A.   Justification

1.   One of the biggest challenges for immigration reform has been development of appropriate mechanisms for reducing the likelihood that illegal immigrants will become employed in the United States by allowing employers to easily identify whether potential workers are seeking employment through use of fraudulent documents. As a result the Department of Homeland Security (DHS) and the Social Security Administration (SSA) operate the E-Verify Program, a nationally available internet-based program that allows employers to electronically verify whether newly hired employees are eligible to work in the United States.

Use of E-Verify Program is voluntary in most states, but its use has become mandatory for all employers in several states, including Arizona, Mississippi, and South Carolina. In addition, several other states have enacted legislation mandating the use of E-Verify by certain types of employers such as public contractors, state and local government agencies, or public entities. This increased use of E-Verify together with the focus on employer verification of employment eligibility as an integral part of proposed comprehensive reform legislation makes evaluation of E-Verify's impacts through basic research critical to identifying specific areas for improvement.

Research and evaluations are particularly salient in light of the number of employers who will be using the system in the event that mandatory use of E-Verify becomes national policy. Its use has involved approximately 5 million new hires per year, or about 10 percent of the national total. Mandatory verification would expand that usage to more than 50 million hiring decisions annually involving 8 million employers and 144 million workers and more than 50 million hiring decisions each year. Identifying impacts, both positive and negative, of E-Verify usage is important to anticipating the effects of increased usage.

To date, evaluations of the E-Verify Program have focused on obtaining quantitative and qualitative information on how the Program itself is working, both nationally and among specific groups of employers, and how it might be improved. The expectation has been that this information will help inform future legislation and policy-making, improve E-Verify Program administration, and lead to enhancements of the E-Verify Program.

U.S. Citizenship and Immigration Services (USCIS) has identified a key area requiring further research to address the major impacts of the E-Verify Program on issues such as:

- Cost of doing business – the research will examine not only the cost to implement and maintain E-Verify, but also the larger impact of potentially increased "hidden" costs from greater staff turnover, hiring of contractors to verify employment, lower

productivity caused by foreign-born and minority workers avoiding states/industries where E-Verify is mandatory thus leading to labor shortages, etc. The study also will ask about potential cost reductions resulting from greater efficiencies arising from automating verification and minimizing hiring of unauthorized workers through E-Verify.

- Effects on workers – the research will examine whether the landscape for job seekers has become more difficult and potentially discriminatory.

- Impact on certain industries or regions – unauthorized immigrants and other potentially affected populations (such as legal permanent residents and naturalized citizens) are not evenly distributed among industries or regions of the country. Communities and industries in Arizona – one of the states researchers will study – will likely be more affected by E-Verify implementation because of its status as the leading U.S. portal for illegal immigrants from Mexico. Minority employees may shift out of employment in certain sectors where verification is intensive into other sectors or informal jobs where verification does not prevent their employment. This could create distortions of labor markets and change wages, working conditions, and local or even state economic output.

- Impact on all these issues over time – since this is a 3-year study, it will be able to look at changes that occur during the course of the study. Some of these changes may be directly caused by E-Verify (such as increased or decreased costs of hiring new employees), and will be able to be inferred from the data reported in the study. Other changes may be indirectly attributable to E-Verify (such as a marked decrease in the employment of minorities in an industry in a mandatory state compared to no decrease in the same industry in a non-mandatory state). Researchers will supplement the information obtained from the survey with demographic and financial data from other sources such as the U.S. Department of Labor and the Census in order to do comparisons.

USCIS is requesting the Office of Management and Budget (OMB) approval under the Paperwork Reduction Act to conduct a survey of employers in six states on the use of the E-Verify internet-based system for determining the eligibility of an individual to work in the United States. Arizona, Mississippi, and South Carolina have made use of E-Verify mandatory for all employers, exceeding Federal mandates for use of the system. Legislation is pending or has passed in 15 other states making E-Verify use mandatory for some employers. Further, there is interest in Congress in expanding mandatory use of the Program beyond current requirements for Federal contractors to include most, if not all, of the nation's employers. This research proposes to generate information about the potential impacts of mandatory E-Verify use at the state level for different industries and different size firms and to identify possible implications on both businesses and employees of a mandatory national program.

The survey requests information for a 3-year period of employers in the three mandatory states paired with three economically and demographically similar but non-mandatory "control" states: Arizona (mandatory) and Nevada (control); Mississippi (mandatory) and Alabama (control); and South Carolina (mandatory) and Tennessee (control). The information will allow comparison in patterns of E-Verify use, employment, and economic performance for each pair of states and provide insight into the impacts of state-level mandatory E-Verify use. Comparison of impacts by industry for mandatory and non-mandatory states will shed light on possible national consequences of Federally-mandated E-Verify across various industries. Employers surveyed will be representative of the mix of industries and size of firm in each state. The attached user survey (Attachment E) is for use in mandatory states and the attached user survey (Attachment F) is for use in non-mandatory states.

Authority: Section 401(b) of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (IIRIRA).

2. Purpose and Use of the Information

The purpose of this survey is to obtain data from employers regarding the E-Verify Program in anticipation of its increasingly widespread mandatory use. We expect that in both mandatory and non-mandatory states there will be a mix of employers who use E-Verify and those who do not.

The key questions to be addressed through the employer survey include:

- Are employers aware of E-Verify and complying with its use where required?
- In states/industries where use of E-Verify is optional, why are employers choosing to use it?
- How are employers complying with E-Verify. Are they using contractors?
- What are the perceived costs or burden that employers attribute to implementation and use of E-Verify?
- What are the perceived costs or burden that prevent employers from implementing and using E-Verify?
- What are the quantifiable costs or burdens that employers can attribute to E-Verify?
- Are employers concerned that using E-Verify might increase their risk of a U.S. Immigration and Custom Enforcement (ICE) raid or DHS audit?
- What do employers perceive as E-Verify's effect on the process of hiring and retaining qualified employees? Has this had a perceived positive or negative impact on the company's profitability or competitive advantage?
- What effect do employers perceive as E-Verify's impact on employee morale and employer/employee relations?
- What are the perceived costs/benefits to either using or not using E-Verify?

Both the longitudinal nature of this study and the pairing of mandatory and non-mandatory states with similar economies and demographics will enable the researchers to

answer questions that have not been accomplished by earlier surveys. These answers will be especially relevant to how, when and whether E-Verify's use should become mandated nationally.

- Do perceived and/or measurable impacts change as the economy rebounds?
- Will employers' behaviors change when the economy rebounds?
- In states where use of E-Verify is not mandatory, do employers benefit from E-Verify or choose to use it at all? What about employers who conduct extensive background checks versus employers who do not?
- How do opinions change over the 3-year course of the study?
- Are there trends by industry, size of employer, and numbers of foreign-born workers?
- Are there changes in hiring practices over time that can be attributed to the use or non-use of E-Verify?
- Does verification appear to affect the employment of unauthorized immigrants, particularly in sectors and regions with high historical levels of unauthorized employment, and those with very low levels of unauthorized hiring?
- How does E-Verify use affect a state's immigrant population?
- Are there characteristics in common (such as high number of foreign-born employees) in industries or firms in control states who decide to use E-Verify even though its use is not mandatory?
- To what extent does E-Verify use differ by industry between industries, by size of firm, and between mandatory and control states?

Analysis of survey data will include an examination of results by state, sub-state region, and characteristics of firms such as size and industry. Industries with high and low shares of unauthorized workers, immigrant workers, and low-skilled workers will be analyzed and compared. Data will be disaggregated for minority-owned businesses and contractors, and changes over time in results will be noted and analyzed.

3.   The information will be collected electronically through a Web-based survey with telephone support as needed to carry out the survey. The survey can be assessed at https://www.udallcenter.arizona.edu/evm.

4.   There is no similar information currently available that can be used to evaluate economic impacts of state-level mandatory use of E-Verify through a comparison with economically similar but non-mandatory states. Nor does information exist to evaluate differences in employment practices within industries and across company sizes between mandatory and non-mandatory states.

5.   The survey instruments are designed so they will not have a significant impact on small businesses. The user survey will take an average of 30 minutes to complete and staff support will be available to assist in completing the survey over the phone if computer access is limited or other difficulties arise.

6. The E-Verify Program, the number and characteristics of its users, and the regulatory climate in which it operates are all evolving. State legislatures and Congress increasingly consider electronic verification by employers of employment eligibility to be a critical part of overall immigration enforcement. This proposed research on the Program's impacts on industries, companies, and individuals will provide information that is important input to policy discussions and will ensure that legislative decisions are based on timely, accurate data on E-Verify and its impacts on industries, companies, and individuals.

7. The special circumstances contained in item 7 of the supporting statement are not applicable to this information collection.

8. On December 28, 2010, USCIS published a 60-day notice in the Federal Register at 75 FR 81631. USCIS received comments on the 60-day notice from three commenters. On March 23, 2011, USCIS published a 30-day notice in the Federal Register at 76 FR 16435. USCIS did not receive any comments on the 30-day notice. The following is a discussion of the comments received on the 60-day notice and USCIS' response.

   Comment: Mr. George Pollock recommended the use of biometrics in conjunction with E-Verify as well as making the E-Verify Program mandatory.

   Response to Mr. George Pollock:
   USCIS appreciates Mr. George Pollock's interest in the E-Verify Program and the E-Verify Program Longitudinal Evaluation. USCIS understands the concerns of Mr. Pollock. The E-Verify Program operations are under constant review to improve the functionality of the program as well as address the varied concerns of stakeholders. The concerns that Mr. Pollock raised, specifically, the use of biometrics with E-Verify and mandatory usage of E-Verify are issues for the legislative branch of the U.S. Government; if and when these decisions are made USCIS is equipped to manage the new requirements.

   Comment: Mr. Christopher MacQueen recommended the E-Verify Program be used to screen potential hires or prescreen applicants for employment.

   Response to Mr. Christopher MacQueen:
   USCIS appreciates Mr. Christopher MacQueen's interest in the E-Verify Program, E-Verify Program Longitudinal Evaluation, and his recommendation for allowing employers to utilize E-Verify to verify workers employment eligibility prior to employment.

   Mr. MacQueen identified the current practice of verifying employment eligibility after a worker is offered a position as a short-fall of the program. The program deficiency that Mr. MacQueen identified is barred by the memorandum of understanding (MOU) signed by employers. However, studies have shown that there is some interest in using the program this way, and that message has been conveyed to the program.

Comment: The American Council on International Personnel (ACIP) recommended that burden not be placed on employers to collect information to complete the survey instrument and a reduction in the number of open-ended questions. ACIP also questioned how will employers be encouraged to participate in the survey.

Response to the American Council on International Personnel (ACIP):
USCIS appreciates the American Council on International Personnel (ACIP) interest in the E-Verify Program and the E-Verify Program Longitudinal Evaluation.

The Agency understands the concerns raised by the ACIP including issues surrounding employers having to collect and evaluate quantitative data. By participating in the survey employers will not be required to collect or maintain any data outside of documentation that is required per the memorandum of understanding (MOU), that employers agree to adhere to when using E-Verify. ACIP noted that USCIS does not provide payment or gifts to respondents, although there is not a tangible incentive for participation in the survey, the information provided helps to improve operations of the E-Verify Program. USCIS values ACIP's recommendation that the number of open-ended questions be limited. The open-ended questions in the survey will allow respondents to include more information where a standard response may not apply to the employers' unique situation.

USCIS appreciates ACIP voicing its concerns regarding the E-Verify Program Longitudinal Evaluation and will take the organization's suggestions under advisement when considering future E-Verify studies.

Prior to developing the survey, USCIS contacted The University of Arizona subject matter experts for their knowledge about issues relating to immigration, economics, demographics, and labor markets.   We consulted with and have established working relationships with a variety of experts in the field, all of whom are available for consultation as needed. These include:

- Frank Bean, Center for Research on Immigration Population, and Public Policy, University of California at Irvine
- Gordon Hanson, Center on Pacific Economies, University of California at San Diego
- Ron Oaxaca, Department of Economics, University of Arizona
- Giovanni Peri, Department of Economics, University of California at Davis
- Doris Meissner, Senior Fellow and Director of the US Immigration Policy Program, Migration Policy Institute

9.   The USCIS does not provide payments or gifts to respondents.

10.   Care will be taken to protect the confidentiality of the individuals and firms participating in the study. At a minimum, these steps will be taken to ensure respondent confidentiality:

- The research organization will maintain the survey instruments and data files and will not share data with the DHS about individually identifiable organizations or individuals;
- All personnel working on the project will sign a Non-Disclosure Statement (See Attachment G);
- No public use microdata files containing data from this study will be issued;
- Only the aggregated results of surveys will be reported to DHS.

Disclosure statements, signed by the USCIS Director of Research and Evaluation, will be sent as an email attachment to a letter sent by the contractor to survey participants. (See Attachments A, B, C, and D). There are two sets of disclosure statements and accompanying letters. Attachments A and B will be sent to employers in states or in industries where use of E-Verify is mandatory. Attachments C and D will be sent to employers in states where use of E-Verify is voluntary.

There is no privacy impact analysis or system of record notice associated with this information collection.

11. Some of the questions in this survey ask about actions that are prohibited by law for employers using E-Verify. The reason for asking these questions is to determine whether more employer and employee education needs to occur in order to ensure that E-Verify is being used both properly and legally. To protect respondents' confidentiality, the contractor will not be providing any data to DHS that identifies either persons or businesses. Any information presented to DHS, or shared in reports will be aggregated so as to be individually unidentifiable.

12. Data to address the research questions will be collected through a 3-year longitudinal survey of employers in the mandatory states of Arizona, Mississippi, and South Carolina and the control states of Nevada, Alabama, and Tennessee. The survey instrument will take 20 to 40 minutes to complete, depending on the level of complexity of the company's employment structure. Researchers estimate that it will take 30 minutes, on average, to complete the survey.

With respect to the burden imposed on respondents, the following lists the two surveys that will be completed by respondents, the number of anticipated respondents, the number of administrations for each type of respondent, and the estimated time to complete each survey. Burden, in hours is totaled for each survey. The time to complete each of the surveys is based on similar surveys.

Estimates of respondent burden

Survey Instrument and Type of Respondent	Number of Respondents[1]	Admin. Per Respondent[2]	Est. Time to Complete	Burden in Hours

Mandatory States Web Survey	450	3	30 minutes (.50)	675
"Control" States Web Survey	450	3	30 minutes (.50)	<u>675</u>
Total				1,350

(1) 150 respondents in each of 3 mandatory states and 150 respondents in each of three non-mandatory states.

(2) One survey is administered per year for 3 years.

(3) The annual burden hours is estimated to be 450.   This estimate is obtained by dividing the total number of hours over a 3 year period 1,350 by 3 (number of years for the survey) = 450 hours.

The estimated annualized cost to respondents is provided in item 14.

13.   There are no capital or start-up costs associated with these collections. Any cost burdens to respondents as a result of this collection are identified in item 14.

14.   The estimated annual cost to the Government is $63,333. This is calculated as follows:

- The cost of this Inter-Agency Agreement (IAA) to the Federal Government in the first year is $90,000. This covers development and field-testing of the survey instrument as well as conducting and analyzing the first year's data collection and reporting on the results of this effort.

- The cost for each of years two and three of this IAA is $50,000 per year to cover conducting, analyzing, and reporting on data collection in years two and three.

Accordingly the total cost over a 3 year period is $190,000 divided by 3 (number of years for the survey) = $63,333.

The estimated annual burden cost to the public is $9,285. This is estimate is based on the total cost over a 3-year period ($27,857) divided by 3 (number of years for the survey).

Three-year costs to the public for hour-burden E-Verify data collections

State – Survey	Hourly Wage[1]	Burden Hours	Total

Arizona – Mandatory Survey	$22.77	225	$5,123
Nevada – "Control" Survey	$20.79	225	$4,677
Mississippi – Mandatory Survey	$17.48	225	$3,933
Alabama – "Control" Survey	$21.38	225	$4,810
South Carolina – Mandatory Survey	$20.45	225	$4,601
Tennessee – "Control" Survey	$20.95	225	$4,713
TOTAL		1,350	$27,857

(1) Data from the Bureau of Labor Statistics:
(http://www.bls.gov/oes/current/oessrcst.htm)

15.   Since this is a new information collection (survey) there is an increase of 450 annual burden hours currently contained in the OMB inventory. There is no change in the information being collected.

16.   This data collected through this survey will consist of two broad categories: (1) companies doing business in states where use of E-Verify is mandatory by state law and (2) companies doing business in states where use of E-Verify by all employers is not mandatory by state law. The data will be further categorized by industry and firm size, and by the degree of centralization or decentralization of the human resources function. The data will be collected, tabulated, analyzed, and prepared for reporting to USCIS according to the following schedule, shown below.

Project schedule for evaluation of E-Verify

Activity	Date to start	Date to complete
Data Collection Activities		
Implement field testing of survey on small sample	8/16/11	8/23/11
Implement Web survey of E-Verify employers	9/7/11	12/6/11
Clean data for Web survey	12/6/13	12/20/13
Report Writing (Web Survey)		
Weight Web survey data	12/20/13	12/31/13
Analyze Web survey data	1/31/14	1/21/14
Write first draft (Web survey) for USCIS review	1/24/14	2/4/14
Complete final draft of Web survey report	3/4/14	3/21/14
Informal briefing for USCIS	3/16/14	3/16/14

Analysis of the data will be done using standard statistical methodologies to look at employer behavior in the aggregate, by segments of types of employers, differences between employers in mandatory and non-mandatory "control" states, and changes over

time. Data analysis is discussed in more detail in Supporting Statement B.

DHS will explore possible ways of sharing the full anonymized data set collected with the public once the study has concluded, with the intent of making the data accessible for further, independent analysis and open to public comment.

17.   USCIS does request an exemption to display the OMB expiration date. All surveys conducted under this clearance process will display the OMB expiration date.

18.   USCIS does not request any exceptions to the certification of this information collection.

B.   Collection of Information Employing Statistical Methods.

See Supplemental Supporting Statement B

C.   Certification and Signatures

PAPERWORK CERTIFICATIONS

In submitting this request for OMB approval, I certify that the requirements of the Privacy Act and OMB directives have been complied with including paperwork regulations, statistical standards or directives, and any other information policy directives promulgated under 5 CFR 1320.

_____   _____

Sunday Aigbe   **Date**
Chief,
Regulatory Products Division,
Office of the Executive Secretariat,
U.S. Citizenship and Immigration Services,
Department of Homeland Security.