

Legal Workforce Act

Perspectives on Potential Policy and Enforcement Changes

UPDATE:

A new bill would make it much harder for employers to hire undocumented workers. If passed, the measure would significantly shrink the U.S. labor market, which is already tight, as employers add jobs in a growing economy and the Trump

Administration steps up immigration enforcement. We all need to understand what's happening and how it promises to impact our business and the operations of our clients and prospects.

Legal Workforce Act Introduced

On September 8, 2017, U.S. lawmakers introduced the Legal Workforce Act. This bill would require employers to use E-Verify to confirm the legal status of every new hire. It would also phase out the current paper-based I-9 system and allow employers to use E-Verify to check the work eligibility of current employees.

The bill is backed by business groups including the U.S. Chamber of Commerce, and should enjoy broad public support. A recent Washington Post/ABC News poll found that 82 percent of voters think business owners should be required to verify the legal work status of new employees.

If passed, the Legal Workforce Act would shrink the labor pool by sharply curtailing employers' abilities to hire unauthorized workers, which now make up about 5 percent of the U.S. labor force. This would powerfully impact our industry, creating new recruiting challenges in an already tight labor market.

Part of a Broader Enforcement Story

The bill's introduction is not an isolated event. Since taking office, President Trump has discouraged undocumented immigration and intensified enforcement of existing immigration and employment laws. In fact, during Trump's first 100 days, U.S. Immigration and Customs Enforcement (ICE) detained 157 percent more people who violated only immigration law than the agency did in the same period in 2016.

In addition, on September 28, 2017, Asplundh Tree Expert Company—widely known for its bright orange trucks—was fined a record \$95 million, the largest penalty ever levied in an immigration-related employment case. Prosecutors said executives at the tree-trimming firm were “willfully blind” to the hiring of unauthorized workers while lower-level supervisors knowingly hired and rehired illegal workers.

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This action dramatically illustrates the compliance risk of using undocumented workers, either directly or via an unscrupulous staffing firm. When they rely on undocumented workers, noncompliant staffing providers and their clients face joint-employment liabilities that can lead to substantial fines.

What this Means for Our Industry

Washington is acting on multiple fronts to increase enforcement and reduce the number of unauthorized workers in the U.S. This will impact the temporary staffing business by shrinking the less-skilled labor pool. Staffing firms now relying on undocumented workers will face an uphill recruiting challenge. And even companies operating in compliance with existing law will feel the impact of a tighter labor market as it accelerates already rising wage rate increases.