

Testimony of Christopher P. Gamvroulas President, Ivory Development On Behalf of the National Association of Home Builders

Before the House Committee on Education & Workforce Subcommittee on Workforce Protections

Hearing on
E-Verify: Ensuring Lawful Employment in America
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## **Introduction**

On behalf of the more than 130,000 members of the National Association of Home Builders (NAHB), I want to thank Chairman Mackenzie, Ranking Member Omar and the Subcommittee on Workforce Protections for this opportunity to testify today on the E-Verify program.

My name is Chris Gamvroulas, and I am the President of Ivory Development, the development affiliate of Ivory Homes based in Salt Lake City, Utah. We are a multigenerational family business serving homeowners and families across Utah since 1965. We are the largest homebuilder, land developer, and multi-family builder in Utah. Since 1996, I have overseen the land acquisition, planning, entitlement and construction of over 20,000 home sites, and hundreds of acres of retail, industrial and commercial properties. Our reputation depends on our customer service and high-quality work, which are only possible because of the individuals the Ivory Companies are proud to employ.

Our company uses the E-Verify employment verification system to ensure that Ivory Homes only employs individuals authorized to work in the United States, in compliance with Utah state law and federal guidelines.

Beginning July 1, 2010, Utah required private employers with 15 or more employees to use the federal E-Verify system or another status verification system to confirm the work authorization status of new hires. Utah law has evolved over the years. Effective May 4, 2022, the threshold changed to employers with 150 or more employees required to use E-Verify or similar system.

Ivory Homes began using E-Verify on July 1, 2010 in compliance with Utah law. Our human resources team conducts employment verification for all new hires. The system is easy to use and while not entirely error-free, we encountered two instances of identity mismatch which resulted in tentative non-confirmation letters in the first few years of using E-Verify. In both cases, neither protested the mismatches.

While Ivory Homes has the resources to administer E-Verify with ease, the overwhelming majority of my colleagues and peers in the home building industry do not. Approximately 80% of NAHB members have fewer than 10 employees and often lack HR, legal departments and even office-based hiring processes. Therefore, NAHB and I are encouraged by the subcommittee's willingness to consider this issue and how businesses of all sizes can best be served under a potential national requirement. We sincerely thank you for your leadership on this important issue and I look forward to discussing our recommendations with you today.

## **Recommendations and Improvements to E-Verify**

NAHB believes any national E-Verify mandate must include a number of provisions to protect both the employer and the employee.

First, a nationwide E-Verify mandate must continue to focus on the direct employer-employee relationship. Under current law, employers must verify the identity and work authorization status of direct employees only. Subcontractors are responsible for verifying the legal status of their

direct employees, but all businesses are prohibited from knowingly using unauthorized subcontracted workers as a means of circumventing the law. Any new E-Verify mandate should remain consistent with current law regarding independent contractors.

Second, any mandatory E-Verify program should contain a safe harbor provision for employers to ensure that those who use the system in good faith will not be held liable by the U.S. Department of Homeland Security, or by the employer's workers, for errors in the E-Verify system. Whether the system falsely identifies an unauthorized worker as authorized, or vice versa, employers who rely in good faith on the information in the mandatory system should not be penalized for acting based on the system's responses. While the agencies have worked diligently to reduce error rates, inconsistent recordkeeping remains the biggest hurdle many employers face when using the E-Verify system.

A related and significant concern is the issue of identity theft. Under current law, employers are required to use the "reasonable person test" when reviewing identity and work authorization documents. When a new hire presents documents that would, to a reasonable person, appear genuine, an employer must accept them, and the employer may not demand additional documents to test their validity. E-Verify can only confirm work authorization based on the presented documents. It cannot confirm whether the person presenting those documents is in fact the same person represented in those documents.

The burden of fraud detection cannot and should not be placed on the shoulders of employers using the E-Verify system. Until E-Verify can detect identity fraud, employers who use E-Verify should not be held liable for unauthorized workers who have cleared the system because of identity theft. This is a reasonable and acceptable standard that should be maintained.

Third, E-Verify should allow employers to begin the worker verification process as soon as possible in the hiring process. In the event of a system error, this will allow us to have enough lead time to handle non-confirmations to ensure any issues are rectified before the employee's start date.

Should one of our new hires eventually receive a final non-confirmation stating that they are ineligible to work, businesses would lose time and resources dedicated to training that employee, only to have to start the process all over again. For this reason, it would be preferable for employers to begin the E-Verify process when a worker accepts a position rather than be required to wait until after the worker's start date.

Fourth, a national program must include provisions to ensure that the system is workable for all U.S. employers, including our nation's small businesses. NAHB is an association largely comprised of small business owners, operators and entrepreneurs with limited capacity to effectively manage regulatory burdens.

If E-Verify is mandated, it must work for the smallest employer as well as it works for the largest. It is therefore very important that telephonic access to the system be available. The reality is that many businesses around the country do not have access to reliable high-speed

internet or the technology to access the internet from a jobsite. There must also be a better way to inform and educate small businesses about the requirements of and changes to the program beyond what is in the *Federal Register*. Small businesses, for the most part, do not have access to this document, and many have never even heard of it.

Finally, any legislation which mandates the use of E-Verify nationwide must include a strong pre-emption clause, preventing state and local governments from creating and enforcing their own verification requirements for employers. If employers are required to use the federal E-Verify program, they must be assured there is only one set of rules for compliance.

## **Broader Workforce Development Considerations**

Due to a significant nationwide labor deficit, the home building industry faces an existential workforce crisis. In any given month, there are more than 200,000 open jobs in construction, highlighting the lack of domestically qualified tradespeople to fill these roles. Further, a lagging home building workforce has a detrimental impact on housing affordability and availability. A recent study conducted by NAHB, the Home Builders Institute, and the University of Denver found that labor shortages are extending the construction timeline of the average single-family home by nearly two months. Extended construction timelines cost \$2.663 billion annually, meaning higher carrying costs for builders and fewer affordable options for homebuyers.

Therefore, NAHB urges Congress to advance solutions that invest in our nation's domestic workforce and promote opportunities for Americans to seek lucrative and meaningful careers in the trades. Congress should immediately pass the CONSTRUCTS Act (H.R. 1055/S. 189), bipartisan and bicameral legislation that will ensure residential construction training providers, like community colleges and trade schools, have the support they need to encourage students into the home building industry.

Without question, the immigrant community has played a critical role in home building, bringing their trade-related expertise and skills to enhance the quality of our work. According to the 2023 American Community Survey, foreign-born workers account for just over a quarter of the construction labor force, including both residential and non-residential construction. In Utah, immigrant workers make up at least 20% of the construction workforce.

We are proud to say that many immigrants who have lawfully come to America and joined our industry have been able to enhance their skills, create and grow their own businesses, and forge a pathway to greater prosperity. For those workers who are not properly authorized, NAHB hopes to work with Congress to find a long-term solution in which their experience and contributions to the economy can be leveraged to put them on a pathway to permanent work authorization or temporary legal status.

## Conclusion

NAHB supports a nationwide E-Verify mandate only if it maintains an employer's responsibility for only verifying the identities of direct employees; provides employer safe harbors for good-

faith use of the E-Verify system, including identify fraud; expedites the verification process closer to an employee's hiring date; and ensures that all system requirements are accessible to small business operators, including by telephone.

E-Verify is one component to fixing our aging immigration system. To truly ensure the legality of our nation's workforce and address the broader questions posed by the growing undocumented population, NAHB urges Congress to tackle comprehensive immigration reforms through a unified approach that strengthen our borders, reform our asylum processes, improve our legal immigration channels, address the nation's undocumented population, and ensure minimal economic disruption. Congress must pair domestic workforce training solutions with any debate concerning immigration. We need to place renewed emphasis on promoting and supporting a highly skilled domestic workforce, which it can address by passing the CONSTRUCTS Act.

Thank you again for the opportunity to testify.