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**COMMENTARY**

**'No Match,' No Sense**

By **PIA ORRENIUS**

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The U.S. has tried many tactics in its campaign to thwart illegal immigration -- border fences, additional Border Patrol agents, cameras, motion sensors, unmanned aerial vehicles. The focus on flashy technology and beefed-up manpower has ignored one little-known program: the Social Security Administration's (SSA) no-match letter program. But with new rules from the Bush administration due any day now, the program will require employers to fire undocumented workers, making it the weapon that could finally make a dent against illegal immigration. Unintended consequences of the program promise to also cause serious economic harm.

Every year, the SSA sends out more than 100,000 no-match letters to employers with at least 10 workers whose reported Social Security numbers either do not exist or do not match the names on the SSA's records. In a small number of cases, no-matches are legitimate clerical errors or instances where a worker has changed his or her name. But the majority of workers listed in no-match letters are undocumented immigrants working in the U.S. illegally.

For years, employers had little incentive to resolve no-matches. They were deemed compliant with immigration laws so long as they filled out I-9 forms and were presented with two sources of identification, often easily forged, that verified the worker's identity and work authorization. The new rules will change that by offering a "safe harbor" from prosecution only to employers who act on no-match letters by firing workers who cannot present valid Social Security numbers. This is striking fear into the hearts of many employers and their workers.

The new no-match rules were initially proposed with the expectation that Congress would pass comprehensive immigration reform. That didn't happen. As things stand, they will be implemented on a large and economically vulnerable segment of the workforce. At least eight million illegal immigrants work in the U.S. today and, perhaps surprisingly, the majority of them work on the books. According to data from the Mexican Migration Project (jointly run by Princeton University and the University of Guadalajara) on illegal immigrants from Mexico, 65% report having had payroll taxes withheld while working in the U.S. According to the SSA's Earnings Suspense File, taxed wages of persons whose names and Social Security numbers do not match reached \$586 billion at the start of fiscal year 2007, up from \$463 billion in 2002. This revenue could substantially decrease with the implementation of new laws.

The new no-match program may not catch everybody, but it has the potential to impact the employment of three to four million undocumented workers. With such workers concentrated in just a few big states -- California, Texas, Florida, New York, Arizona and Illinois -- the regional impact of the program could be substantial.

Border enforcement keeps some immigrants out, but since it does nothing to remove the jobs magnet pulling workers here, it actually raises the rewards for those who make it in, encouraging more illegal immigration. Fears of no-match letters reflect a simple reality -- this could work.

Interior enforcement strikes at the heart of why immigrants come to the U.S. -- jobs. This approach can be effective without harming the U.S. economy when used to deter illegal inflows. When directed at the current stock of illegal immigrant workers, however, interior enforcement may do more harm than good.

The main effects will be to drive undocumented workers underground where they will work off the books for lower wages, under worse conditions and subject to more abuses. In recent work, Madeline Zavodny of Agnes Scott College and I found that the no-match letters and other post-9/11 enforcement measures, such as the Real ID Act, have eroded the demand for undocumented labor relative to other low-skilled workers, causing the relative wages and employment rates of undocumented workers to decline.

Faced with worse job prospects, some illegal immigrants return to their home countries, but most stay put. They are bound to this country by their U.S.-born children and, in many cases, by their pending green card applications.

As the conditions of illegals worsen, they will be more likely to default on mortgages and credit cards, problems that affect us all. The growth in the shadow economy will undercut legitimate workers and businesses. And as illegals come off the books, their earnings will go untaxed at the same time that their need for public dollars for services such as health care will likely rise, so U.S. taxpayers could be made worse off as well.

Given the drawbacks of the tougher no-match program, and the meager payoff, there is urgent need for lawmakers to revisit the issue of immigration reform. A flexible foreign worker program with realistic limits on visas would allow U.S. businesses to legally hire the workers they need. More green cards would speed the wait for many illegal immigrants who are eligible for permanent residence but stuck in queues that take decades to process.

Meanwhile, border and interior enforcement can continue to enhance homeland security while holding future illegal inflows at bay. Without comprehensive immigration reform, no-match makes no sense.

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