to reap the economic benefits of the stimulus package.

Richard M. Stana, director of Homeland Security and Justice Issues, addressed the challenges surrounding the implementation of a mandatory Electronic Verification System. Given that roughly 17,000 employers have registered to use the voluntary EEV system as of May 2007, a mandatory requirement would up the total registered users to 5.9 million in the United States. “Requiring all employers to use EEV would substantially increase the demands n DHS and SSA resources. DHS estimated that increasing the capacity of EEV could cost it \$70 million annually for program management and \$300 million to \$400 million annually for compliance activities and staff. SSA officials estimated that expansion of the EEV program through this fiscal year would cost %5 million to \$6 million and noted that the cost of mandatory EEV would be much higher and driven by increased workload of its field office staff that would be responsible for resolving queries that SSA cannot immediately confirm”.³⁴ In addition to increased government spending, Stana revealed that although EEV may contribute to the reduction of document fraud, the program could not fully address identity fraud issues. Furthermore, the EEV program is predisposed to employer exploitation that adversely affects employees, such as employee wages or work time while employees are waiting for verification. Although there are quite a few challenges, DHS is working to mend issues with document fraud and employer fraud.

The system is definitely not without flaws and even the basic sequence of verification is very complex. As seen in Figure 25, there are many steps involved in the verification process.

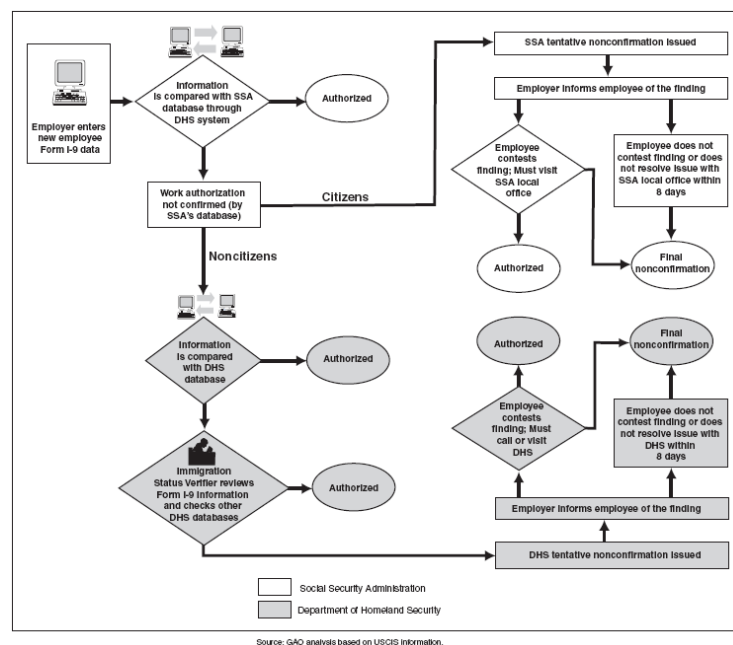


Figure 25: E-Verification Process

For instance, in the event that EEV cannot automatically confirm an employee's work authorization status, the employer must inform the employee, in which case the employee can contest the nonconfirmation. During that window of time, employers cannot mistreat the workers right to work or receive wages. After ten days, employers must terminate the employee or notify DHS that the employee has continued to work despite his/her authorization status.

THE FISCAL IMPACT OF LOCAL IMMIGRATION ENFORCEMENT

Employment restrictions and verification compliance impose real costs on business. One business advocacy group bemoans, "Given the current economy, now is not the time to add more bureaucracy and billions of dollars in compliance costs to America's businesses".³⁵ An updated plan would require training for all those responsible for verifying immigration status, as well as the police who will be enforcing immigration laws. Additionally, commissions will need to be set up to protect against discrimination and legal costs will pile up as ordinances are challenged. The police force in Prince William County, VA did not implement the proper enforcement provision once they learned that it would cost \$14 million over five years.³⁶ A case in Hazelton, Pennsylvania led to a \$2.4 million local tax burden because the insurer failed to pay the plaintiff fees on a lost court challenge to one of the county's ordinances.³⁷

Furthermore, cities and counties have spent hundreds of thousands of dollars defending themselves against lawsuits and other challenges for ordinances. Communities are risking financial disaster in an attempt to control illegal immigration. Taxpayer's money may very well be paying private attorneys to fight legal battles. Riverside, NJ went through economic hardship in 2006 after an ordinance was passed that prohibited the hiring of or renting to unauthorized workers. Riverside had seen a revival after an influx of immigrant labor, but legislation sent hundreds of Brazilian immigrants running for protection, abandoning their jobs and forcing many businesses to close their doors. Many lawsuits were filed and lawmakers began to question their laws, disappointed in their patience and lack of foresight. The town ended up spending \$82,000 in legal fees, which forced the delay of infrastructure repairs and scarring the once flourishing town.³⁸ While mounting fees impeded necessary repairs in Riverside, Maricopa County, AZ experienced longer response times to emergencies because law enforcement was either distracted by or involved in immigration enforcement. Maricopa County quickly learned that their police department did not have adequate funding to investigate crimes, especially when immigrant communities, with whom they used to consult for information, were too scared to cooperate with police to help solve crimes.

As seen in Riverside and Maricopa county, attempts to enforce immigration laws on a local level is no replacement for national immigration reform. Furthermore, in March of 2008, the Oklahoma Bankers Association asked the Economic Impact Group (EIG) to investigate the economic impact of the new immigration law, HB 1804. EIG found that the bill would cost the state \$1.8 billion in losses to the gross state product, but the author of the bill disagreed. The author argued that EIG assumed that legal residents would leave the state with illegal immigrants, but EIG explained that the study did not assume that the entire population of unauthorized immigrants would leave the state or encourage legal residents to leave. The author of the bill also argues that EIG assumed that there would be no legal residents left in OK to fill labor needs, but EIG quickly asserted that there is little evidence that outmigration of labor leads to an increase in labor participation among those left. The author continued to criticize the report, but EIG was quick to counter every argument and claim, "We are economists, not activists...We are commissioned to show what the effects may be to Oklahoma's economy under the new restraints of 1804."³⁹

Because the unauthorized immigrant population pays less in state and local taxes than it costs local governments to provide services to the immigrant population, there could be a long-term positive effect of increased immigration reform. Recent research has introduced the possibility that the overwhelming fiscal cost may be skewed because no one is looking at the long-term picture. Perhaps a better measure would be to assess the lifetime costs that unauthorized immigrants impose on the government as compared to their lifetime revenues. Although often debated, there is strong evidence to prove that unauthorized immigrants pay less in state and local taxes than it costs the government to provide services to the unauthorized immigrant population. More specifically, education is the single largest expenditure in state and local budgets and the rapid growth in unauthorized immigrant schoolchildren is strangling many state budgets. During the 2003-2004 school year, Minnesota's state and local governments spent between \$79 million and \$118 million to educate 9400 to 14,000 unauthorized immigrant schoolchildren. Overwhelming health care costs and federal aid could see a significant decline

if the current immigration reform finds a way to control the immigration situation, despite the initial costs of enforcement and legal fees. Many economists argue that it is too soon to assess the net fiscal impact of recent legislation when the full benefits of immigration enforcement have not yet been realized.

SPECIFIC LEGISLATION AT THE STATE LEVEL

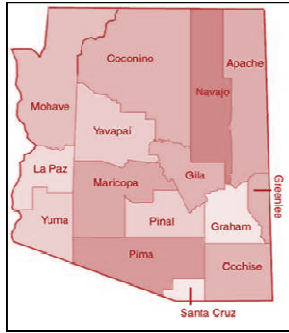
This report now turns to recent state legislation across the country. With the failure of immigration reform at the national level, we are left with a patchwork of legislation that has no overall coherence. Some states clearly do not know how to proceed.

Consider Nevada, the fifth largest state in terms of immigrant population; 70 percent of the immigrant population comes from Central or South America. Hispanic immigrants comprise the same proportion of Nevada's population today (15.8 percent) as they did in 2000. Well over a third of all Hispanic immigrants arrived before 1990, but many are newcomers. If Nevada follows the immigration pattern of the country as a whole, the best estimate is that 60,000 workers in Nevada are undocumented immigrants. In regards to industry, 81 percent of hispanic immigrants work in agriculture while 27 percent work in construction and mining and 22 percent work in entertainment and tourist services.

The state's economy is hungry for labor and the immigration population has helped to fill the labor void, but Nevada's job growth is mostly in the service sector, which requires unskilled or semi-skilled labor. Robert Ginsburg, with Nevada's Center on Work and Community Development, reported that immigrant "workers make a major contribution to our state but they are forced to live in the shadows, where they are especially vulnerable to exploitation". His report goes on to claim that "the extent to which the immigration system has failed to keep up with the times is shown but the sheer number of undocumented immigrants in Nevada and the nation. Instead of an orderly and regulated flow of people, a chaotic and disorganized immigration system has emerged. It is a chaotic system that has developed through the tacit cooperation of employers who need workers, immigrants who need jobs, and government that wants economic development. It's a system that everyone agrees is broken".⁴⁰

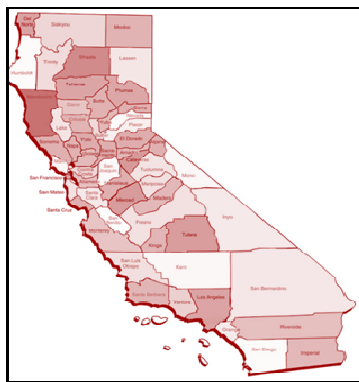
Given this broken system, states have attempted to pass a variety of laws. Immigration legislation covers many areas, including but not limited to, education, employment, health, driver's licenses, human trafficking, law enforcement, and resolutions.

In particular, eighteen employment-related laws were enacted in twelve states: Alaska; Arizona; Colorado; Florida; Idaho; Maryland; Missouri; Mississippi; Tennessee; Virginia; Washington, and West Virginia. As previously mentioned, 39 states have enacted numerous laws, as evidenced by the tables and charts above. In particular, many of the states who experienced the initial waves of immigration have enacted a multitude of laws that cover a wide range of state issues, including employment. As an example, Arizona, California, and Oklahoma's employment laws are listed below, but a complete list of laws by state and typography can be found in the above referenced Figure 21.



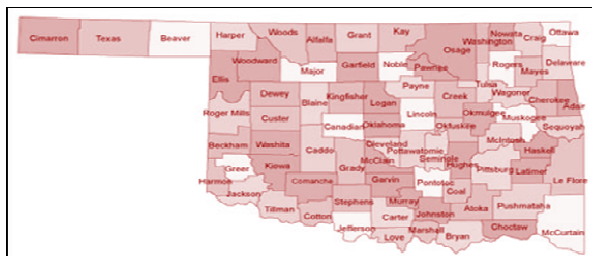
Arizona introduced seven laws regulating employment in 2007, of which one was introduced: HB 2779, amended by SB 2745 and SB 2745. AZ HB 2779 (2007) prohibits knowingly hiring an unauthorized immigrant and establishes legal employment affidavit requirements for employers and criminal penalties for false swearing on affidavit. The law requires the use of E-Verify and expands the definition of aggravated ID theft. SB 2745 (May 2008) adjusts prohibition of knowingly or intentionally employing an unauthorized alien. The law provides Arizona Attorney General to establish a Voluntary Employer Enhanced Compliance Program. After September 30, 2008, the law prohibits

any agency from issuing a license to anyone who does not establish a legal presence. The law prohibits government entities from awarding a contract to any employer who fails to use E-Verify. Furthermore, companies can only be punished for unauthorized workers hired after January 1, 2008. Violation at one location of a company shuts down only that location and not the entire company. AZ SB 1125 (May 2008) adds employer penalties of compensation benefits to an employee if an employee injury results in permanent disability or death. It is important to note that an employee is defined as any person in the service, regardless of age or legal status.⁴¹



California introduced four laws regulating employment in 2007, of which zero have been passed. HB 1615 recently expired while AB 735 and SB 189 are pending. HB 1615 prohibited all state agencies from awarding any contract for a public works project, goods and services, and information technology goods and services to a bidder or contractor that hires an unauthorized immigrant. The law required state agencies to verify that all of the employees of a bidder or contractor have been subject to the Basic Pilot Program Extension and Expansion Act of 2003. AB 735 (pending) mends existing law, which requires noncitizens to pay a fee and obtain a work permit in order to be legally

employed in the state. The law requires that the number of work permits issued annually be determined by the Division of Labor Standards Enforcement using a formula that takes into account state unemployment levels and estimated workforce requirements. The law further imposes, with certain exceptions, an additional work permit fee on the gross wages of all employees with a work permit. SB 189 (pending) requires the Department of Personnel Administration to verify legal status or authorization to work of state employers and employees of those who contract with the state in accordance with Basic Pilot.⁴²



Oklahoma introduced 13 laws regulating employment in 2007, of which one was passed. HB 1804 has been regarded as one of the toughest immigration laws in the country and covers topics beyond employment. HB 1804 (2007) criminalizes transport and concealment of unauthorized immigrants, restricting government issued

identification to citizens and lawful permanent residents. The law requires that jails verify immigration status of anyone who has been charged with a felony or DUI and notify DHS. Unauthorized immigrants are considered a flight risk and therefore not granted bond. In addition, contractors who employ immigrants must use E-Verify and those contractors who employ unauthorized immigrants are not allowed to receive state contracts, which create tax penalties for independent contractors. The law requires the proof of status for public benefits for anyone over the age of 14. The law directs the Attorney General to enter into a Memorandum of Understanding between the State of Oklahoma and the United States Department of Justice or the DHS concerning enforcement of immigration and customs laws. Finally, the law prohibits in-state tuition and scholarships for students who cannot prove legal status.⁴³

Omnibus Bills: A single document that is accepted in a single vote by legislature but contains amendments to a number of other laws or introduces entirely new laws is called an omnibus bill. This legislative concept is common among immigration reform. Georgia, for example, created the Georgia Security and Immigration Compliance Act (SB 529) in 2006 that addressed all policy areas. In particular, the bill requires the use of E-Verify, denies tax-supported benefits, requires police to check legal status of anyone arrested, authorizes the state government to work with the federal government, and prohibits employers from claiming as a tax deduction wages paid to undocumented workers.⁴⁴

As seen in Figure 22, a number of state legislatures have seen an increase in proposed bills that expand the rights of immigrants, as opposed to restricting their rights. According to the National Center on Immigrant Integration Policy, "... measures that expand the rights of immigrants accounted for a significant number of passed bills and were enacted at a higher rate (19 percent of 313 bills) than measures that either re-contract immigrants' rights (11 percent of 263 bills), relate to law enforcement (11 percent of 264 bills) or regulate employment (10 percent of 237 bills). The trend was different for states that are newly experiencing the most rapid immigration growth, where bills that contract immigrants' rights were the most popular type of measure introduced in 2007. Legislators in new destination states (such as SC and NV) introduced more than twice the number of employment bills than those in traditional immigrant – receiving states. They also were more likely to introduce legislation regulating public benefit eligibility and criminal justice".⁴⁵

Another trend that coincides with the increasing legislature for, not against, immigrants' rights is the implementation of emergency legislation because of the negative effects that a particular law may be having on a facet of the economy. For instance, California recently passed emergency legislation to relieve labor shortage: "The US Senate Appropriations Committee on May 15 [2007] approved legislation ... that would provide emergency relief to the nation's current agriculture labor shortage".⁴⁶ The major points addressed in the Emergency Agriculture Relief Act included the adoption of temporary, limited immigration status for agriculture and horse workers (which capped at 1.35 million workers). In addition, the law requires that emergency agriculture workers who have worked in agriculture to work at least 100 days per year in agriculture for the next 5 years. The law also requires that workers pay a \$250 fine plus processing fees and has a 5-year sunset. The law also allowed modifications that removed the cap on H-2A visas and made the application process for H-2A visas more streamlined. The law froze wages at the 2007 level for 3 years while a new fair wage standard is studied. Lastly, the law made

changes to the H-2A program's housing requirement so that the employers can provide a housing allowance. It also modified the H-2A program's transportation subsidy so that employers no longer have to pay for trips of less than 100 miles, with a 5-year sunset.

The most recent trend begs the question: Did states go too far and intrude on the federal government's turf in trying to regulate immigration? According to Stateline.org's staff writer, Daniel C. Vock, immigration legislation has lightened in the past few years: "The cautious approach is a marked change from the last three years, when states competed to pass the strictest anti-illegal immigration law in the country. Arizona, Colorado, Georgia, and Oklahoma all approved groundbreaking measures that cracked down on the problem. Policymakers in other states may be waiting to see whether tough policies adopted by states such as Arizona and Oklahoma will survive court challenges".⁴⁷ Despite the recent trend, the country remains divided on immigration reform, which proves that policymaking is slowly becoming more evident at the state, not national level. For instance, Oklahoma tightened immigration reform and passed a comprehensive anti-illegal immigration law in 2007 while Illinois has continued to side with immigrants, particularly children. The country is clearly lacking harmonious reform on the state level. "State lawmakers have been thrust into the middle of the debate because of Congress' failure to act. Twice in the last two years, efforts to overhaul the nation's immigration laws fizzled. This means that states are exploring ways to get involved with what remains primarily a responsibility of the federal government".⁴⁸

Local lawmakers are adding to the discord, further perpetuating a dysfunctional immigration policy. The existing patchwork of immigration legislation, then, poses challenges for U.S. businesses.

The Effects on Business

Even with the economy in recession, some local businesses still find a need to employ immigrant labor. In fact, U.S. businesses depend on unauthorized, as well as authorized, immigrants to work in areas that still do not attract native workers.

Besides the economy, the most noticeable chilling effect on the supply of immigrant labor has risen from the increased raids on businesses. United States Immigration and Customs Enforcement (ICE) has arrested thousands of immigrants in the workplace since 2007. Notably, harsh prosecution and sentencing followed a number of raids in Iowa, which left a number of plants in the state without an adequate agri-processing labor pool. In South Carolina, a series of raids at poultry processing plants forced plant owners to turn to prison labor to meet their labor demands.



The raids may have forced immigrants to go underground or relocate to other states with work. A reporter for the *Chicago Tribune* reports that an estimated 100,000 illegal immigrants left Oklahoma because of recent legislation and enforcement.⁴⁹ Oklahoma has seen a palpable effect in construction. The Greater Tulsa homebuilders, for example, found that 80 percent of builders and subcontractors surveyed have lost workers and the average loss is about 20 percent of work crews.⁵⁰

The chilling effect of raids and legislation is leading to labor shortages that are greatly affecting agriculture. Many farmers have been forced to plant only crops that require minimal labor or worse, sell their farms. This has been especially noticeable in Arizona. Joe Sigg, director of government relations for the Arizona Farm Bureau says, "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".⁵¹ Laborers are losing their jobs and businesses are struggling to meet labor demands to produce their products. In a 2008 interview, Lydia Guzam, with The Coalition for Latino Political Action, warned, "In order for a business to thrive and function, you have to have a good team. And if you have a workforce that is living in fear constantly, and you have a workforce that is afraid to come into work, then it affects business".⁵²

Feeling the effects of recent legislation, businesses are responding. For example, hundreds of Arizona employees petitioned to make laws friendlier to employers. California has turned to government officials to lobby federal authorities against raiding long-established companies. Many employers think that a guest worker program may be the best option because businesses simply cannot afford to lose their workers in a raid or risk getting shut down if human resources missteps and hires an illegal worker. *Wake Up Arizona*, a news site dedicated to cover the effects of AZ HB 2779, explains that the law does not only affect the business owner: "If your boss breaks the law, you lose your job. If someone in the HR department of your company breaks the law, you lose your job."⁵³ Unauthorized immigrants and sneaky CEOs are not the only ones who will suffer if the government discovers unauthorized immigrants in the work place because the recent legislation has the power to take companies down, if not just by fear alone. Even lawmakers are wondering if they acted too quickly to impose strict legislation without properly assessing the long-term effects. Now businesses are lobbying for changes and state lawmakers have to respond to their particular states' demands. Again, state governments are on the front line of immigration reform.

Consider again, the state of Nevada. One analyst of effects of immigration on Nevada claims that some industries such as agriculture could not succeed without them.⁵⁴ Moreover, the Progressive Leadership Alliance of Nevada (PLAN) has determined that Nevada's economy depends on immigrant labor and the best thing the state and local governments can do (from an economic perspective) is welcome the newcomers and allow them to participate in, and help develop, their communities. "PLAN joins those calling for a halt to the draconian workplace raids now being conducted by ICE around the country. The raids are an assault on the basic standards of decency and the notion of proportionality in law enforcement. Not only are they unjust, but a rational debate on immigration reform can not be conducted with the immigration authorities ready to stomp the nation's workplaces".⁵⁵ PLAN strongly feels that corruption among employers who skirt the system and abuse immigrant labor hurts more than just immigrant workers; the fraudulent behavior puts even law abiding employers at a disadvantage. PLAN believes that a firewall should exist between the enforcement of labor and employment laws and

the enforcement of immigration laws, fearing that the current transparency prevents immigrants from properly reporting work place abuses and safety violations.

Implications for Agriculture

As previously mentioned, the percentage of immigrant labor in the construction industry has greatly increased in recent years, but a large portion of immigrants still work in agriculture. Although an estimate, the Department of Labor, through years of surveys and research, has concluded that the percentage of undocumented immigrants on crop farms has been greater than 50 percent since the late 1990s⁵⁶. According to a 2006 report published by The University of California Giannini Foundation, the USDA's Current Population Survey found that "there were 2.5 million farm workers, defined as persons employed for wages on farms sometimes during a typical year, including 1.8 million in crops and 700,000 in livestock. If 45 percent of the crop workers and 25 percent of the livestock workers are unauthorized, there would be almost one million unauthorized U.S. farm workers"⁵⁷. Estimations aside, it is a known fact that a large portion of the farm labor force is born outside the United States. As a result, farm employers are very interested in acknowledging regulations placed on immigrant labor and obeying the rules while keeping their farms staffed.

Because farm employers are often unable to find sufficient labor within the U.S., many employers must rely on the government and the H-2A guest worker program; however, many employers still struggle to fill their farms because of immigration caps and other roadblocks. In North Carolina, H-2A guest workers make up 10% of the farm labor force, but the program is still relatively small; less than 2% of farm workers are a part of the program⁵⁸, even though farms across the country are desperate for additional guest workers.

Due to immigration reform, hundreds of American farms are experiencing labor shortages. Because native workers are generally less inclined to sweat in the fields for low wages, farmers across the country are feeling the pressure to produce. Critics argue that farmers have to turn to immigrant labor because they refuse to increase wages, but history has proven that native workers have not labored in American fields for years. Baldemar Velasquez, President of the Farm Labor Organizing Committee, is hoping that the new administration will help the agriculture industry by uniting advocates, growers, and unions and extending labor rights to domestic, undocumented, and "guest workers"⁵⁹.

Supported by President Obama, The Agricultural Job Opportunities, Benefits, and Securities Act ("AgJOBS"), is a step in the right direction. Seen as a compromise between farm worker advocates and agricultural employers, AgJOBS introduces the concept of "earned legalization" and grants H-2A guest workers the right to earn a "blue card" temporary immigration status with the possibility of becoming permanent citizens. It also revises the current H-2A program in hopes of positively addressing the current agricultural immigration crisis.

As with any type of reform, AgJOBS and other guest worker programs have faced heavy criticism. Many fear another mass amnesty disaster and worry that if immigrants receive permanent residency, they will leave the low-paying agriculture jobs in search of something better, creating a new labor crisis a few years later. However, supporters argue that in this global economy, America must do whatever is necessary to keep farm production within U.S. borders. If temporary, foreign-born workers are the only secret to keeping grocery store prices down, farms fully staffed, and agricultural independence, the federal government must work with agriculture employers to expand the H-2A program, nurture AgJOBS, and address the labor shortage crisis, post haste.

Conclusion: The Call for Reform

The reaction to new immigration laws and federal raids has led to calls for reform. For example, the U.S. Chamber of Commerce and other business groups are attempting to overturn Oklahoma's HB 1804. Such critics feel that the bill has sparked unnecessary fear in the Latino community and forced families to separate from one another. Furthermore, although fully aware of the recent laws, many local churches say they will not deny services to anyone, regardless of their immigration status. Whether critic or supporter, it is clear that there must be a call for responsible reform.

It is clear that immigration reform is warranted. Above all, the federal government needs to create uniform enforcement of workplace standards. Reforms must strongly consider the impact on businesses and the economic effects of potential labor shortages. Many economists also argue that immigration reform must address the root causes of immigration and take broader economic policies and goals into account and not just create a slew of differing laws that do not consistently address this complex issue.

The Heritage Foundation outlined a plan that urges President Obama to develop a complete border security system and closely examine current efforts to determine what is working and what needs improvement. The Border Patrol must improve communications with the Department of Homeland Security and develop a more efficient and cohesive plan. The report argues against blanket amnesty. Yet at the same time, it states that it is imperative that the Obama's administration work with Mexico and Central America to create local jobs and spur economic growth.⁶⁰

The fact is that immigration will continue in the 21st century when the economy expands. The United States has always been a destination for dreamers. In many respects, immigration is a part of the ongoing globalization of the U.S. economy: the accelerated movement of goods, capital, and labor across national borders. No doubt, the United States will continue to engage in an emotional debate about immigration. Yet the underlying business and economic issues that drive Latino immigration should not be lost in the debate or any policy action taken.

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