

# Implications of Immigration Reform for HR Departments

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The following was developed for  
presentation at the 2006 National  
Retail Foundation HR Summit.



# Introduction

- What is Comprehensive Immigration Reform (CIR)?
- Why is CIR important to HR executives?
  - Increased HR staff
  - Increased risk/sanctions
  - Increased costs
  - Labor force disruption
  - New labor force opportunity



# Proposed Changes to Immigration Laws

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# House Proposal (H.R. 4437)

- Bill passed in 12/05
- Focuses on border control and enforcement
- 700 mile fence on US/Mexico border
- Felony to be in the country illegally
- Require employers to verify all workers are legal through a national database



# Senate Proposal (S. 2611)

- Bill passed in 5/06
- Expands scope to include new legal channels for future workers and path to legal status for current undocumented workers
- "Guest worker" - allows for 200,000 new temporary workers per year
  - H-2C including labor certification, recruitment



# Senate Proposal (cont.)

- "Conversion" - path to legalization for current undocumented workers
  - 5 plus years: can stay and apply for permanent status
  - 2-5 years: can apply for permanent status, but must leave and re-enter
  - Under 2 years: must leave the US
- Undocumented workers seeking legal status must pay fines totaling \$3,250
- Requires employers to verify legal status of new employees through national database and increases employer penalties for hiring undocumented workers



# Verification (I-9) Compliance

- Most recent I-9 change - electronic storage
- National database proposed in both bills
- Employers required to submit information over phone or web for check against SSN database and immigration status
- House – Current process remains, but is expanded
- Senate – Replace current system



# Implications for Human Resources

- Unprecedented compliance burden
  - Large numbers of applications
  - Short window of time for applications
    - Current lawsuits foreshadow potential future claims
    - Class action suit filed in October, 2006 against major fast-food company for failure to file applications on behalf of illegal immigrants
- Post-legislation enforcement
  - Both bills increase employer penalties for non-compliance



# Implications for Human Resources (cont.)

- Revisions to Verification (I-9) process
  - Increased burden on employers to verify legal status, under both bills
  - Increased fines for non-compliance
  - Estimated \$1B to make Basic Pilot Program mandatory
  - Need for consistent, ongoing monitoring to confirm compliance



# Employer Protection and Preparation

- Law will result in substantial and urgent needs
- New business processes
- Key ingredients:
  - Scalability
  - Technology
  - Responsiveness
  - Expertise



# Contact Us

For further information regarding immigration reform, contact us at:

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