

New labor rules make some fear decline in work force

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Houston industry and labor leaders say new federal rules that threaten businesses with prosecution if they don't fire suspected illegal immigrants could cripple the regional economy.

Last week, the Department of Homeland Security issued a revised version of its "no-match" regulations, which punish employers whose employees' names don't match their Social Security numbers.

The regulations are provoking such urgency among local business leaders that the powerful Greater Houston Partnership has created a nonprofit lobbying group — Americans for Immigration Reform — to battle the new rules.

Jeff Moseley, president and CEO of the partnership, said the lobbying group is also working to revive comprehensive immigration reform in Congress later this year. They plan to hire at least 10 staff members and raise \$15 million to \$20 million from the business community.

"We're getting a strong contribution from this work force to our economy, and the consequence of removing 1 of 10 workers would be extremely chilling to our economy — it would take it us down to our knees," Moseley said.

The partnership, a not-for-profit, private booster group with 1,800 member companies, lobbies governments on business issues important to Houston and works to bring new business to the area.

It estimates that the Houston Metropolitan Statistical Area has 250,000 undocumented workers who add \$27 billion yearly to the regional economy.

The partnership says five industries account for the bulk of illegal workers in Houston: construction, manufacturing, professional and business services, accommodation and food services, and other services.

Dale Wortham, president of the AFL-CIO Council in Harris County, said the no-match rules could lead to a construction worker shortage.

"There are a lot of folks out there who are not here legally doing road construction, and that's going to come to a screeching halt," the union official predicts. "You'll have a lot of restaurants that are going to be affected tremendously."

But there are some who downplay the potential harm to Houston's economy, noting no-match letters are sent only to companies where more than 10 workers with discrepancies are identified.

"That could have a very significant impact, but the question is where?" said Barton Smith, an economics professor at the University of Houston who directs the Institute for Regional Forecasting.

Smith said the no-match rule wouldn't affect businesses with few employees, and workers from other parts of the nation could migrate here for jobs vacated by illegal immigrants.

Texas 2nd nationally

DHS estimates more than 7 million people, or 5 percent of the civilian labor force, is here illegally.

Many use fake or stolen Social Security numbers. Officials estimate three-fourths of undocumented workers pay income and payroll taxes.

The Social Security Administration sent out 138,447 no-match letters nationally in 2006. Texas was second with 12,713 businesses getting letters. Because each letter contains more than 10 discrepancies, it's estimated that in 2006 at least 139,843 workers in Texas had names that didn't match Social Security numbers.

Businesses previously were not required to take action on receiving the letters. But under the new rules, employers that don't reconcile discrepancies in 90 days must fire workers or face fines and criminal charges.

The owner of a major Houston contracting firm who employs hundreds of workers said no-match enforcement will devastate the Houston economy and hurt workers and families.

"You'll have contractors who will go broke, construction costs will go up dramatically, and wages could go up significantly," said the owner, who insisted on not being identified for fear of being targeted by DHS. "But the biggest thing is the human toll."

DHS officials in Washington said last summer's defeat of comprehensive immigration reform left them with no choice.

Last week DHS said it's appealing a California federal court's injunction that blocked enforcement of the no-match rules initially proposed in August. The regulations won't go into effect until the injunction is lifted, DHS officials said.

Mark Krikorian, executive director of the Center for Immigration Studies, a Washington group supporting tighter immigration controls, said the no-match effort will force employers to hire legal workers.

"The no-match process is important because half of the illegals working are on the books, and have provided a fake or stolen Social Security number," Krikorian said.

Database errors cited

But critics say the rules will result in many immigrants being wrongly fired due to errors in the Social Security database.

The agency's inspector general has estimated that nearly 18 million accounts could have discrepancies, including clerical errors and name changes due to marriage and divorce.

Doris Meissner, director of the Immigration and Naturalization Service from 1993 to 2000, said no-match rules could lead to large numbers of people being unfairly fired by employers trying to protect themselves from charges of hiring unauthorized workers.

"In order to do that, they may terminate people in substantial numbers who are legally authorized to work just because of the nature of the inaccuracy of information in Social Security account files," said Meissner, now a senior fellow at the nonpartisan Migration Policy Institute in Washington.

The proposed rules concern many in Houston's immigrant community who work in construction, as janitors, or in restaurants. People like Alicia Garcia, who works clearing tables.

"The people who don't have any papers are worried," said Garcia, a native of Mexico who came to Houston on a student visa. "The people who are here won't leave until they are forced out — they will stay here because there are no jobs back home."