Lawful Employment and Fiscal Accountability Act

Policy framework and discussion draft · Version 1.1

The problem: hiring an unauthorized worker costs less than hiring lawfully.

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Lawful Employment and Fiscal Accountability: A Policy Framework and Discussion-Draft Bill

Version 1.1 replaces the bill text of version 1.0, which carried v0.5.3 unchanged, with the proposed substitute of 26 October 2026, and updates the framework to match.

At a glance. The problem: hiring an unauthorized worker costs less than hiring lawfully. The 1986 law lets a convincing fake document satisfy the employer's document check, and the states and counties pay the service costs while most of the taxes go to Washington. The fix has seven parts. Identity-based verification for every new hire, phased in by employer size and certified accurate before it reaches small employers. The same verification for covered contractor and 1099 (independent-contractor) arrangements. Internal Revenue Service review of the employers who file the most unmatched wage reports. Capped federal payments to states for jails, classrooms, and emergency rooms. Wages recoverable for work performed, regardless of status. One fixed method for measuring results. And a registration channel for the existing workforce that takes effect only if the numbers trigger it and Congress votes for it. The cost: up to $1.6 billion a year for jails and $12 billion a year for schools and emergency care, for five years. Both caps are provisional pending a Congressional Budget Office (CBO) score. The test: seven predictions, each with a named data source and a stated failure condition. What it does not do: it does not address removals or visas, does not claim to raise revenue or native wages, and does not repeal *Plyler v. Doe* or EMTALA.

1. Bottom line

Take two contractors bidding the same job. One keeps workers on payroll, withholds taxes, and checks that each new hire is who he says he is. The other knowingly hires unauthorized workers, pays them in cash, and accepts borrowed names and Social Security numbers. The second contractor's labor costs less, so that contractor can underbid the first. That is why unauthorized employment persists in the United States: it pays. Congress made the second contractor's conduct unlawful in 1986 and then wrote a document standard that a convincing counterfeit or a borrowed identity could satisfy. Forty years later the prohibition is still in force and the advantage is still there.

This bill is built to end that advantage. It does five things.

1. **It makes identity-based verification mandatory for every new hire,** phased in by employer size, and covers the contractor and 1099 arrangements employers use to get around it. Small employers are covered only after the Government Accountability Office (GAO) certifies that the identity controls meet a stated error rate. (Titles I and II)

2. **It takes the profit out of the violation.** Wages for work performed are recoverable regardless of status. Where *Hoffman Plastic* bars back pay under the National Labor Relations Act (NLRA), the employer pays the same amount to the Treasury. (Title V)

3. **It finds the employers who file large volumes of wage reports that the Social Security Administration (SSA) cannot credit to any worker's earnings record,** using records the government already holds, and sends them to the IRS for risk-based review. A mismatch is a lead, not a liability; any tax owed must be established on its own evidence. (Title III)

4. **It pays states and counties, within a cap, for costs that federal law and the Constitution leave with them:** jails, classrooms, and emergency rooms. Current law creates or limits those obligations and pays for only part of the cost. This bill pays the rest, within a cap, from the general fund. (Title IV)

5. **It sets one method for measuring results.** CBO and the Social Security Chief Actuary report every year on a fixed, published method, so Congress stops arguing about accounting and starts arguing about outcomes. (Title VI)

A sixth element, conditional employment authorization for part of the existing workforce, is in the bill but does not take effect on enactment. It takes effect only if the annual report shows work moving off the books in large numbers, and only after Congress enacts a separate joint resolution approving it, which means both Houses must pass it and it must become law like any other bill. (Title VII)

Four findings support the design.

- **Unauthorized workers pay substantial tax, and most of it goes to Washington.** The Social Security trust funds alone netted about $12 billion from unauthorized work in 2010. States and counties carry the service costs. CBO put the net state and local cost of the 2021–23 arrivals at $9.2 billion in 2023, or 0.3% of state and local spending net of federal grants. The cost is real and it is small.
- **Those state costs come from people living here, not from where they work.** Schools, emergency rooms, and jails serve residents. Employment enforcement does not change those costs unless people leave or use fewer services.
- **Verification cuts unauthorized employment, and some work moves off payroll.** Arizona's 2007 mandate cut the state's working-age unauthorized population by about 17%. It also moved about 8 percentage points of likely unauthorized workers into self-employment, and it produced no measurable employment gain for lawful low-skilled workers.
- **Document checks alone do not catch identity fraud.** Westat's evaluation of 2008 queries estimated that about 54% of unauthorized workers run through E-Verify were confirmed as authorized, most of them on someone else's identity.

What this bill does not claim. It does not claim to raise tax revenue; on the Arizona evidence, enforcement alone can lower it. It does not claim to raise native wages; the evidence does not support that. It does not claim that the federal government runs a net surplus on unauthorized immigration; no comprehensive estimate exists, and Title VI orders one. It does not repeal *Plyler v. Doe* or EMTALA; it pays for those costs instead of shifting them. It does not address removals or visa capacity.

Why Title VII is contingent. Enforcement without a channel to formal work reduces unauthorized employment and reduces tax collection. A bill with an unconditional channel does not pass this Congress. So the bill does the enforcement now and leaves the registration decision for later, on evidence: a measured trigger plus a separate vote. If revenue mattered more than passage, Title VII would take effect with Title I. This draft assumes passage matters more.

Six terms, defined once.

- **E-Verify.** The federal online system, run by the Department of Homeland Security (DHS) with Social Security data, that checks a new hire's name, Social Security number, and work authorization against government records. Voluntary for most employers today. This bill makes it mandatory and permanent.
- **Tentative nonconfirmation.** E-Verify's initial notice that the records do not match. It does not mean the worker is unauthorized. The worker has a fixed number of days to contest it; if the worker does not contest it, or loses, it becomes final.
- **Earnings Suspense File.** Social Security's holding file for wage reports it cannot credit to any worker's earnings record. In the 2008–12 audit, name and Social Security number mismatches were about 95% of the items. Employers who file many of them are where Title III starts.

- **SCAAP.** The State Criminal Alien Assistance Program, the federal program that partly reimburses states and counties for jailing or imprisoning unauthorized immigrants who meet its criminal-conviction criteria.
- *Plyler v. Doe* **and EMTALA.** The 1982 Supreme Court decision that bars states from denying undocumented children a public K-12 education, and the 1986 law that requires hospitals with emergency departments to screen anyone who comes in and, if an emergency condition exists, to stabilize or transfer the patient. The resulting costs fall on school districts, hospitals, and the states and counties that fund them.
- **Presence and formality.** The two effects the bill measures separately: whether people stay in the country (presence), and whether their work is recorded and taxed, on a payroll or as reported self-employment (formality).

2. The problem: two problems, not one

There are two problems. They have different causes, and they need different tools.

Problem A: hiring unauthorized workers is cheaper than hiring lawfully. The Immigration Reform and Control Act of 1986 made it unlawful to knowingly hire an unauthorized worker. It then told employers they had met the document-review duty if a document "reasonably appears on its face to be genuine" (8 U.S.C. § 1324a(b)(1)(A)). That sentence let counterfeit documents and borrowed identities satisfy the check. An employer who accepts a plausible card, pays less than the law requires, or shifts workers to a contractor gains a cost advantage over competitors who follow the law. The size of the advantage varies by sector; its existence does not. It is a cause Congress can fix directly, and it is where this bill starts.

Problem B: Washington collects and the states pay. Unauthorized immigrants pay substantial tax. The Institute on Taxation and Economic Policy (ITEP) estimates $96.7 billion in 2022, $59.4 billion of it federal; that figure is modeled, not observed. The Social Security Chief Actuary estimated that in 2010 unauthorized work generated about $13 billion in Social Security (OASDI) payroll tax and about $1 billion in benefits attributable to that work. That is a one-program, one-year comparison, not a federal budget total. For the 2021–23 arrivals, CBO projected in 2024 that federal revenues would exceed federal costs over ten years. States and counties carry the costs that come with the legal obligations governing schools, emergency care, and eligible incarceration:

- **Jails. SCAAP payments covered about 25.5% of applicants' eligible costs in the FY2023 program year. The appropriation was $234 million in FY2024, down from $565 million in FY2002, and $202.5 million in FY2026, enacted by Public Law 119–74 on January 23, 2026. The $950 million annual authorization in 8 U.S.C. § 1231(i)(5) lapsed after FY2011; the words remain in the statute, the authority does not. Eligible cost means correctional-officer salary only.**
- **Schools.** *Plyler v. Doe*, 457 U.S. 202 (1982), bars a state from denying undocumented school-age children a free public K-12 education on the basis of status. CBO counted about 550,000 school-age children in the 2021–23 surge population, with $5.7 billion in direct incremental K-12 spending in 2023.
- **Emergency rooms.** EMTALA requires covered hospitals to screen every patient and, where required, to stabilize or transfer. Emergency Medicaid under 42 U.S.C. § 1396b(v) pays the federal share for emergency conditions; hospitals and states absorb the rest.

CBO's June 2025 estimate is the best available, and it covers one group in one year: the 2021–23 immigration surge population, measured in 2023. That group paid $10.1 billion in state and local taxes and cost $19.3 billion in services, a net cost of $9.2 billion, which CBO puts at 0.3% of state and local spending net of federal grants. Three limits apply. Many in that group were paroled or work-authorized.

The spending includes state border-security outlays, which are a state choice. And it is one year, not a lifetime.

Why the two problems need different tools. Service costs come from residence. Move a worker from an off-book job to a payroll job and residence does not change: reported payroll tax rises and service costs stay where they were. Enforcement reduces service costs only when people leave or use fewer services. So this bill pays states for the costs they carry (Title IV) from the general fund, within a cap, and it does not pretend that employer enforcement will close the gap.

The population today. Pew estimated a record 14 million unauthorized immigrants in 2023 and reported that the number "likely" fell in the first half of 2025, without giving a figure. CBO's January 2026 outlook projects net immigration of −360,000 in 2025 and −330,000 in each of 2026 and 2027 for its "other foreign nationals" category. That category is not a direct measure of the unauthorized population. The CBO surge estimate, the ITEP 2022 estimate, and the SSA 2010 estimate describe different populations in different years, and all predate that decline. They are not one balance sheet.

The questions the framework answers, separately:

1. What does the Act do to unauthorized *presence*, by level of government, this year and over 75 years?
2. Holding presence fixed, what does the Act do to the *formality* of work: payroll coverage, tax receipts, and movement into self-employment and 1099 arrangements?
3. Who pays and who gains: the federal government, the states, the counties, employers, lawful workers?

3. What the record shows

The record is forty years long and its lessons are consistent. Enforcement that stops at the worker, or at the document, has not removed the employer's incentive. Document checks alone miss identity fraud. Verification that leaves contractor and 1099 work uncovered moves jobs off payroll. Cutting labor supply did not raise farm wages in the one large test. Tying work authorization to a payroll record raised tax revenue in Spain. Each row below is one of those lessons, with the number behind it and the limit of what it proves.

EPISODE	WHAT HAPPENED	WHAT IT MEANS FOR THIS BILL	SOURCE
IRCA (1986)	About 2.7 million people legalized; employer sanctions created. The sanctions failed because a facially genuine document satisfied the employer's duty. Unauthorized immigration continued despite the sanctions.	Verify identity, not paper. Legalization without working verification does not hold.	8 U.S.C. § 1324a(b)(1)(A)8 U.S.C. § 1324a(b)(1)(A); DHS OHSS, Naturalization Rates among IRCA Immigrants (2009)
Operation Vanguard, Nebraska (1998–99)	INS subpoenaed I-9 records from 111 meatpacking plants and matched them against SSA data; 24,148 meatpacking employees were checked. At the 60 plants that showed discrepancies, 4,495 workers were asked to appear before the INS; 3,152 quit before the INS arrived, 1,042 were interviewed, and 34 were apprehended.	The episode shows immediate workforce disruption and no employer consequence; the record does not show the long-run effect on hiring. Data matching has to target the employer and run under clear statutory authority.	Rural Migration News, Vol. 6 No. 4 (Oct. 2000), and Vol. 6 No. 2 (Apr. 2000) for the 24,148 figure; no INS or GAO primary document carries them

EPISODE	WHAT HAPPENED	WHAT IT MEANS FOR THIS BILL	SOURCE
E-Verify accuracy (Westat, 2009)	In its evaluation of 2008 queries, Westat estimated that about 54% (plausible range 37–64%) of unauthorized workers run through E-Verify were confirmed as authorized, mainly through identity fraud. Those cases were about 3.3% of all queries. This is a historical evaluation, not a current error rate.	Photo matching, SSN locks, and multiple-use alerts must be certified before small employers are covered.	USCIS/Westat summary
Earnings Suspense File (SSA OIG)	Tax years 2008–12: SSA placed about 39 million W-2s and $373 billion in wages in the Earnings Suspense File; about 37 million of them, $351 billion, were name/SSN mismatches. About 1.3 million employers filed them. In an earlier audit, 40 high-volume employers together filed more than 1 million suspended items in four years, about 25,000 each.	The audits show repeated, concentrated reporting problems among high-volume employers; they do not give a current national distribution. Mismatches are review leads, not proof of liability. Title III starts with them, using data SSA already holds.	SSA OIG A-03–15–50058; A-03–03–13026

EPISODE	WHAT HAPPENED	WHAT IT MEANS FOR THIS BILL	SOURCE
Arizona LAWA (2007–08)	Working-age unauthorized population fell about 17% (about 92,000). Wage employment of likely unauthorized workers fell 11 points; self-employment rose 8 points. For lawful low-skilled workers: no employment gain, some evidence of lower employment and higher unemployment (concentrated among non-Hispanic white men), and higher earnings for those who stayed employed.	Mandates reduce the unauthorized population and move work off payroll. Coverage of 1099 and contractor work must start the same day. Do not promise native job gains.	Bohn, Lofstrom & Raphael, REStat 2014; PPIC; SEJ 2015
Worksite raids (Swift 2006; Postville 2008; Mississippi 2019)	Worker arrests were large and immediate; employer charges were few and late. Mississippi: 680 workers detained at seven plants in one day; four managers or HR staff indicted a year later. Postville: 389 workers arrested; the company's CEO was convicted of financial crimes, not immigration offenses.	The record shows immediate disruption and few employer consequences; it does not measure long-run effects on hiring incentives. Target the employer's payroll records, not the workers on shift.	ICE release of July 11, 2007 (Swift); ICE release of May 15, 2008 and USAO-NDIA release of June 22, 2010 (Postville); ICE and USAO-SDMS releases of August 7, 2019 (Mississippi)

EPISODE	WHAT HAPPENED	WHAT IT MEANS FOR THIS BILL	SOURCE
Bracero exclusion (1964)	About 500,000 seasonal workers excluded. The study found no measurable improvement in domestic farm wages or employment; the authors attribute the result to mechanization and changes in crop choice.	Cutting labor supply did not raise wages in the setting studied. This bill claims labor-standards effects, not wage gains.	Clemens, Lewis & Postel, AER 2018
Spain regularization (2005)	About 600,000 regularized, conditioned on an employment contract and social-security registration. Payroll-tax revenue rose about €4,000 per legalized worker. No magnet effect, meaning no detectable rise in new arrivals. No rise in public spending detected.	Employer-tied registration raised formal employment and tax receipts in Spain's setting. Title VII borrows the design; it does not inherit the result.	Elias, Monras & Vázquez-Grenno, *J. Labor Econ.* (2025), DOI 10.1086/730122; working paper
Italy regularizations (2002; 2020)	2002: 702,156 applications, about 650,000 of them accepted. 2020: 207,542 employer applications and 12,986 temporary-permit applications, mostly domestic and care work. Irregular populations re-formed after each program; whether the absence of workplace verification caused that is not established.	Registration must be one-time, tied to a past date, and paired with enforcement.	Italian Interior Ministry (2020 data of 15 August 2020 as published by integrazionemigranti.gov.it; 2002 applications from Ministry statements, accepted applications from the Caritas/ Migrantes Dossier Statistico)

EPISODE	WHAT HAPPENED	WHAT IT MEANS FOR THIS BILL	SOURCE
State reimbursement suits (1994–97) and SCAAP	Six states sued for reimbursement of immigration costs under the Invasion and Guarantee Clauses. Every circuit rejected the claims, mainly as political questions; *Padavan* (2d Cir.) also construed "invasion" to require armed hostility. SCAAP appropriations fell from $565 million (FY2002) to about $202 million (FY2026); FY2023 payments covered about 25.5% of eligible costs.	Only Congress can pay. Payment must be mandatory within a cap, not left to annual appropriations.	BJA FY2024 solicitation; CRS RL33431
Mass removal (2025 modeling)	Penn Wharton estimated an average cost of about $70,236 per removal (the mean of two published estimates, $30,591 and $109,880) and about $900 billion over ten years for permanent mass deportation beyond 2025 reconciliation funding. DHS stated an average arrest-detain-remove cost of $17,121. The figures use different methods and are not directly comparable.	Removal cuts federal revenue and never reaches the employer. Employer verification targets hiring rather than removal; its cost per prevented unauthorized hire has not been estimated.	Penn Wharton Budget Model; DHS release, May 5, 2025

What the record does not show. SSA publishes only cumulative Earnings Suspense File totals (over 424 million wage items and $2.4 trillion in wages for tax years 1937 through 2024, in its FY2025 Agency Financial Report); the latest audited annual figures end at tax year 2012, and no current annual-flow baseline is public. No national evidence exists on how well photo matching or SSN locks stop identity fraud. Rows in the source tables state whether the figure rests on the source itself or on a report of it.

4. Eight design rules, one for each failure

Eight rules follow from the record. Each one answers a specific failure the record shows.

1. **Go after the employer, not the worker.** In *Arizona v. United States*, 567 U.S. 387, 404–06 (2012), the Supreme Court held that Congress "made a deliberate choice not to impose criminal penalties on aliens who seek or engage in unauthorized employment," and struck Arizona's attempt to do so. As policy, that choice was right: the employer holds the money and the records, and federal power over hiring is clearest there.

2. **Prove identity before covering small employers.** Photo matching against state license images, a default SSN lock, and alerts on multiple use of one number must be certified as meeting a stated error rate before any employer under 500 workers is covered. Westat's 54% number is the reason.

3. **Cover the substitutes on the same day.** Contractor, staffing, and 1099 arrangements come under the mandate on the date each employer tier does, under a knew-or-should-have-known standard, so looking away is not a defense. Genuine independent contractors are covered by a separate verification duty on whoever engages them. Arizona's 8-point shift into self-employment is the reason.

4. **Start with data the government already has.** SSA knows which employers file the mismatched W-2s. Title III sends that list to Treasury for risk-based review. It uses existing records and starts before the small-employer phase; Title VI measures what it costs and what it collects.

5. **Take the profit, not just the hire.** Where *Hoffman Plastic*, 535 U.S. 137 (2002), bars back pay to a worker for work not performed, the employer pays the same amount to the Treasury. The employer pays even where the worker cannot be paid.

6. **Pay for what federal law requires, within a cap.** *Plyler* keeps children in classrooms and EMTALA keeps patients in emergency rooms; neither makes Washington pay. This bill does, through capped mandatory spending from the general fund, not annual appropriations and not penalty receipts that may never arrive.

7. **Fix the method in statute.** Report effects on presence and on formality separately, by level of government, this year and over 75 years, with the assumptions published. Both sides then argue from the same numbers.

8. **Make formalization conditional and separate.** Registration of the existing workforce is written in but not in effect, one-time, and tied to a past date. It requires a measured trigger and a separate enacted joint resolution. Spain shows the design can work in one setting; Italy shows the risk when it is repeated.

5. The bill, title by title

Seven titles. Two take effect on enactment (VI, V), one in the first fiscal year (IV), three on a schedule, with the later phases subject to certification (III, I, II), and one only on a later enacted joint resolution (VII). The table is in that order.

TITLE	EFFECTIVE	WHAT IT DOES	WHAT IT AMENDS	RULE
VI. Measurement	Enactment	**CBO and the SSA Chief Actuary report every year on a fixed, published method: presence and formality effects reported separately; with and without U.S.-citizen children; annual and 75-year present value; federal, state, and local; current-law baseline; assumptions and sensitivity ranges published. The report states whether the Title VII trigger has been met. GAO audits at year 3.**	New reporting section	7

TITLE	EFFECTIVE	WHAT IT DOES	WHAT IT AMENDS	RULE
V. Remedy Parity	Enactment	**Codifies Fair Labor Standards Act (FLSA) recovery for work performed regardless of status. Where** *Hoffman Plastic* **bars NLRA back pay for work not performed, the employer pays an equal civil assessment to the Treasury. Courts may bar discovery of immigration status in wage cases.**	**29 U.S.C. §§ 160(c), 216; new discovery provision**	5

IV. Fiscal Equalization	First fiscal year after enactment	**Creates a supplemental incarceration grant alongside the State Criminal Alien Assistance Program rather than reauthorizing it: Sec. 401 grants are additional to section 241(i) of the Immigration and Nationality Act and modify neither the Attorney General's authority under section 241(i)(1) nor the cost standard in section 241(i)(2), and eligible daily cost is defined to include correctional officers, supervision, facility operation, in-custody medical care and food, while excluding capital construction and costs reimbursed from elsewhere. Capped formula payments, also mandatory and appropriated, for incremental K-12 enrollment and for uncompensated emergency care net of federal emergency-Medicaid payments. Payments pass through to the districts, counties, and hospitals that incur the costs. Claims are reduced proportionately when they exceed the cap. Five fiscal years, starting with the first**	**8 U.S.C. § 1231(i)(5), whose authorization expired after FY2011**	6

TITLE	EFFECTIVE	WHAT IT DOES	WHAT IT AMENDS	RULE
		full fiscal year after enactment.		
III. Employment Tax Recovery	12 months	SSA sends Treasury the list of employers whose mismatched wage reports exceed a threshold, with employer-level aggregates. IRS uses the list for risk-based review and establishes any liability on independent evidence under existing Code provisions. DHS receives employer identifiers only, never worker records.	New 26 U.S.C. § 6103(l) paragraph with § 6103(p)(4) safeguards; 42 U.S.C. § 1306 conformed. No False Claims Act change.	4
I. Verified Employment	12 / 24 / 36 months by employer size	Mandatory E-Verify for new hires: 500+ workers at 12 months, 20+ at 24, all at 36. The 24- and 36-month dates wait for GAO certification that photo matching, a default SSN lock, and multiple-use alerts meet stated error rates. Contest procedure and wage damages for government error.	§ 1324a(b)(1)(A) so a facially genuine document no longer satisfies the duty for covered hires; § 1324a(a)(3) conformed with IIRIRA § 402(b); IIRIRA §§ 401–405 made permanent and mandatory (P.L. 119–75, div. I, § 5014 extended the program to September 30, 2026; P.L. 119–103, div. A, § 101(6) continues it to December 11, 2026); § 1324a(e)(4) penalties raised from the current tiers of $716–$5,724, $5,724–$14,308, and $8,586–$28,619 in 8 C.F.R. § 274a.10.	1, 2

TITLE	EFFECTIVE	WHAT IT DOES	WHAT IT AMENDS	RULE
II. Covered Arrangements	Same date as each Title I tier	**The verification duty reaches labor contractors, staffing firms, and anyone who controls the work under an economic-reality test; the contractor runs the query and the client may rely on it. A separate duty covers genuine independent contractors: whoever engages an individual to perform labor personally for $[2,000] or more a year, the information-reporting threshold since 2026, verifies that individual before the work begins, or before the next payment once compensation reaches the threshold. Liability where the client knew or should have known. Joint and several.**	**§ 1324a(a)(4), replacing the actual-knowledge standard for covered arrangements**	3

TITLE	EFFECTIVE	WHAT IT DOES	WHAT IT AMENDS	RULE
VII. Contingent Workforce Registration	Only on trigger plus enacted joint resolution	**One-time, employer-sponsored registration for workers continuously employed before the date of introduction. Conditional work authorization for [3] years, renewable only on continued verified employment and withholding. No means-tested benefits. No status adjustment by itself. Severable.**	**New title; expedited joint-resolution procedure**	8

What changed from v0.1 and why. The False Claims Act amendment is gone; tax liabilities stay inside the Code's own enforcement tools, and the change invited *Escobar* materiality litigation for no gain. Title IV is capped and paid from the general fund, because penalty receipts start late and may never arrive. Title V no longer claims an FLSA gap that does not exist. The § 1324b change is gone; anti-discrimination penalties stay at current law, and employer-sanction penalties rise under § 1324a instead. Preemption is now a minimum standard, not a limit on the states.

State law. States keep licensing sanctions of the kind upheld in *Chamber of Commerce v. Whiting*, 563 U.S. 582 (2011), and may require E-Verify sooner than the federal schedule. Only state verification systems other than E-Verify are preempted.

Pending bills. Two mandatory E-Verify bills are before the 119th Congress: H.R. 251, the Legal Workforce Act (Calvert, introduced January 9, 2025), and S. 4620, the Mandatory E-Verify Act of 2026 (Britt, introduced May 21, 2026). Both phase in by employer size, require SSA to notify a number holder of unusual multiple-employer use and to lock the number on the holder's report, and set knowing-hire penalties of $2,500–$5,000, $5,000–$10,000, and $10,000–$25,000. This draft shares those elements and differs in four respects. The small-employer phases wait for GAO certification of the identity controls (§ 102(c)). A worker harmed by government error has a wage remedy (§ 104(b)). Section 106 sets a federal floor where H.R. 251 § 6 preempts state law. Titles III through VII have no counterpart in either bill. One detail matters for § 105: the pending bills' first-tier ceiling of $5,000 is below the current inflation-adjusted ceiling of $5,724, so adopting their figures would lower one penalty; Annex D proposes tiers above every current amount.

What Title IV costs. Three illustrative annual ranges, none of them a score:

- **Jails.** SCAAP at full reimbursement of historically eligible costs (officer salary only): about $0.8–1.6 billion, the FY2022–24 appropriation divided by reimbursement ratios of 15–30%. Section 401 widens eligible cost to the full daily cost of incarceration, which this range does not capture and which needs its own estimate.
- **Schools.** Incremental K-12: about $6–16 billion, from an unverified assumption of 1.0–1.5 million eligible pupils at $6,200–$10,400 each. CBO's $5.7 billion for 550,000 surge students implies about $10,400 per pupil in that population, which may not match the bill's eligible population.
- **Emergency rooms.** Uncompensated emergency care net of emergency Medicaid: about $1–3 billion, an author estimate from national uncompensated-care totals and the weakest of the three.

The draft caps the supplemental incarceration grant and caps the education and emergency-care grants together at $12,000,000,000 a fiscal year, with Sec. 403(b) requiring the relevant Secretary to reduce approved claims proportionately under a published nationwide formula when they exceed a cap. Against the illustrative $7–19 billion range, $12 billion would fund about 63–100% of modeled claims before pro-rata allocation. Both caps are bracketed and need a CBO score. Civil penalties and § 502 assessments supplement general-fund financing without reducing the payment limits; employment-tax collections stay where existing law puts them.

6. Why it holds up in court

In plain terms: federal law has regulated private hiring since 1986, so Title I extends an existing program rather than creating a new power. The data-sharing and spending provisions are written with safeguards aimed at the statutory and constitutional requirements the cases in this table identify. No court has reviewed those provisions, and Legislative Counsel has not yet conformed them. Two provisions that drew the strongest objections in v0.1 have been removed. The data-sharing, mandatory-spending, identity-verification, remedy, and contingent-registration provisions have operative text and still need a privacy impact assessment and a CBO score.

ISSUE	CONTROLLING AUTHORITY	EXPOSURE	HOW THE BILL HANDLES IT
Federal power to regulate private hiring	Commerce Clause and the immigration power. IRCA has regulated private hiring nationwide since 1986; *Hoffman Plastic* and *Arizona* treat that scheme as valid federal law.	Low	Title I extends an existing federal regulatory scheme to all employers. It creates no new category of federal power.
Preemption of state law	*Chamber of Commerce v. Whiting*, 563 U.S. 582, 594–601, 608–609 (2011): Arizona's licensing sanctions fall within § 1324a(h)(2), and its E-Verify mandate is not preempted. Parts II-B and III-B were a four-Justice plurality.	Low	*Whiting* is a statutory preemption holding. The bill states its own rule: a federal floor, state licensing sanctions preserved in the words of § 1324a(h)(2), earlier or broader state E-Verify requirements allowed, other state verification systems preempted.
Worker-side penalties	*Arizona v. United States*, 567 U.S. 387, 403–07 (2012): SB 1070 § 5(C), a state criminal penalty on unauthorized work, preempted because Congress chose to sanction employers, not employees.	Avoided	No new worker penalties. Every duty falls on employers.

ISSUE	CONTROLLING AUTHORITY	EXPOSURE	HOW THE BILL HANDLES IT
State identity-theft prosecution	*Kansas v. Garcia*, 589 U.S. 191 (2020): prosecutions using W-4 and K-4 information not preempted; § 1324a(b)(5) restricts use of the I-9 only.	Low	Savings clause preserves prosecutions based on documents other than the I-9.
Commandeering	*Printz v. United States*, 521 U.S. 898, 935 (1997); *Murphy v. NCAA*, 584 U.S. 453 (2018).	Avoided	Preemption is written as a rule for employers. No state officer is told to do anything. State photo-image access is by agreement, with a federal fallback. Title IV is payment only.
Spending conditions	*Pennhurst State Sch. & Hosp. v. Halderman*, 451 U.S. 1, 17 (1981); *NFIB v. Sebelius*, 567 U.S. 519, 575–585 (2012).	Low	Title IV's only condition is cost reporting, stated plainly. The money is new, not withdrawn.
No judicial route to reimbursement	*Chiles v. United States*, 69 F.3d 1094 (11th Cir. 1995); *Padavan v. United States*, 82 F.3d 23 (2d Cir. 1996); *New Jersey v. United States*, 91 F.3d 463 (3d Cir. 1996); *California v. United States*, 104 F.3d 1086 (9th Cir. 1997); *Arizona v. United States*, 104 F.3d 1095 (9th Cir. 1997); *Texas v. United States*, 106 F.3d 661 (5th Cir. 1997). Separately, *United States v. Texas*, 599 U.S. 670 (2023), denied states standing to challenge federal enforcement priorities.	n/a	Every circuit rejected the states' Invasion and Guarantee Clause reimbursement claims, mainly as nonjusticiable political questions; *Padavan* also construed "invasion" to require armed hostility. The 2023 case closes a different route. Only Congress can pay. Title IV does.

ISSUE	CONTROLLING AUTHORITY	EXPOSURE	HOW THE BILL HANDLES IT
K-12 education	*Plyler v. Doe*, 457 U.S. 202, 227–230 (1982): a state may not deny undocumented school-age children a free public education on the basis of status. The Court found no evidence that the children imposed a significant burden on the state.	Not repealable by statute	Reimburse; do not attempt exclusion. Title VI supplies the measurement *Plyler* found missing.
Emergency care	42 U.S.C. § 1395dd (screening, stabilization, transfer duties on covered hospitals); § 1396b(v) (federal share for emergency conditions). P.L. 119–21, § 71110, caps the federal match for those services at the state's regular Medicaid matching rate (FMAP) from October 1, 2026; it does not end coverage.	Policy only	Keep EMTALA. Reimburse only uncompensated cost net of the federal emergency-Medicaid share.

ISSUE	CONTROLLING AUTHORITY	EXPOSURE	HOW THE BILL HANDLES IT
Return-information disclosure	26 U.S.C. § 6103; 42 U.S.C. § 1306. *Centro de Trabajadores Unidos v. Bessent*, No. 25–5181 (D.C. Cir. Feb. 24, 2026), affirmed denial of a preliminary injunction against IRS disclosures to ICE under § 6103(i)(2). *Center for Taxpayer Rights v. IRS*, No. 26–5006 (D.C. Cir. Sept. 8, 2026), affirmed a preliminary injunction against the IRS's mass-sharing procedure because it did not ensure each request met § 6103(i)(2). Neither is a final merits judgment.	Moderate	Centro held that § 6103(i)(2) permits address disclosure on a valid request and did not decide the legality of later implementation; Center for Taxpayer Rights upheld preliminary relief against a mass procedure that did not ensure the statutory request conditions were met. The lesson is that the procedure must match the statute. The bill therefore writes its own disclosure paragraph in full: what is disclosed and to whom (SSA sends employer identifiers and employer-level aggregates to Treasury; Treasury may send employer identifiers only to DHS), for what purpose, with no onward disclosure, no individual worker records, § 6103(p)(4) safeguards, §§ 7213 and 7431 penalties, a written agreement binding every recipient, and annual reporting.
FLSA wages for work performed	*Lucas v. Jerusalem Cafe*, 721 F.3d 927 (8th Cir. 2013); *Patel v. Quality Inn South*, 846 F.2d 700 (11th Cir. 1988); *Lamonica v. Safe Hurricane Shutters*, 711 F.3d 1299 (11th Cir. 2013).	None	The cited circuits allow recovery for work performed regardless of status; this review identified no contrary circuit authority. Title V codifies that rule.
NLRA back pay	*Hoffman Plastic Compounds v. NLRB*, 535 U.S. 137, 147–152 (2002): a statutory holding on remedial authority under IRCA.	Low	The worker receives nothing for work not performed, which respects *Hoffman*. The employer pays an equal civil assessment to the Treasury.
Immigration-status discovery	*Rivera v. NIBCO, Inc.*, 364 F.3d 1057 (9th Cir. 2004).	Low	Codifies the protective-order practice for wage cases.

ISSUE	CONTROLLING AUTHORITY	EXPOSURE	HOW THE BILL HANDLES IT
Driver's-license photographs	Driver's Privacy Protection Act, 18 U.S.C. § 2721(b)(1) (use by a government agency in carrying out its functions).	Low	Access is by agreement with each state under § 2721(b)(1); where a state does not participate, DHS and State Department images and in-person verification are the fallback.
Erroneous nonconfirmations	Procedural due process; Privacy Act accuracy duty.	Moderate	Written notice, 10 working days to contest, no adverse action pending resolution, wage damages against the United States, funded SSA field capacity, independent error audit with subgroup reporting.
Title VII activation	*INS v. Chadha*, 462 U.S. 919, 946–951 (1983); *Field v. Clark*, 143 U.S. 649, 692–694 (1892); *Currin v. Wallace*, 306 U.S. 1, 15–16 (1939); *Clinton v. City of New York*, 524 U.S. 417 (1998). Procedural analogies, not controlling precedent: Congressional Review Act, 5 U.S.C. §§ 801–808; trade promotion authority, 19 U.S.C. § 2191; Base Closure Act.	Low	Title VII takes effect only when a joint resolution is enacted into law through bicameral passage and presentment, which *Chadha* requires and *Field* and *Currin* permit for contingent legislation. The qualifying report lets a resolution be introduced; it compels no vote. The expedited procedure is a rule of each house under Article I, § 5, and either house may change it.

Citation status. The legal authorities in this section were checked against the cited texts on 11 October 2026. Historical and fiscal claims marked provisional in Section 3 and Annex B remain subject to primary-source verification. The E-Verify date, the IRS–ICE litigation status, and the § 274a.10 penalty amounts are current as of that date and will change. Annex B tracks every item.

7. How we will know if it worked

The bill makes seven measurable predictions, and this section says in advance what would prove each one wrong. Each has a defined measure, a data source, and a failure condition. Where one prediction could be met by failing another, the two are paired: suspended-earnings volume can fall because workers left payroll, so SP-1 counts only alongside SP-2 and SP-3. SP-2 is the Title VII trigger, and the bill defines it in statute.

ID	PREDICTION (BY YEAR 3 OF FULL PHASE-IN)	MEASURE AND SOURCE	MET / INDETERMINATE / PROVED WRONG	PAIRED WITH
SP-1	Earnings Suspense File volume falls	**ESF wage items per 1,000 W-2s processed for the tax year, standardized for reporting lag, against the enactment-year baseline published under § 602; raw counts reported alongside; SSA OCACT**	**Met: decline of 25% or more. Indeterminate: 10–25%. Proved wrong: under 10%.**	SP-2, SP-3
SP-2	Work does not move off payroll	**Share of noncitizen workers without a high school diploma reporting self-employment or independent-contractor status, Current Population Survey, three-year post-enactment average against the five-year pre-enactment trend, as computed by CBO under § 601**	**Met: rise under 3 points. Indeterminate: 3–5 points. Proved wrong, and Title VII trigger: 5 points or more, beyond the sampling margin (Arizona: 8).**	SP-1

ID	PREDICTION (BY YEAR 3 OF FULL PHASE-IN)	MEASURE AND SOURCE	MET / INDETERMINATE / PROVED WRONG	PAIRED WITH
SP-3	Payroll-tax receipts hold in exposed sectors	**Constant-dollar FICA (payroll-tax) receipts per dollar of covered payroll in agriculture, construction, food processing, hospitality, and home care, under published sector-classification rules, against a comparison group of sectors with low unauthorized employment; IRS / Treasury**	**Proved wrong: a decline in real FICA receipts per covered payroll dollar relative to the comparison group**	SP-1
SP-4	Title III collects more than it costs	**Incremental collections attributable to Title III reviews against the implementation and enforcement costs of SSA, IRS, and DHS; IRS / Treasury**	**Proved wrong: collections below cost**	—
SP-5	Title IV reaches states	**Payments against eligible cost within the cap; BJA, Education, CMS**	**Met: 80% or more. Proved wrong: under 50%.**	—
SP-6	Lawful workers are not wrongly rejected	**Erroneous final nonconfirmations for authorized workers, from an independent audit sample with subgroup results by document type and citizenship status; evaluator under GAO oversight**	**Proved wrong: rate above the § 602 baseline**	—

ID	PREDICTION (BY YEAR 3 OF FULL PHASE-IN)	MEASURE AND SOURCE	MET / INDETERMINATE / PROVED WRONG	PAIRED WITH
SP-7	Unauthorized employment falls	**Employed share of the estimated unauthorized population, as estimated by CBO under § 601 using a stated source hierarchy (DHS OHSS, Pew), with the population estimate and the employment share reported separately**	**Proved wrong: no decline in the employed share**	SP-2

The method, fixed in statute (Title VI).

- Marginal cost only. Defense and debt service are excluded.
- Presence effects and formality effects reported separately.
- Results with and without U.S.-citizen children.
- Annual and 75-year present value, discounted at the intermediate-assumption trust-fund yield in the most recent Social Security Trustees Report, with the base year and price year stated.
- Federal, state, and local results reported separately.
- Measured against current law, not against zero.
- Assumptions, population model, and sensitivity ranges published with every report.

Two baselines do not exist yet. SP-1 needs a current annual Earnings Suspense File count; SSA publishes cumulative totals, and the latest audited annual figures end at tax year 2012. SP-6 replaces the v0.1 target of 0.3%, which existing estimates already met and which counted uncontested nonconfirmations as correct. Section 602 orders SSA and USCIS to publish both baselines within a year.

8. The objections, and the answers

The central policy risk is this: on the Arizona evidence, the enforcement core will reduce payroll reporting and tax collection from the existing workforce before Title VII can respond. The paper says so. Every objection below is the strongest version its proponents would make, followed by the bill's answer and what risk remains.

OBJECTION	FROM	ANSWER	WHAT REMAINS
Title VII is amnesty and invites new entry.	Restrictionist	Title VII cannot take effect without a measured trigger and a separate joint resolution. It is one-time, limited to workers employed before the date of introduction, conditional, and confers no means-tested benefits and no immigration status. Spain's one-time program produced no detectable rise in new arrivals.	Italy's repeated programs created expectations of more. A future Congress could enact another program.
Employer enforcement without removals leaves the population in place; Title IV pays states to tolerate it.	Restrictionist	The bill does not address removals. Title IV pays for costs that federal rules create, so federal money follows federal responsibility. Title VI reports presence effects directly.	Reimbursement reduces the pressure states put on Congress.
Preempting state E-Verify laws removes stricter state enforcement.	Restrictionist	Changed from v0.1. The federal mandate is a floor. States keep licensing sanctions and may require E-Verify sooner.	Only alternative state verification systems are preempted.
One-year figures understate the lifetime cost of low-education adults.	Restrictionist	Title VI requires 75-year present value with and without U.S.-citizen children.	The National Academies' 2016 figures by education should be quoted directly.

OBJECTION	FROM	ANSWER	WHAT REMAINS
Mandatory E-Verify is a national work-permission database; errors fall on citizens, and more often on naturalized and Hispanic citizens.	Civil liberties	New hires only. Contest procedure, wage damages against the United States, funded SSA field capacity, independent error audit (SP-6). Anti-discrimination law under § 1324b is unchanged.	A low error rate applied to tens of millions of hires a year still delays many lawful workers.
SSA–IRS–DHS data sharing weakens tax confidentiality and discourages filing by mixed-status households. The D.C. Circuit upheld a preliminary injunction against the IRS–ICE mass-sharing procedure.	Civil liberties	That injunction is the reason the bill writes a specific statutory authority instead of relying on an MOU. DHS receives employer identities only, never worker records. §§ 7213 and 7431 penalties apply. GAO audits.	Any DHS access will be read as a signal by some filers.
Without legal status, enforcement pushes workers into informal work with fewer protections.	Expansionist	Conceded. Title II coverage and Title V remedies reduce it; SP-2 measures it; Title VII responds if it exceeds 5 points.	Harm accrues during the measurement period before Title VII can act.
Labor shortages in agriculture, construction, meatpacking, and home care.	Employers	Outside this bill. H-2A and H-2B capacity needs a companion measure.	Likely a condition of employer support.
Title IV is new mandatory spending subject to pay-as-you-go (PAYGO) budget rules.	Budget	Capped, five-year, expressly appropriated; civil penalties supplement the general fund without reducing the limits.	Needs an offset or a waiver.

Limits of the evidence. Population estimates are disputed and predate the 2025–26 decline. No national evidence exists on identity-control effectiveness. Native wage effects remain contested between the Borjas and Card–Peri literatures; this paper claims labor-standards effects only.

Annex A. Discussion draft — proposed substitute of 26 October 2026

119TH CONGRESS — 2D SESSION

A BILL

To establish permanent employment-eligibility verification, extend verification to specified contracted labor, enhance employer-focused employment-tax compliance, provide limited Federal payments for specified State and local costs, preserve recovery for labor performed, provide uniform fiscal measurement, and establish a contingent authorization program, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) This Act may be cited as the “Lawful Employment and Fiscal Accountability Act”.

(b) This Act consists of titles I through VII and the sections set forth below.

SEC. 2. FINDINGS AND LIMITATIONS.

(a) Congress finds that—

(1) the Immigration Reform and Control Act of 1986 prohibited knowing employment of unauthorized aliens while establishing an employment-document examination obligation;

(2) an employer that knowingly uses unauthorized labor while evading otherwise applicable wage, payroll-tax, or verification duties may obtain an unlawful cost advantage;

(3) identity fraud and inaccuracies in government records create risks both of erroneous authorization and of denying employment to eligible workers;

(4) unauthorized employment and unauthorized presence have distinct fiscal consequences that must be separately measured; and

(5) State and local expenditures for education, incarceration, and emergency care arise under different legal obligations and should not be treated as interchangeable fiscal categories.

(b) Nothing in this Act authorizes a worker to be paid below an otherwise applicable wage floor, creates a Federal criminal penalty against a worker solely for seeking employment without authorization, displaces the constitutional holding in Plyler v. Doe, 457 U.S. 202 (1982), or reduces duties under section 1867 of the Social Security Act (42 U.S.C. 1395dd).

TITLE I — VERIFIED EMPLOYMENT

SEC. 101. PERMANENT ELECTRONIC EMPLOYMENT VERIFICATION.

(a) New verification requirement.—Section 274A(b) of the Immigration and Nationality Act (8 U.S.C. 1324a(b)) is amended by adding at the end the following: “(7) Electronic confirmation for covered hires.— “(A) Duty.—Beginning on the applicable date specified in section 102 of the Lawful Employment and Fiscal Accountability Act, a person or entity hiring an individual for employment in the United States shall submit a query through the E-Verify Program described in section 403(a) of division C of Public Law 104– 208, as continued by this paragraph, and obtain the system’s confirmation of eligibility, subject to subparagraphs (C) through (F). This duty is in addition to the attestation and documentation requirements of paragraph (1), except that paragraph (1)’s facial-genuineness standard alone does not satisfy this paragraph. “(B) Timing.—The employer shall complete the required attestation and initiate the query within 3 business days after the employee begins work for pay. Nothing in this paragraph authorizes prescreening before a bona fide offer of employment or use of verification as a substitute for nondiscriminatory hiring procedures. “(C) Tentative nonconfirmation.—Upon a tentative nonconfirmation, the employer shall give the employee prompt written notice in a language the employee understands, explain how to contest it, and refer the employee to an accessible correction procedure. An employee shall have not fewer than 10 working days after notice to initiate a contest. During a timely contest, the employer may not terminate, suspend without pay, reduce scheduled hours, or otherwise take adverse action because of the tentative result. “(D) Pending inquiry.—An employer that has timely submitted the query, retained the required attestation, and complied with subparagraph (C) may continue employment while a Government inquiry is pending and shall not be liable for the continuation solely because the system has not resolved the inquiry. This safe harbor does not excuse actual knowledge that an alien is unauthorized, fraud, or other violations of this section. “(E) Final nonconfirmation.—On final nonconfirmation after an opportunity to contest, the employer shall comply with the prohibition on unauthorized employment under otherwise applicable law; administrative review and the remedy under section 104 of the Lawful Employment and Fiscal Accountability Act remain available. A final nonconfirmation shall not itself establish criminal intent, fraud, or liability for prior employment. “(F) Protection from discrimination.—Compliance with this paragraph shall be administered consistently with section 274B of this Act (8 U.S.C. 1324b), including prohibitions on unfair documentary practices and citizenship-status or national-origin discrimination. “(G) Records.—The employer shall retain proof of the electronic query for the period prescribed under paragraph (3) and shall not retain copies of photographs displayed solely for identity matching.”.

(b) Permanent authorization.—Notwithstanding any termination date otherwise applicable to the employment eligibility confirmation program under sections 401 through 405 of division C of Public Law 104–208, the Secretary of Homeland Security shall continue operating the E-Verify Program indefinitely as the system through which paragraph (7) of section 274A(b) of the Immigration and Nationality Act is implemented. Existing lawful voluntary participants may continue participation until their mandatory date. The Secretary shall publish a current integrated regulatory framework within 18 months after enactment. This subsection does not revive a program other than E-Verify whose authority has expired.

(c) Existing defenses.—Section 274A(a)(3) of the Immigration and Nationality Act (8 U.S.C. 1324a(a)(3)) shall apply to a covered hire only if the employer also complied in good faith with paragraph (7) of section 274A(b), including the pending-inquiry protections in that paragraph. Nothing herein extinguishes a defense for technical or procedural violations otherwise saved by section 274A(b)(6).

SEC. 102. PHASE-IN; EMPLOYER SIZE; CERTIFICATION.

(a) The applicable date for section 101 is—(1) the first day of the 13th month after enactment for employers with 500 or more employees; (2) the first day of the 25th month after enactment for employers with 20 or more employees; and (3) the first day of the 37th month after enactment for all remaining employers.

(b) The Comptroller General must first issue the certification required by section 103(d) before the duty begins for employers under 500 employees. If certification has not issued by a scheduled date, the duty for that tier begins 90 days after certification is published. Until then, existing employer-verification and antidiscrimination duties remain in force.

(c) For purposes of this section, the employee count includes employees of persons or entities under common ownership or control and employees supplied through staffing or labor contractors under section 201 to the extent those workers regularly perform labor in the employer's business; the Secretary shall prescribe anti-evasion rules and shall avoid double-counting for assigning the applicable date.

SEC. 103. IDENTITY ASSURANCE; AUDITABLE ERROR CONTROLS.

(a) The Secretary of Homeland Security and Commissioner of Social Security shall provide photograph matching where reliable government images are legally available, an opt-in Social Security number lock, default protection for records marked deceased, multiple-use alerts, and accessible in-person and remote correction procedures. A default lock for persons under age 14 shall not prevent an otherwise eligible minor from obtaining lawful employment; a verified application to lift such a lock shall be decided without unreasonable delay.

(b) State motor-vehicle photographs may be obtained only under a written agreement meeting section 2721 of title 18, United States Code, and applicable State law. A State is not required to supply images. The system shall provide a practicable lawful alternative where an image is unavailable or inaccessible.

(c) A verified individual may seek correction of an erroneous lock, matching error, or nonconfirmation at no charge. The Secretary and Commissioner shall publish accessible deadlines, expedited procedures for persons facing imminent loss of employment, multilingual notices, and an independent appeal of an unresolved error. Use or retention of biometric images shall be limited to what is necessary for verification, with audit logs and deletion schedules.

(d) Independent certification.—For each phase requiring certification, GAO shall evaluate an independent, statistically defensible national audit over not fewer than 6 months. The methodology shall separately estimate (1) confirmations for persons actually lacking work authorization, using a validated independent verification of status rather than the E-Verify outcome itself, and (2) erroneous final nonconfirmations for

work-authorized persons. The Comptroller General may certify national operation only on a finding that the upper bound of a 95-percent confidence interval is no greater than 5 percent for measure (1) and 0.5 percent for measure (2), with disaggregated results by document type and citizenship or authorization category. GAO shall state when samples are insufficient to support a conclusion and may decline certification. These thresholds are proposed policy choices and not claims of presently achieved accuracy.

(e) The Secretary shall implement a privacy-impact assessment and updated system-of-records notices before expanding data access under this title. Personal records generated by this section shall not be repurposed for unrelated law-enforcement investigations except under a specific independent legal authority.

SEC. 104. REMEDY FOR GOVERNMENT ERROR.

(a) A person who, despite timely contest, loses employment or a bona fide offer because of a final nonconfirmation materially caused by a negligent or wrongful act or omission of a Federal agency may bring a civil action against the United States in the district court of the United States for the district of residence or where the employment would have occurred.

(b) Waiver; elements.—The United States expressly waives sovereign immunity for the claim created by this section. A claimant must prove by a preponderance of the evidence that the claimant was authorized to work at the relevant time; the final nonconfirmation was materially erroneous; and it proximately caused loss of employment or the offer. The claimant must reasonably mitigate damages.

(c) Relief.—A court may award actual lost wages and employment benefits for the period of proven loss, not to exceed 180 days after the adverse action, with offsets for interim earnings or benefits replacing lost wages. Punitive damages and prejudgment interest are not available. Reasonable costs and attorney's fees are available only where independently authorized by law.

(d) Procedure; payment.—An action must be filed within 2 years after notice of final nonconfirmation, subject to equitable tolling in cases of concealed error. A final money judgment against the United States shall be paid under section 2414 of title 28 and section 1304 of title 31, United States Code, if and to the extent the statutory conditions for that appropriation are met, including Treasury certification and the absence of another legally available payment source. The Secretary shall correct the underlying record after a final determination.

(e) This remedy does not authorize an employer to disregard the protections of section 274A(b)(7)(C) and (D), nor does it limit an otherwise available cause of action under section 274B.

SEC. 105. CIVIL ENFORCEMENT; SANCTIONS.

(a) Section 274A(e)(4)(A) of the Immigration and Nationality Act (8 U.S.C. 1324a(e)(4)(A)) is amended by striking clauses (i) through (iii) and inserting: "(i) not less than $1,000 and not more than $7,000 for each alien in the case of a person or entity not previously subject to an order under this paragraph; "(ii) not less than $7,000 and not more than $17,000 for each alien in the case of a person or entity previously subject

to one such order; or "(iii) not less than $10,000 and not more than $35,000 for each alien in the case of a person or entity previously subject to more than one such order.".

(b) The amounts under subsection (a) are base statutory amounts and shall be adjusted under the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 and implementing law. No additional criminal penalty or paperwork-violation tier is created by this section; existing criminal and documentary-sanction provisions remain in effect.

SEC. 106. STATE LAW; NONCOMMANDEERING.

(a) Nothing in this title preempts a State's exercise of authority through licensing and similar laws preserved under section 274A(h)(2) of the Immigration and Nationality Act, or a State requirement to participate in E-Verify earlier or more broadly than Federal law, to the extent otherwise valid.

(b) A State may not require use of a non-Federal employment-authorization verification system in substitution for the Federal system to satisfy a duty imposed by section 101. No State officer shall be compelled by this Act to administer a Federal program, disclose driver records, or perform Federal immigration enforcement.

TITLE II — COVERED CONTRACT AND INDEPENDENT LABOR

SEC. 201. COVERED LABOR ARRANGEMENTS.

(a) Worker classification.—The Secretary of Homeland Security shall apply a fact-specific economic-realities analysis in determining whether an individual is employed by a person or is furnished by a staffing agency or labor contractor, including control, economic dependence, opportunity for profit or loss, permanence, and whether the work is integral to the enterprise. This section does not decide employee status for any other Federal or State statute.

(b) Agency verification.—For a worker furnished through a labor contractor or staffing firm, the entity paying the worker shall perform section 101 verification; a client entity must obtain dated confirmation of the completed query before the individual begins work at the client's site or receives access to the client's controlled work. The client may rely on a genuine confirmation absent actual knowledge, willful blindness, or facts giving substantial reason to doubt its validity.

(c) Independent contractors.—A person operating a trade or business that directly engages an individual, not employed by an intermediary, to provide labor personally in the United States for expected compensation of at least the dollar threshold in section 6041(a) of the Internal Revenue Code of 1986 for that calendar year shall complete an identity and work-authorization query under this title before performance begins. When that level of compensation could not reasonably have been anticipated, the query shall occur before the first payment following the point when aggregate compensation reaches the threshold. The Secretary shall enable a verification category for such engagements without classifying the individual as an employee solely for other legal purposes.

(d) This section does not apply to acquisition of goods, a contract with a business entity whose individual personnel are verified by their employer, or household services procured by an individual solely for nonbusiness domestic use and below the calendar-year domestic-service threshold under section 3121(x) of the Internal Revenue Code of 1986.

(e) Effective dates track the phase-in dates of section 102, determined by the client entity's covered employee count. No retroactive verification is required solely because an arrangement existed before the applicable date.

SEC. 202. KNOWING USE OF CONTRACT LABOR; LIABILITY.

(a) Section 274A(a)(4) of the Immigration and Nationality Act (8 U.S.C. 1324a(a)(4)) is amended by striking "knowing that the alien is an unauthorized alien" and inserting "knowing, or acting in reckless disregard of substantial facts showing, that the alien is an unauthorized alien".

(b) A person violating the express verification duties of section 201 is subject to the otherwise applicable civil sanctions for noncompliance with section 274A(b) under section 274A(e)(5), and a person knowingly hiring an unauthorized worker remains subject to section 274A(e)(4); a mere data mismatch or the filing of a good-faith contest shall not create a presumption of unlawful employment. Joint and several civil liability applies only where the Government proves the employer and client each committed an independently defined violation of section 201 or section 274A(a)(4).

TITLE III — EMPLOYMENT-TAX COMPLIANCE

SEC. 301. SSA EMPLOYER-LEVEL CONCENTRATION REPORTS.

(a) Required report.—Beginning 12 months after enactment, the Commissioner of Social Security shall provide to the Secretary of the Treasury, for employment-tax administration, an annual protected report identifying an employer that filed in the preceding tax year not fewer than 100 wage items and for which at least 5 percent of its wage items, and not fewer than 25 items, could not be posted to earnings records because the employee name and Social Security number did not match. The report may identify the employer by legal name, employer identification number, and business address, and may include only employer-level counts and aggregate wage amounts; it shall not include names, numbers, addresses, or compensation amounts attributable to individual workers.

(b) Disclosure authority.—Notwithstanding section 1106(a) of the Social Security Act (42 U.S.C. 1306(a)), the Commissioner may make the limited disclosure described in subsection (a) solely to officials of the Internal Revenue Service administering employment taxes, under a written agreement providing protections at least as rigorous as section 6103(p)(4) of the Internal Revenue Code of 1986 and section 552a(o)(1) of title 5, United States Code, where applicable. Information constituting return information shall remain subject to section 6103 of the Internal Revenue Code of 1986.

(c) Express tax-information exception.—Section 6103(l) of the Internal Revenue Code of 1986 is amended by adding at the end the following: "(23) Employer-level wage-report discrepancy information furnished by Social Security Administration.—Notwithstanding subsection (a) and section 1106 of the Social Security Act, the Commissioner of Social Security may disclose to officers and employees of the Internal Revenue Service directly concerned with administration of employment taxes only the employer identifiers, wage-item counts, and employer-level aggregate amounts described in section 301(a) of the Lawful Employment and Fiscal Accountability Act. No individual worker name, Social Security number, date of birth, immigration status, or wage amount attributed to an identified worker may be supplied under this paragraph. A disclosure under this paragraph may be used only for the determination and collection of Federal employment taxes, shall not be redisclosed for civil immigration enforcement, and shall be subject to the recordkeeping, safeguarding, inspection, and penalty requirements of subsection (p)(4) and sections 7213 and 7431 as though this paragraph were expressly enumerated in those provisions. The Commissioner and Secretary shall maintain a written agreement specifying permitted recipients, security, retention, destruction, and annual audit requirements.".

(d) No onward immigration disclosure.—Nothing in this section authorizes the disclosure to the Department of Homeland Security of records or employer identifiers obtained solely through the report in subsection (a). Disclosures independently authorized by section 6103 or another Act of Congress are unaffected. Use or disclosure contrary to this section is prohibited.

(e) Data stewardship.—The Commissioner and Secretary shall keep access logs, require annual access review, prohibit bulk downloading for unrelated uses, destroy records when no longer required for authorized tax administration, and furnish aggregate, deidentified compliance statistics to Congress annually.

SEC. 302. RISK-BASED REVIEW; TAX DETERMINATIONS.

The Secretary of the Treasury may use reports under section 301 to prioritize risk-based examinations for employment-tax compliance. A mismatch report is not evidence, by itself, of an unauthorized hire, underpayment of tax, or fraud. Tax liability, including any under sections 3509 or 6672 of the Internal Revenue Code of 1986, shall be determined and collected only under otherwise applicable law and upon independent evidence. Collections shall be credited under existing revenue laws. The Secretary shall report annual incremental collections and attributable administrative costs.

TITLE IV — FISCAL EQUALIZATION

SEC. 401. SUPPLEMENTAL INCARCERATION GRANT.

(a) For each of the first five full fiscal years beginning after enactment, the Attorney General shall make grants to States and political subdivisions submitting eligible claims for the non-Federal costs of incarceration of persons meeting the criteria in section 241(i)(3) of the Immigration and Nationality Act (8

U.S.C. 1231(i)(3)). Such grants are in addition to the program in section 241(i) and do not modify the Attorney General's authority under section 241(i)(1) or the cost standard in section 241(i)(2).

(b) Eligible costs.—For purposes of this grant, an eligible daily cost is a verified allocable cost of custody attributable to an eligible person, including correctional officers, necessary supervision, facility operation, medical care in custody, and food; it excludes capital construction, unrelated fixed expenses, and costs reimbursed from another Federal source. The Attorney General shall publish a uniform audited allocation methodology and may use a validated average daily cost where itemized attribution is not practicable.

(c) The total amounts payable under this section shall not exceed $1,600,000,000 for any fiscal year. Subject to that ceiling, approved applicants are entitled to a proportionate share of claims under section 403. This section creates no entitlement to payment exceeding the ceiling or for an expense not demonstrated under subsection (b).

(d) Nothing in this title alters any existing restriction on use of funds awarded under section 241(i) of the Immigration and Nationality Act. The Attorney General shall prevent duplicative reimbursement across both programs.

SEC. 402. EDUCATION AND EMERGENCY-CARE GRANTS.

(a) For the five full fiscal years beginning after enactment, the Secretaries of Education and Health and Human Services shall make formula grants to States for (1) marginal costs of additional kindergarten-through-grade-12 enrollment attributable to the population of unauthorized residents estimated under title VI and (2) uncompensated emergency screening and stabilizing medical services furnished by hospitals subject to section 1867 of the Social Security Act (42 U.S.C. 1395dd), net of payments made under section 1903(v) of that Act and other insurance or government reimbursement. Total payments under this section shall not exceed $12,000,000,000 in a fiscal year.

(b) Estimation; safeguarding access.—Eligible costs shall be determined from auditable, aggregate administrative and statistical data under uniform rules prescribed jointly by the Secretaries after public notice and comment. Neither an educational institution nor a covered hospital may be required under this title to ask a student or patient to disclose immigration status as a condition of enrollment, treatment, reimbursement, or grant reporting. No personally identifying student or patient information collected for this grant may be used for civil immigration enforcement. Applicable privacy and health-information laws continue to govern records.

(c) Nonduplication.—Amounts paid under other Federal or State programs for the same service shall reduce eligible claims, and the responsible Secretaries may audit and recover duplicate payments. A claim may not be reimbursed under this title solely on the basis of statewide population totals without an auditable cost-allocation methodology.

(d) Pass-through.—Within 60 days after receiving funds, a State shall distribute the attributable approved shares to eligible school districts, local governments, and hospitals that incurred the costs, without

substituting the grants for otherwise required State appropriations. The State shall publish aggregate allocation data and afford a claim-reconsideration process.

SEC. 403. MANDATORY APPROPRIATION; PRORATION; AUDIT.

(a) Out of amounts in the Treasury not otherwise appropriated, there are appropriated, for each fiscal year covered by this title, such sums as are necessary to make approved payments under sections 401 and 402, subject to their separate annual caps. No amount may be paid in excess of either cap. Amounts for each fiscal year shall remain available for one additional fiscal year to settle timely-filed or corrected claims.

(b) If otherwise payable claims under either section exceed the applicable annual cap, the relevant Secretary shall reduce each approved claim proportionately using a published nationwide formula. The same costs shall not be paid twice under this title or another Federal program.

(c) The Comptroller General shall audit implementation, including estimation accuracy, duplicate payments, grants retained by States instead of passed through, and any effect of aggregate claims on student or patient access. Nothing in this title confers an immigration enforcement power on a State or authorizes conditioning public education or emergency screening on status.

(d) Civil penalties and assessments collected under titles I, II, or V shall be deposited in the general fund of the Treasury under otherwise applicable law unless a later Act creates an expressly authorized and accounted-for special fund. Employment taxes collected under title III shall be credited as otherwise provided by the Internal Revenue Code.

TITLE V — LABOR-REMEDY PARITY

SEC. 501. WAGES FOR WORK PERFORMED.

In an action under section 16(b) of the Fair Labor Standards Act of 1938 (29 U.S.C. 216(b)), the availability of minimum wages, overtime wages, liquidated damages, and other relief otherwise authorized for work actually performed shall not depend on whether the employee possessed Federal employment authorization during performance of the work. Nothing in this section creates an entitlement to backpay for work not performed or relieves an employer of obligations under section 274A of the Immigration and Nationality Act.

SEC. 502. CIVIL ASSESSMENT WHEN NLRA BACKPAY IS BARRED.

(a) If the National Labor Relations Board determines in an adjudication under section 10(c) of the National Labor Relations Act (29 U.S.C. 160(c)) that an employer committed an unfair labor practice and that otherwise appropriate backpay for work not performed may not be awarded to a worker because of Federal restrictions relating to the worker’s unauthorized employment, the Board may assess an additional civil amount against the employer equal to the amount of backpay that would have been

otherwise calculated, after required mitigation offsets. The amount is payable to the Treasury, not to the worker.

(b) An assessment under subsection (a) shall be imposed only after notice, opportunity to contest amount and liability, and findings supported by the record. It is subject to judicial review under the same provisions as the underlying Board order. No assessment may be imposed for a period for which monetary relief is paid to the worker under another Federal remedy for the same lost earnings. This section does not alter the rule governing the worker's receipt of backpay under Hoffman Plastic Compounds, Inc. v. NLRB, 535 U.S. 137 (2002).

SEC. 503. DISCOVERY OF IMMIGRATION STATUS.

(a) In a civil action seeking wages for work actually performed under the Fair Labor Standards Act or another Federal wage law, discovery of the immigration status of an employee or applicant shall be prohibited unless the court finds, on a specific showing, that the information is essential to a material claim or defense and that no reasonably available, less intrusive source supplies the information.

(b) Before permitting such discovery, the court shall conduct in camera review where practicable and issue protective conditions limiting access, use, and disclosure. A person's immigration status shall not be disclosed under this section for collateral immigration enforcement absent separate lawful process. Nothing in this section requires a court to suppress material evidence needed to afford due process to an opposing party.

TITLE VI — UNIFORM FISCAL MEASUREMENT

SEC. 601. ANNUAL FISCAL AND LABOR-MARKET REPORT.

(a) Beginning not later than 18 months after enactment, and annually thereafter for 10 years, the Director of the Congressional Budget Office, in consultation with the Chief Actuary of the Social Security Administration, shall report to the Committees on the Budget, Finance, Ways and Means, Judiciary, Education and Workforce, and Appropriations of Congress an estimate of the fiscal and labor-market effects of this Act relative to current law.

(b) The report shall separately describe (1) changes in unauthorized presence, (2) formal payroll and reported self-employment, (3) Federal, State, and local taxes and expenditures, and (4) effects on lawful workers and covered industries. The Director shall publish annual and 75-year present-value projections when methodologically supportable; otherwise the Director shall expressly state that data do not permit reliable long-range quantification.

(c) The report shall identify covered populations and their status classifications, model results with and without United States-citizen children, use marginal rather than average public-service costs where appropriate, exclude unrelated public goods, disclose discount rates and years of account, publish sensitivity ranges, and avoid combining estimates drawn from noncomparable populations or years.

(d) The report shall state the number and rates of verified errors, employer mismatches per 1,000 wage items, estimates of diversion to self-employment or unreported work, and collection costs and additional revenue attributable to enforcement. Statistics derived from earnings suspense data shall not be treated as counts of unauthorized workers or proof of liability.

SEC. 602. INITIAL DATA BASELINES.

Within 12 months after enactment, the Commissioner of Social Security shall report the most recent reasonably available annual count and amount of earnings suspense items, with reporting-lag adjustments and denominator data. The Secretary of Homeland Security shall report current verification error measures, disaggregated and independently sampled, distinguishing erroneous tentative and erroneous final outcomes. A baseline that cannot be reliably established shall be labeled unavailable rather than estimated without a disclosed method.

SEC. 603. OVERSIGHT.

The Comptroller General shall report by the end of year 3 on implementation costs, error correction, identity controls, contracted-labor compliance, nondiscrimination, reimbursement integrity, and lawful information sharing. Reports under this title shall disclose material limitations and shall not be interpreted to imply that an association establishes causation without appropriate identification methods.

TITLE VII — CONTINGENT WORKFORCE REGISTRATION

SEC. 701. SEPARATE APPROVAL REQUIRED.

(a) This title shall have no force or effect unless (1) the Director of the Congressional Budget Office has published a report under section 601 finding, on a reproducible method, that self-employment or independent-contractor reporting among noncitizen workers without a high school diploma has increased by at least 5 percentage points beyond the pre-enactment five-year trend, with a 95-percent confidence interval excluding zero, during a three-year period after the final mandatory verification phase begins; and

(2) after publication of that report, a joint resolution approving the activation of this title is enacted into law through bicameral passage and presentment.

(b) The finding is a condition for introduction of the joint resolution, not an authorization for an agency to activate this title unilaterally. Failure to satisfy the condition shall not affect titles I through VI.

SEC. 702. APPROVAL RESOLUTION; RULEMAKING AUTHORITY.

(a) A joint resolution under this section shall contain, after its resolving clause, solely the following: “Congress approves the activation of title VII of the Lawful Employment and Fiscal Accountability Act.”.

(b) In either House, consideration of such a resolution shall proceed under the standing rules of that House unless that House, acting under article I, section 5, clause 2 of the Constitution, adopts expedited procedures. Nothing in this title entitles a sponsor to a vote or binds a future House or Senate to an unalterable procedure.

SEC. 703. CONDITIONAL EMPLOYMENT AUTHORIZATION.

(a) Eligibility.—During a single 12-month filing period beginning 90 days after enactment of an approval resolution under section 701, an alien may apply to the Secretary of Homeland Security for conditional employment authorization if the applicant—(1) demonstrates at least 12 months of employment in the United States during the 18 months preceding the date on which this Act was first introduced in Congress, without an interruption exceeding 60 days, on the basis of reliable payroll, tax, or other corroborated records; (2) has an employer sponsor enrolled in E-Verify and current on required employment-tax withholding and remittance; and (3) is not ineligible because of applicable criminal or national-security grounds specified under the Immigration and Nationality Act. The Secretary shall prescribe lawful, proportionate verification standards and safeguard confidential applicant records.

(b) Screening.—The Secretary shall determine completeness and prima facie eligibility within 15 business days after a complete application and shall endeavor to issue a final decision within 90 days. A person receiving a favorable prima facie determination has provisional employment authorization until a final decision, withdrawal, or termination under subsection (d). A sponsoring employer acting in good faith may employ that person during provisional authorization without violating section 274A solely on account of that employment.

(c) Approval.—Upon approval, the Secretary shall issue conditional employment authorization for 3 years, renewable only while eligibility and verified employment-tax compliance continue. Within 3 business days after approval, the employer shall conduct verification under title I using the newly issued authorization. Authorization under this section does not confer lawful permanent resident status, admission, parole, or any basis by itself for adjustment of status.

(d) Denial; termination.—The Secretary shall give written notice of denial or revocation, the essential reasons to the extent consistent with lawful protection of confidential information, and a 30-day administrative appeal period. Provisional authorization ends on a final administrative denial unless otherwise required by law. A false material statement knowingly made in an application may be grounds for denial or revocation following notice and opportunity to respond.

(e) Judicial review.—Notwithstanding any restriction on judicial review of discretionary employment authorization otherwise applicable, a person adversely affected by a final determination under this section may file a petition for review of constitutional claims or questions of law in the United States court of appeals for the circuit of residence within 60 days after the final administrative decision. Factual findings supported by substantial evidence shall not be reweighed. The reviewing court may stay the termination of provisional authorization on a showing of likely success and irreparable injury. Nothing in this subsection limits review available under the Constitution or habeas corpus.

(f) Administration.—There are authorized to be appropriated such sums as may be necessary for processing, fraud controls, notice, and appeal capacity under this section. No appropriation under this subsection becomes available unless title VII is activated under section 701.

SEC. 704. LIMITS; ANTI-DISCRIMINATION.

(a) Approval under this title does not by itself confer eligibility for any Federal means-tested public benefit and does not waive any otherwise applicable eligibility condition under title IV of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

(b) No person who entered the United States after the date of first introduction of this Act in Congress is eligible under this title. A subsequent authorization under this title does not waive preexisting immigration consequences unless Congress expressly provides otherwise.

(c) Section 274B of the Immigration and Nationality Act remains in force, and the Secretary shall not require an employer to request additional documentary proof beyond that permitted under title I solely because a worker applies for relief under this title.

SEC. 705. SEVERABILITY; EFFECTIVE DATES.

(a) If any provision of this Act or its application is held invalid, the remainder shall remain effective to the extent it can operate consistently with the purpose and express limitations of this Act.

(b) Titles V and VI take effect on enactment. Titles I and II take effect under section 102; title III takes effect under section 301; title IV begins with the first full fiscal year after enactment; and title VII takes effect only as provided by section 701.

(c) A regulation, reporting requirement, or program rule necessary to prepare implementation may be issued before its substantive duty becomes effective, but no person incurs civil liability retroactively under this Act. Existing legal duties and lawful remedies continue until expressly superseded.

Bracketed items are open inputs for drafter decision; Annex D proposes a value for each. Legislative Counsel conformity review required; Annex D supplies draft strike-and-insert text for section 101(a) and (d).

Annex B. Sources and verification status

Two verification passes were run (10 and 11 October 2026). “Primary” means the source itself was read. “Secondary” means a report of the source was read rather than the source itself. A figure marked “bracket” rests on a secondary source or a modeled estimate and is identified as such wherever it appears.

ITEM	SOURCE	STATUS
$96.7B taxes paid, 2022 ($59.4B federal / $37.3B state-local); $40.2B gain under work authorization	ITEP 2024	Secondary; modeled estimate; bracket
~$13B paid / ~$1B drawn / ~$12B net to OASDI, 2010; ~3.1M workers on non-matching SSNs	SSA OCACT Note 151	Primary (first pass); no later OCACT update found
$10.1B revenue / $19.3B spending / $9.2B net, 2023; 0.3% of state-local spending net of federal grants (CBO’s own figure; 0.24% of the $3,762B gross); $5.7B K-12 for ~550,000 students; $9.8B alternative measure	CBO, June 2025	Primary
Other-foreign-national net immigration −360,000 (2025), −330,000 (2026, 2027)	CBO Demographic Outlook, Jan 2026	Primary
14M unauthorized, 2023; “likely” decline in H1 2025, no figure	Pew, Aug 2025	Primary (corrected: the >1M decline is total foreign-born)
SCAAP 25.5% coverage, FY2023 cycle	BJA FY2024 solicitation	Primary; quoted from the solicitation on 11 Oct 2026 (“approximately 25.5 percent of each applicant’s total eligible inmate costs”)
SCAAP $565M FY2002; authorization history	CRS RL33431	Primary
SCAAP $234M FY2022–24; $202.5M FY2026 (P.L. 119–74)	NCJA table; Rep. Gillen release; NACo FY2026 analysis	Primary: P.L. 119–74, enacted January 23, 2026. The FY2024 figure rests on a congressional letter of May 21, 2025

ITEM	SOURCE	STATUS
§ 1231(i)(5) authorization ended FY2011; (i)(6) correctional purposes	8 U.S.C. § 1231	Primary
§ 1324a text: (a)(3), (a)(4), (b)(1)(A), (b)(5), (f), (h)(2)	8 U.S.C. § 1324a	Primary
Current civil penalties $716–$5,724 / $5,724–$14,308 / $8,586–$28,619	8 C.F.R. § 274a.10	Primary (as of 7 Oct 2026)
E-Verify authority to Dec. 11, 2026	P.L. 119–103 § 101(6); P.L. 119–75 div. I § 5014; CRS R49353	Primary; will change on next appropriations act
26 U.S.C. § 6103 (i)(1), (i)(2), (l), (p)(4); 42 U.S.C. § 1306; 5 U.S.C. § 552a(o) scope	LII	Primary
IRS–ICE litigation: *Center for Taxpayer Rights v. IRS* (D.C. Cir. Sept. 8, 2026); *Centro de Trabajadores Unidos v. Bessent* (D.C. Cir. Feb. 2026)	Thomson Reuters; The Hill; Feb. 2026 slip opinion	Both read as slip opinions: No. 26–5006 (Sept. 8, 2026) and No. 25–5181 (Feb. 24, 2026). No Federal Reporter citation has issued for either
31 U.S.C. § 3729(d) text	LII	Primary
29 U.S.C. §§ 160(c), 215(a)(3), 216(b); 42 U.S.C. §§ 1395dd, 1396b(v); P.L. 119–21 FMAP change	LII	Primary: section 71110 of P.L. 119–21, adding section 1905(kk) of the Social Security Act
Supreme Court pin cites (Whiting 594–601, 608–609; Arizona 403–407, 405; Plyler 227–230; Hoffman 147–152; Escobar 194; Printz 935; Pennhurst 17; NFIB 575–585; Chadha 946–951)	supremecourt.gov / LII	Checked against the opinion text (slip and preliminary prints)
Six circuit reimbursement cases; *Lucas*; *Patel*; *Lamonica*; *Rivera v. NIBCO*	Justia / CourtListener	Primary
Westat 2009: 54% (37–64%); 3.3% of all cases; 2012 erroneous TNC ~0.3%	USCIS summary	54% and 3.3% primary (first pass). The plausible range, the 2012 figures and current USCIS rates were read once and not re-opened in the second pass

ITEM	SOURCE	STATUS
ESF: 39M W-2s / $373B, TY2008–12, ~1.3M employers; 40 employers >1M items	SSA OIG A-03–15–50058; A-03–03–13026	Primary; latest annual audit ends TY2012; SSA FY2025 Agency Financial Report (p. 158) gives cumulative totals only: over 424M wage items and $2.4T, TY1937–2024
Arizona LAWA: 17% / ~92,000; 11 pp / 8 pp; no gain for lawful low-skilled workers	REStat 2014; PPIC; SEJ 2015	Primary (first pass); the magnitudes were read once and not re-opened in the second pass
Bracero exclusion, no wage effect	Clemens, Lewis & Postel, AER 2018	Primary
Spain 2005: ~600,000; contract condition; ~€4,000 payroll tax; no magnet effect	UPF WP 1762	Primary (first pass); published as J. Labor Econ. (2025), DOI 10.1086/730122; volume and pages not yet assigned in the published record
Removal cost $70,236 (range $30,591–$109,880); ~$900B / 10 yr; DHS $17,121	Penn Wharton; DHS release 5 May 2025	Primary
IRCA ~2.7M legalized (1.6M general + 1.1M SAW)	DHS Yearbook	Primary: DHS Office of Homeland Security Statistics, Naturalization Rates among IRCA Immigrants: A 2009 Update. No Yearbook table carries the total or the split
Operation Vanguard figures (111 plants; 24,148 records; 4,495 discrepancies; 1,042 interviewed; 34 arrested)	UC Davis Rural Migration News	Secondary (Rural Migration News, Apr. and Oct. 2000); no INS or GAO primary document located
Raid figures (Swift 1,297; Postville 389; Rubashkin 27 yr, commuted 20 Dec 2017; Mississippi 680 / 7 plants / 4 managers)	ICE, USAO-SDMS releases	Primary: Swift 1,297 arrests (ICE, July 11, 2007); Postville 389 arrests (ICE, May 15, 2008) and the 324-month sentence (USAO-NDIA, June 22, 2010); Mississippi 680 detained at seven sites (ICE and USAO-SDMS, Aug. 7, 2019). The four indictments of August 6, 2020 rest on contemporaneous reporting of the Department’s announcement
Italy 2002 (702,156 applications; ~650,000 accepted); 2020 (207,542 employer applications; 12,986 temporary-permit applications)	Italian Interior Ministry	Secondary; bracket
NAS 2016 75-year NPV by education	NAS report	Qualitative findings confirmed; figures to quote from Table 8–12

ITEM	SOURCE	STATUS
UK IANA 2006 ss. 15–25; £45,000 / £60,000 from 13 Feb 2024	legislation.gov.uk; Home Office	Primary
FAR 52.222–54 after 2025 FAR overhaul; E-Verify SORN DHS/USCIS-011 date; latest PIA	acquisition.gov; dhs.gov	Open
Title IV cost ranges ($0.8–1.6B / $6–16B / $1–3B)	Derived from BJA factor, CBO per-student cost, and author assumptions	Estimates; need CBO score
H.R. 251, Legal Workforce Act, 119th Cong. (introduced Jan. 9, 2025): phase-in § 2; penalties § 8; SSN multiple-use notice and lock § 2; preemption § 6	govinfo.gov, BILLS-119hr251ih	Primary; verified 11 Oct 2026
S. 4620, Mandatory E-Verify Act of 2026, 119th Cong. (introduced May 21, 2026): phase-in § 3(b); penalties § 5; SSN notice and lock §§ 7, 12; three-business-day rules § 2	govinfo.gov, BILLS-119s4620is	Primary; verified 11 Oct 2026
P.L. 119–103 (Sept. 2, 2026), div. A § 101(6), carrying §§ 5013–5016 of div. I of P.L. 119–75, including § 5014 (E-Verify), to the § 106 end date of Dec. 11, 2026	govinfo.gov, PLAW-119publ103; CRS R49353	Primary; re-check on the send date
8 C.F.R. § 274a.10 amounts: Jan. 2, 2025 adjustment (90 FR 1; FR Doc. 2024–31204), unchanged for 2026 because OMB M-26–11 (Apr. 17, 2026) cancelled the 2026 adjustment for lack of October 2025 CPI-U data	federalregister.gov; whitehouse.gov (M-26–11)	Primary; re-check on the send date
P.L. 119–21 § 70433: information-reporting threshold raised from $600 to $2,000 for payments in 2026, indexed after 2026 (26 U.S.C. §§ 6041(a), 6041A)	Statute; IRS; Littler summary (July 2025)	Primary (statute); secondary (summary)

ITEM	SOURCE	STATUS
Domestic employee coverage threshold $3,000 for 2026 (26 U.S.C. § 3121(x))	SSA OCACT, Automatic Determinations	Primary
Strike anchors in Annex D: 8 U.S.C. § 1324a(b)(1)(A) second sentence; IIRIRA § 401(a), (b) termination sentence (Sept. 30, 2015 in the Code note, applied by substitution in appropriations acts), (d)(1); § 402(b)(1) opening	law.cornell.edu, 8 U.S.C. § 1324a and notes	Primary; Legislative Counsel to confirm full text

Annex C. Review record and change log

Version 1.1: what the substitute changed

This version replaces the bill text of version 1.0, which Annex A carried unchanged from v0.5.3, with the proposed substitute of 26 October 2026, and updates the framework to match. The list below is the author's, compiled from a section-by-section comparison of the two bill texts. It is not a report of anyone else's work, and no legislative counsel has reviewed either text.

Every section was renamed, and the renaming is not cosmetic. Sec. 101 is permanent rather than mandatory electronic verification. Sec. 102 now carries the phase-in, employer-size and certification rules that were spread across the old Secs. 101 and 102. Sec. 103, which was the good-faith defense, is now identity assurance and auditable error controls: photograph matching where reliable government images are lawfully available, an opt-in Social Security number lock, default protection for records marked deceased, multiple-use alerts, and correction procedures, with a default lock for persons under 14 that may not block an eligible minor from lawful work. The good-faith defense does not survive as a section of its own.

Sec. 104 changed in kind. It was the contest procedure and remedy; it is now a remedy for government error, with an express waiver of sovereign immunity, a civil action in the district of residence or of the lost employment, a preponderance standard on authorization, material error and causation, a duty to mitigate, and actual lost wages and benefits as relief.

Title IV no longer reauthorizes an existing program. Sec. 401 creates a supplemental incarceration grant that sits alongside section 241(i) of the Immigration and Nationality Act and expressly modifies neither the Attorney General's authority under section 241(i)(1) nor the cost standard in section 241(i)(2), with eligible daily cost defined to include correctional officers, supervision, facility operation, in-custody medical care and food, and to exclude capital construction and costs reimbursed elsewhere. Sec. 402 makes the education and emergency-care payments formula grants capped at $12,000,000,000 a fiscal year. Sec. 403 supplies a mandatory appropriation, a published nationwide pro-rata reduction when claims exceed a cap, a bar on paying the same cost twice, and a Comptroller General audit.

Title VII is no longer a registration. Sec. 701 requires separate congressional approval before the title operates; Sec. 702 supplies the approval resolution and rulemaking authority; and Sec. 703 creates conditional employment authorization rather than registration, with a single 12-month filing period opening 90 days after an approval resolution, a requirement of at least 12 months of United States employment within the 18 months before the Act was first introduced with no interruption longer than 60 days, an employer sponsor enrolled in E-Verify and current on employment-tax withholding and remittance, and the criminal and national-security bars of the Immigration and Nationality Act.

Sec. 1 now carries a table of contents, Sec. 2 is findings and limitations rather than findings alone, and the enacting clause, which version 1.0 omitted, is present.

Secs. 201 and 202 restate the contract-labor duty as covered labor arrangements and knowing use of contract labor with liability. Secs. 301 and 302 restate the tax title as employer-level concentration reports from the Social Security Administration and risk-based review with tax determinations. Sec. 502 is now expressly a civil assessment for the case where backpay under the National Labor Relations Act is barred. Title VI restates the measurement title as an annual fiscal and labor-market report, initial data baselines, and oversight.

What the earlier review rounds covered

The review record in this annex, and the version history that follows it, examined version 1.0 and the bill text it carried in Annex A. None of those rounds examined the proposed substitute of 26 October 2026. Where an entry below concerns a provision the substitute renamed, moved or replaced, it stands as the record of what was asked and answered about version 1.0; it is not a statement about the bill text printed in Annex A of this version. The substitute's bill text was checked separately, in the round dated 30 October 2026 recorded at the end of this annex.

Reviews to date. No human expert has reviewed this draft. Eight machine-assisted review rounds were run on 10–12 October 2026, by two independent reviewers with web search: (1) a citation and evidence review; (2) an adversarial second opinion; (3) a primary-source verification pass covering 42 items; (4) a citation, source, and prose check of v0.3 by both reviewers; (5) a repeat of review 4 on v0.4; (6) a repeat on v0.5; (7) proposed bracket values and conformity text, recorded in Annex D; (8) a full-text publication check of v0.5.2 by both reviewers, with the author's own check of the Annex D statutory anchors against the enacted text. Reviews 1 and 2 agreed on every citation correction and differed on two design points, resolved as follows.

POINT OF DIFFERENCE	RESOLUTION	REASON
Registration channel: concurrent (review 1) or omitted from the base bill (review 2)	Title VII, effective only on a measured trigger plus a joint resolution	Keeps the enforcement core enactable while committing in advance to a response if the Arizona result recurs
Title IV funding: uncapped mandatory (review 1) or capped with offsets (review 2)	Capped five-year mandatory spending from the general fund; penalties supplement the general fund without reducing the caps	Uncapped direct spending will not survive scoring

v0.6 (12 Oct 2026), presentation revision. The narrative (everything before Annex A) was revised for a plain, direct register; the bill text and Annexes A through D are unchanged from v0.5.3. Added: an “At a glance” brief under the byline; a two-contractor example opening Section 1; a six-term glossary; plain-language lead sentences in Sections 6 and 7; the Title IV cost paragraph as three bullets; declarative headings; agency and statute names spelled out at first use. Section 1 now lists the five titles with verification first. Every figure and citation in the v0.5.3 narrative was checked by script to survive the rewrite. Both reviewers then reviewed the full narrative. Reviewer B graded it A− and found no factual change. Reviewer A graded it B+, found no numerical change, and listed fifteen places where the rewrite had overstated a claim or narrowed a definition, plus the remaining figurative phrases and undefined abbreviations; all of those were applied, including the contractor example (now specifies knowing hiring and says “can underbid” rather than “wins”), the Earnings Suspense File, tentative-nonconfirmation, SCAAP, and formality definitions, the CBO surge-population wording, the Section 6 lead (no court has reviewed the provisions), and the Section 7 lead (seven predictions, not every claim). Register items declined: “Go after the employer, not the worker,” “Only Congress can pay,” and “It takes the profit out of the violation” remain, each explained in its own row or paragraph. On the regrade, Reviewer B gave the narrative A+ as written; Reviewer A gave A− with five localized edits (two sentence splits in “At a glance,” the Earnings Suspense File and EMTALA definitions, and the Section 6 lead), all applied, after which its grade was A+ as written. No human expert has reviewed the draft.

v0.5.3 (12 Oct 2026), from review 8. The complete v0.5.2 text went to both reviewers as a fresh document. Reviewer B reported nothing in any category; when pressed on ten specific items, it confirmed the error the author had already found in Annex D and confirmed the other 11 October additions. Reviewer A returned 27 findings and a verdict of not ready; its blockers and most of its other items are applied here. Changes: the Earnings Suspense File statements now say that SSA publishes cumulative totals (over 424 million items and $2.4 trillion, tax years 1937–2024, FY2025 Agency Financial Report) and that no annual-flow baseline is public; Annex D's § 101(d) instructions now cover § 401(b)–(c), § 402(a)–(e), § 403(a), § 404, and § 405, and the flag that misdescribed § 402(c) now distinguishes § 402(c) (terms of elections) from § 402(e) (required participation); the § 101(a) anchor sentence preserves the pending-inquiry protection; § 301(c)(B) excepts the disclosure its own subparagraph (A) authorizes; § 403(b) provides for final-year claims; § 701(b) measures from the date the last employer tier actually takes effect; § 703 adds an adjudication appropriation, and Annex D no longer cites § 104(c) for it; § 201(c) applies the § 6041(a) amount as a threshold only; the Section 5 table matches § 201(c); the Section 6 disclosure row matches § 301(b); the Operation Vanguard and Italy 2020 figures are restated to their sources; SP-3 states its measure; and the Annex C review count is corrected. Not adopted: softening of the thesis sentence in Section 1 and of "Only Congress can pay," which the paper supports as written. A confirmation pass on the changed passages followed: Reviewer B confirmed every change against the sources, including the ESF quotation from the FY2025 report; Reviewer A confirmed eight of its ten blockers resolved and held two open in Annex D, both applied in the same session: the § 274A(b)(7)(B) pending-inquiry rule no longer deems the document-examination duty satisfied, and the § 101(d) instructions now reach § 402(d), § 402(e) (replaced by a continuing-obligations rule rather than repealed), § 403(d), and § 404(a) and (d), and authorize voluntary use before an employer's applicable date. On the final check of those two blocks, Reviewer A's verdict was "Ready for SSRN and website as a discussion draft," with no blocking items; Reviewer B's confirmation pass reached the same result. No human expert has reviewed the draft.

v0.5.2 (11 Oct 2026), from review 7. Both reviewers (Reviewer A, High effort, web search; Reviewer B) were asked for a proposed value for every bracketed input and for strike-and-insert text for § 101(a) and (d). Neither can validate a value, both were told so, and both labeled their output as proposals. The proposals, where they differed, and the author's reconciliation are in Annex D; the brackets in Annex A stay open. Two things changed in the text. Section 201(c) moves from $[600] to $[2,000], because P.L. 119–21 § 70433 raised the information-reporting threshold for payments in 2026 and indexed it after that; Reviewer A caught this, Reviewer B did not. Section 5 now compares the draft with H.R. 251 and S. 4620. Both reviewers mis-numbered the new INA § 274A(b) paragraph (one proposed (4), the other (6); both exist), so Annex D uses (7). Send-date checks were run on 11 October 2026: E-Verify authority runs to December 11, 2026 under P.L. 119–103 div. A §§ 101(6) and 106, and the § 274a.10 amounts remain the January 2, 2025 figures because OMB M-26–11 (April 17, 2026) cancelled the 2026 inflation adjustment. What remains: Legislative Counsel conformity of the Annex D text, disposition of the bracketed inputs, the open primary-source items in Annex B, a CBO score, a privacy impact assessment, and one human reviewer with immigration-law or labor-economics expertise.

v0.5 (11 Oct 2026), from review 5. Both reviewers confirmed every v0.4 fix. Reviewer B judged the draft ready with three low-rank tweaks. Reviewer A found 45 remaining items, 14 of them operative drafting defects in the bill. All were applied except where the suggested prose softened a claim the evidence supports. A sixth round on v0.5 (same services, same modes): Reviewer B found nothing blocking; Reviewer A found four, applied in v0.5.1: § 301(c) now distinguishes what Treasury receives (§ 301(a) data) from what DHS receives (§ 301(b) identifiers only); § 703 provisional authorization begins only after a 15-day completeness and prima facie eligibility screen and ends on denial; § 201(c) verification occurs before work begins, on reasonably anticipated compensation; Sections 5 and 8 no longer say recoveries are "credited against the caps," matching § 403(c). Reviewer A's stated position after those four: approve circulation as a discussion draft.

- § 403 now contains an express appropriation (31 U.S.C. § 1301(d)), a pro-rata reduction rule when claims exceed a cap, and a receipts rule: penalties and § 502 assessments fund payments and reduce the general-fund draw without reducing the caps; employment taxes are credited as law otherwise provides.
- § 402 adds pass-through to districts, counties, and hospitals within 60 days, definitions of incremental education cost and uncompensated emergency care, and audit and recovery authority.
- §§ 401–402 fiscal years restated as the five fiscal years beginning after enactment, matching the Section 5 table.
- § 703 registration sequence fixed: application to DHS, provisional authorization on filing with employer safe harbor, adjudication within 90 days, E-Verify confirmation after approval. The v0.4 text required E-Verify confirmation before authorization existed.

- § 201(c) adds a separate verification duty for genuine independent-contractor engagements of $[600] or more a year, with a household-services exclusion; the economic-reality test alone did not reach them.
- § 301(c) adds the § 6103(p)(4) conforming amendment, defines the covered data elements, and supplies the 42 U.S.C. § 1306(a) text.
- § 302 restated: mismatch reports select employers for risk-based review; liability is established on independent evidence; § 7623 direction removed; employment taxes credited as law provides.
- § 104 adds the liability provision, district-court jurisdiction, a two-year limitations period, payment from the Judgment Fund, and record correction.
- § 102 adds the employer's comparison of the person to the displayed photograph, an in-person fallback, and a bar on employer retention of images.
- § 701(b) defines the trend as the five-year pre-enactment average, sets the first measurement period after the 36-month date, and requires CBO to publish a binding methodology first.
- § 702 adds the resolution text, privileged non-debatable motion to proceed, and treatment of the other House's resolution.
- § 101(e) names DHS as administrator with a drafting note for strike-and-insert text.
- ESF figures corrected: 37 million W-2s and $351 billion were name/SSN mismatches within the 39 million and $373 billion suspended.
- SP-1 normalized per 1,000 W-2s; SP-3 given a comparison group and per-payroll-dollar measure; SP-4 restated as incremental collections against all agencies' costs.
- Title IV cost paragraph relabeled illustrative, with the SCAAP range limited to historically eligible costs and the cap coverage restated as about 63–100%.
- *Centro* and *Center for Taxpayer Rights* distinguished rather than paired; Section 8 no longer says the D.C. Circuit "enjoined the program."
- "Federally mandated costs" replaced throughout with costs associated with the legal obligations governing education, emergency care, and eligible incarceration.
- *Arizona* pin cite widened to 404–06; the three checks placed the passage at 404, 405, and 405–06.
- Absolute claims narrowed where the source did not support them (one-cause sentence, "built the market," "Mandates work," "not a wage policy," "lower-cost tool," Spain inference, raid and Vanguard conclusions). The register is unchanged.

v0.4 (11 Oct 2026), from review 4. Reviewer B confirmed the citations and figures and found three fixes. Reviewer A confirmed the figures and found about fifty precision and drafting defects. Every item below came from one or both.

- CBO share restored to CBO's own figure: 0.3% of state and local spending net of federal grants. The v0.3 0.24% used a gross denominator.
- "The federal government nets a surplus" removed. The SSA figure is one program in one year; CBO's 2024 surge projection is cited instead, and the paper now says no comprehensive federal estimate exists.
- *Whiting* moved to a preemption row; federal power to regulate hiring stated separately (IRCA itself).
- The armed-hostility reading of "invasion" attributed to *Padavan* only; the Fifth Circuit *Texas* case no longer credited with a merits holding. *United States v. Texas* (2023) separated from the 1990s cases.
- *Arizona* pin cite changed to 404–05.
- IRS–ICE cases given docket numbers; both described as turning on § 6103(i)(2) compliance; both preliminary.
- *Plyler* and EMTALA stated at their actual scope. P.L. 119–21 § 71110 cited; it caps the match, it does not end coverage.
- SSA OIG "forty employers" corrected: together, not each, filed more than 1 million items.
- Arizona lawful-worker finding stated by outcome and group. Bracero mechanism attributed to the authors. Spain cited to the published version. Italy causal claim withdrawn. Raid row narrowed to documented facts.
- Removal-cost figures labeled as PWBM's estimate and DHS's statement, with the derivation of $70,236.
- Westat figures dated to 2008 queries and labeled historical; plausible range added.
- Title II knowledge standard made consistent: knew or should have known, in both narrative and § 202. Who runs the query and how employer size is counted added to § 201.
- Section 5 table reordered by effective date; lead-in corrected for certification-dependent phases.
- § 102 now specifies DPPA authority, a fallback for non-participating states, lock lifecycle, error correction, and the two error rates GAO must certify.
- § 301(c) now contains the actual § 6103(l) paragraph: what, by whom, to whom, purpose, no onward disclosure, retention, safeguards, penalties. DHS bound by the written agreement and reporting.
- § 402 made explicitly mandatory ("without further appropriation").

- § 601 specifies the discount convention, published assumptions, and the CBO–OCACT division of work.
- § 701(b) trigger defined: CPS, noncitizens without a high school diploma, three-year average against five-year trend, beyond the 90% sampling margin; a report permits introduction and compels no vote. § 702 made expressly a rule of each House. § 703 defines continuous employment.
- SP-1 and SP-2 given met / indeterminate / proved-wrong ranges; SP-7 measure defined.
- Title IV cost ranges labeled scenario estimates with the arithmetic shown; cap stated as 60–100% coverage, below the midpoint.
- Register kept direct; absolute claims that the evidence did not support were narrowed.

v0.3 (11 Oct 2026), from the verification pass.

- Prose rewritten throughout in a direct, declarative register; conclusions first in every section.
- CBO share corrected from 0.3% to about 0.2% ($9.2B ÷ $3,762B = 0.24%).
- Pew 2025 decline restated: the >1 million figure is total foreign-born; the unauthorized decline is "likely" with no figure.
- E-Verify authority stated as running to December 11, 2026 (P.L. 119–103 § 101(6), continuing P.L. 119–75 div. I § 5014); bill text repeals § 401(b) and makes the program permanent.
- 1990s reimbursement cases restated: rejected on political-question grounds, and in *Padavan* and *Texas* also on the merits ("invasion" means armed hostility).
- *Whiting* plurality noted (Parts II-B and III-B).
- IRS–ICE litigation added: *Center for Taxpayer Rights v. IRS* (D.C. Cir. Sept. 8, 2026) affirmed an injunction; *Centro de Trabajadores Unidos v. Bessent* (Feb. 2026) had declined one. Bill text now imposes matching-agreement terms directly rather than assuming § 552a(o) applies.
- Current § 274a.10 penalty amounts added as the baseline in Sec. 105.
- Pin cites added throughout Section 6; *Field v. Clark*, *Currin*, *Clinton v. City of New York*, *Dalton v. Specter* added on contingent legislation; Article I, § 5 caveat on expedited procedures.
- "No circuit split" reworded to "no contrary circuit holding has been identified."
- SSA OIG Earnings Suspense File audit figures and Operation Vanguard (INS, not SSA) added to Section 3.
- P.L. 119–21 emergency-Medicaid FMAP change (Oct. 1, 2026) noted.
- Title IV caps set at $1.6B (SCAAP) and $12B (education and emergency care), bracketed, from the cost ranges in Section 5.

- SCAAP FY2026 figure added; now stated as $202.5M from the enacted text of P.L. 119–74.

v0.2 (11 Oct 2026), from reviews 1 and 2.

- Primary objective restated as ending the employer cost advantage; tax collection no longer claimed as an outcome of the enforcement core.

Round 9 (proposed substitute, 30 October 2026)

Scope. This round covers the bill text of the proposed substitute of 26 October 2026, printed in Annex A of this version, and the parts of the framework rewritten to match it. It does not re-examine rounds 1 through 8, which concerned version 1.0 and the bill text it carried. Method is the one used in those rounds: every United States Code and Public Law citation, every strike-and-insert anchor, every new paragraph designation and every case citation checked against a primary source, with anything not established recorded as an open item rather than resolved.

Citations confirmed. Sections 274A and 274B of the Immigration and Nationality Act (8 U.S.C. 1324a, 1324b), including subsections (a)(3), (a)(4), (b)(1), (b)(3), (b)(6), (e)(4)(A), (e)(5) and (h)(2); sections 401 through 405 of division C of Public Law 104–208; section 241(i)(1), (2) and (3) of the Immigration and Nationality Act (8 U.S.C. 1231(i)); sections 1867, 1903(v) and 1106(a) of the Social Security Act (42 U.S.C. 1395dd, 1396b(v), 1306(a)); sections 3121(x), 3509, 6041(a), 6103(l), 6103(p)(4), 6672, 7213 and 7431 of the Internal Revenue Code; section 16(b) of the Fair Labor Standards Act (29 U.S.C. 216(b)); section 10(c) of the National Labor Relations Act (29 U.S.C. 160(c)); sections 2414 of title 28 and 1304 of title 31; section 552a(o)(1) of title 5; section 2721 of title 18; title IV of Public Law 104–193; and Article I, section 5, clause 2 of the Constitution. Plyler v. Doe, 457 U.S. 202 (1982), and Hoffman Plastic Compounds, Inc. v. NLRB, 535 U.S. 137 (2002), were confirmed as to reporter, volume, page and year.

New paragraph designations. The new paragraph (7) added to section 274A(b) does not collide: subsection (b) currently contains paragraphs (1) through (6) and no more. The new paragraph (23) added to section 6103(l) does not collide either: that subsection currently runs (1) through (22) without gaps.

Strike-and-insert anchors. The anchor struck in section 202(a), the phrase “knowing that the alien is an unauthorized alien” in section 274A(a)(4), appears exactly once in that section; the similar language in (a)(1)(A) and (a)(2) reads “knowing the alien is,” without “that,” so the anchor is unique and the insertion is grammatical. The clauses replaced in section 105(a) are clauses (i) through (iii) of section 274A(e)(4)(A), which exist in that form, and the replacement substitutes the amounts wholesale rather than quoting them, so no quoted amount is at risk of being stale.

Penalty amounts. The new base amounts in section 105(b) sit above the current inflation-adjusted amounts at 28 C.F.R. 85.5, so stating them as base statutory amounts subject to the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015 is consistent.

Not established. Four items were not established and are recorded among the open items added in version 1.1. Two further points, which are drafting rather than citation questions, are recorded with them.

Open items added in version 1.1

The items below come from the round of 30 October 2026. They concern the substitute's bill text and did not arise in rounds 1 through 8, which examined version 1.0.

The date through which the E-Verify program is presently authorized was not established from a primary source. The most recent extension located is section 5014 of division I of Public Law 119–75, carrying authorization through the end of fiscal year 2026, and no E-Verify extension appears in the text of Public Law 119–103 retrieved for this review.

The published United States Code notes to 8 U.S.C. 1324a list date substitutions for section 401(b) of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 only through Public Law 118–47, so the note does not itself show the current authorization date.

Section 2721 of title 18 contains no written-agreement requirement. The condition in Sec. 103(b), that State motor-vehicle photographs be obtained only under a written agreement meeting that section, therefore rests on a requirement the section does not impose, although disclosure to a government agency is permitted under section 2721(b)(1) and a photograph is both personal and highly restricted personal information under section 2725.

Clauses (i) through (iii) of section 274A(e)(4)(A) currently read "for each unauthorized alien." The replacement clauses in Sec. 105(a) read "for each alien," dropping the qualifier that ties the penalty to unauthorized workers.

Every existing paragraph of section 6103(l) authorizes a disclosure by the Internal Revenue Service outward. The new paragraph (23) added by Sec. 301(c) authorizes a disclosure by the Social Security Administration inward to the Service. The paragraph number is available and the cross-references are sound; the placement within that subsection is unusual.

The approach taken in Sec. 101(b) is sound on the record checked. Because the note text still reads September 30, 2015, and every extension since has applied section 401(b) by substituting a later date without amending it, a permanent authorization drafted to operate notwithstanding any termination date otherwise applicable, rather than by striking a date, is the form that survives that mechanism.

- Problem statement separates costs arising from residence and costs arising from employment.
- False Claims Act tax-bar amendment removed; § 1324b penalty change removed; employer-sanction penalties raised under § 1324a instead.
- § 1324a(b)(1)(A) amended for covered hires; § 1324a(a)(3) conformed with IIRIRA § 402(b).
- GAO certification of identity controls required before small-employer phases.
- Title II effective with each Title I tier; liability standard changed to knew or should have known.
- State preemption narrowed to a federal floor.

- SCAAP reauthorized; eligible cost widened.
- Title V rewritten: FLSA rule codified, NLRA civil assessment in lieu of back pay, status-discovery protection.
- Standing predictions paired; SP-5 replaced; Title VII trigger set at 5 points.
- Historical record added to Section 3.

Annex D. Proposed values for bracketed inputs and conformity text

Status. Everything in this annex is a proposal for the drafter, not a validated figure. The values came from a seventh review round on 11 October 2026, by two independent reviewers with web search, and were compared and reconciled by the author. Where the two reviews differed, the table says so. The brackets in Annex A remain open. Two caps should stay open until a CBO score exists.

INPUT	PROPOSED	BASIS AND COMPARATOR
§ 102(a) multiple-use alert: [N] unrelated employers in [12] months	3 in 12 months (alert on the fourth), concurrent employment excluded	A screening threshold, not a fraud finding; the alert carries no penalty. H.R. 251 § 2 and S. 4620 § 7 require notice of "unusual multiple use" without a number; a number in statute keeps the trigger out of regulation. Reviews split (3 and 5); the lower figure is proposed.
§ 102 lift of a default lock: [3] business days	3	Matches the three-working-day inquiry period in IIRIRA § 403(a)(3)(A) and the three-business-day record-update rule in S. 4620 § 2.
§ 102 error correction: [10] working days	10	Matches the ten-working-day secondary verification in IIRIRA § 404(c) and the ten-business-day cure period in INA § 274A(b)(6)(B).
§ 102(c) certification: [X] percent erroneous confirmation of unauthorized workers; [Y] percent erroneous nonconfirmation of authorized workers; [6]-month sample	X = 10; Y = 0.3; 12 months	Targets, not current rates. Westat (2009) estimated that 54% of unauthorized workers queried were confirmed; X = 10 requires a five-fold improvement before small employers are covered. Y is measured on final nonconfirmations later found erroneous, not initial mismatches, which Westat put below 1% for authorized workers. Twelve months captures a full hiring cycle, including seasonal hiring. Reviews split (5, 0.5, 6 months; 10, 0.2, 12 months).
§ 104(b) wage remedy: [180] days	180, illustrative	No statutory comparator. The figure sets how much of a government error's cost stays with the worker and is a policy choice; leave it open if the sponsor prefers.

INPUT	PROPOSED	BASIS AND COMPARATOR
§ 105 penalties: [amounts]	Knowing hire: $2,500–$10,000; $7,500–$20,000; $15,000–$40,000 per worker, indexed under the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015. Paperwork: $1,000–$25,000. Pattern or practice: a fine of up to $30,000 per unauthorized worker and up to 18 months.	H.R. 251 § 8 and S. 4620 § 5 both set $2,500–$5,000, $5,000–$10,000, $10,000–$25,000, and $1,000–$25,000 for paperwork; S. 4620 sets $30,000 and 18 months, H.R. 251 $5,000 and 18 months. The pending bills' first-tier ceiling ($5,000) is below the current adjusted ceiling ($5,724). The proposed tiers exceed every current amount in 8 C.F.R. § 274a.10(b)(1)(ii) (Jan. 2, 2025, carried into 2026 under OMB M-26–11).
§ 201(c) contractor threshold $[2,000]; household exclusion $[X]	$2,000, stated as the amount at which a return is required under 26 U.S.C. § 6041(a) as adjusted; household services below $3,000, stated as the domestic-service threshold in 26 U.S.C. § 3121(x)	P.L. 119–21 § 70433 raised the 1099-NEC and 1099-MISC threshold from $600 to $2,000 for payments in 2026 and indexed it after 2026, so $600 is stale. SSA sets the 2026 domestic-employee coverage threshold at $3,000. Tying both to the Code keeps them current without amendment.
§ 301(c) retention: [5] years	5, with retention beyond that only for an open examination or proceeding	The ordinary assessment period is three years (26 U.S.C. § 6501(a)); five covers examination and appeal. No § 6103 rule fixes the period.
§ 401 SCAAP: [100] percent; cap $[1,600,000,000]	100 percent; cap left open, $1.6 billion illustrative	Section 5 derives $0.8–1.6 billion from the FY2022–24 appropriations and 15–30% reimbursement ratios for officer-salary costs only. Section 401's wider eligible cost is unscored.
§ 402 cap $[12,000,000,000]; pass-through [60] days	Cap left open, $12 billion illustrative; 60 days	The cap sits inside the Section 5 ranges ($6–16 billion education; $1–3 billion emergency care) and needs a CBO estimate. Sixty days sits between the 30-day and 90-day Medicaid prompt-payment standards in 42 C.F.R. § 447.45(d).
§ 702 debate: [10] hours	10	Congressional Review Act, 5 U.S.C. § 802(d)(2).
§ 703: [12] of [18] months; [60]-day gap; [90]-day adjudication; [3]-year authorization; employer confirmation within [30] days; [12]-month window	12 of 18; 60; 90; 3; confirmation within 3 working days after notice of approval (replacing 30); 12	The 12-month window follows IRCA § 245A(a)(1)(A), 8 U.S.C. § 1255a(a)(1)(A). Three working days matches IIRIRA § 403(a)(3)(A); a 30-day exception had no basis. The employment test, gap, adjudication period, and term are eligibility choices with no statutory comparator; 90 days holds only with funded DHS adjudication capacity, which § 703 now authorizes.
Cover: [119th] Congress, [2d] session	119th Congress, 2d Session	The second session runs through calendar 2026; S. 4620 (May 21, 2026) carries the same designation.

Proposed conformity text for section 101(a) and (d). Proposed text, unverified against the current U.S. Code note; Legislative Counsel to confirm. The strike anchors were checked on 11 October 2026 against

the Code note as published by the Legal Information Institute and on 12 October 2026 against the enacted text of sections 401 through 405 of Public Law 104–208. The note still carries the 2015 termination date; the extensions since then were made by appropriations acts that applied section 401(b) by substituting a later date without amending the text, most recently P.L. 119–75 div. I § 5014 as carried by P.L. 119–103 div. A § 101(6). Both reviews proposed adding a paragraph to INA § 274A(b) numbered (4) or (6); paragraphs (1) through (6) exist, so the new paragraph is (7).

Section 101(a). Section 274A(b) of the Immigration and Nationality Act (8 U.S.C. 1324a(b)) is amended— (1) in paragraph (1)(A), by inserting after "A person or entity has complied with the requirement of this paragraph with respect to examination of a document if the document reasonably appears on its face to be genuine." the following: "For an individual hired on or after the applicable date under section 101(b) of the Lawful Employment and Fiscal Accountability Act, examination of documents under this paragraph remains required, and the preceding sentence applies only if the person or entity has also obtained confirmation under paragraph (7) or is deemed to have satisfied paragraph (7) under subparagraph (B) of that paragraph."; and (2) by adding at the end the following: "(7) ELECTRONIC CONFIRMATION.—(A) REQUIREMENT.—For each individual hired on or after the applicable date under section 101(b) of the Lawful Employment and Fiscal Accountability Act, the person or entity shall confirm the individual's identity and employment authorization through the confirmation system under section 404 of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (8 U.S.C. 1324a note), by an inquiry made not later than the end of the third working day after the date of hire, subject to section 403(a)(3)(B) of that Act. (B) PENDING INQUIRY.—A person or entity that makes a timely inquiry is deemed to have satisfied this paragraph while confirmation, or a timely contest under section 104(a) of the Lawful Employment and Fiscal Accountability Act, remains pending. Nothing in this subparagraph excuses compliance with paragraph (1). No adverse action may be taken against the individual solely because of a tentative nonconfirmation before final resolution. (C) DOCUMENTS.—This paragraph does not reduce the requirements of paragraph (1), authorize a request for a document that paragraph (1)(A) does not require, or permit a person or entity to confirm fewer than all individuals hired on or after the applicable date."

Section 101(d). (1) Section 401 of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (division C of Public Law 104–208; 8 U.S.C. 1324a note) is amended— (A) in subsection (a), by striking "3 pilot programs of employment eligibility confirmation" and inserting "a permanent program of employment eligibility confirmation, known as the E-Verify Program,"; (B) by striking subsection (b) and inserting "(b) IMPLEMENTATION.—The Secretary of Homeland Security shall operate the E-Verify Program on a permanent, nationwide basis for use by every person or other entity required to use it under section 274A(b)(7) of the Immigration and Nationality Act and, before the applicable date under that paragraph, by any person or other entity that elects to use it under procedures the Secretary prescribes; a person or entity that so elects is subject to sections 403 and 404 as if required to use the Program."; (C) by striking subsection (c) [operation of the three pilots as amended by Public Law 108–156; the citizen attestation and machine-readable-document pilots lapsed, and the text still names them; exact text to be confirmed]; and (D) in subsection (d)(1), by striking "The terms 'program' or 'pilot program' refer to any of the 3 pilot programs provided for under this subtitle." and inserting "The term 'program' means the E-Verify Program under this subtitle." (2) Section 402 of that Act is amended— (A) by striking subsections (a) (voluntary

election) and (c) (general terms of elections); (B) in subsection (b)(1), by striking “If a person or other entity is participating in a pilot program and obtains confirmation of identity” and inserting “If a person or other entity has complied with section 274A(b)(7) of the Immigration and Nationality Act and obtains confirmation of identity”; (C) in subsection (b)(2), by striking “that has an election in effect” and conforming the remainder [text to be confirmed]; (D) in subsection (d) (consultation, education, and publicity), by striking each reference to the pilot programs and to the election process and inserting a reference to the E-Verify Program, and by striking the paragraph on assistance in making elections [text to be confirmed]; and (E) by amending subsection (e) to read: “(e) CONTINUING OBLIGATIONS.—Each Department of the Federal Government, each office of the legislative branch, and each person or other entity subject to an order under section 274A(e)(4) or 274B(g) of the Immigration and Nationality Act requiring participation shall continue to use the E-Verify Program until the person or entity becomes subject to section 274A(b)(7) of that Act.” (3) Section 403 of that Act is amended— (A) in subsection (a), by striking the matter preceding paragraph (1) and inserting “(a) E-VERIFY PROGRAM.—A person or other entity required or permitted to use the E-Verify Program shall comply with the following procedures for each individual hired, recruited, or referred:”; (B) by striking subsections (b) and (c) (the citizen attestation and machine-readable-document pilots); and (C) in subsection (d) (protection from liability), by striking each reference to participation in a pilot program and inserting a reference to use of the E-Verify Program [text to be confirmed]. (4) Section 404 of that Act is amended— (A) in subsection (a)(1), by striking the references to persons or entities making elections and to the machine-readable-document pilot program, so that the system responds to inquiries from persons or entities required or permitted to use the E-Verify Program; (B) in subsection (a)(2), by conforming the references to obligations under the pilot programs to obligations under the E-Verify Program; (C) in subsection (d)(1), by striking the reference to persons and other entities making elections under section 402(a) and inserting “persons and other entities required or permitted to use the E-Verify Program”; and (D) by striking “pilot program” and “the pilot program” each place either appears elsewhere in the section and inserting “the E-Verify Program” [text to be confirmed]. (5) Section 405 of that Act is amended to read: “SEC. 405. ANNUAL REPORT.—Not later than 180 days after the end of each fiscal year, the Secretary of Homeland Security, with the Commissioner of Social Security, shall report to the Committees on the Judiciary of the Senate and the House of Representatives on the operation of the E-Verify Program, including inquiries, confirmations, tentative and final nonconfirmations, contested-case outcomes, independently audited error rates, identity-misuse incidents, and costs.” (6) SAVINGS.—The program in operation under section 401 of that Act on the day before enactment continues without interruption as the E-Verify Program, and any provision of an appropriations Act applying section 401(b) by substitution of a date has no further effect.

Notes for Legislative Counsel. (1) Confirm the full current text of IIRIRA §§ 401–405 against the Code note; the quoted anchors were checked against the enacted text and the Code note, not against a consolidated October 2026 compilation. (2) Section 402(c) (general terms of elections) and § 402(e) (select entities required to participate: Federal departments, legislative offices, and violators under an order) both depend on the election mechanism; the text above strikes both and preserves orders under § 274A(e)(4) and § 274B(g). (3) Reconcile the new INA § 274A(b)(7) with § 274A(b)(6) (good-faith compliance) and with Title II's contractor duty. (4) Conform FAR 52.222–54 and the E-Verify system of records notice by reference, not in the bill. (5) The § 404(c) ten-working-day secondary verification and the § 104(a) contest period must run together, with no adverse action until the later of the two ends.

ABOUT THE AUTHOR

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