



The PEO I-9 Readiness Guide

What worksite enforcement at 2026 volume means for the way you run I-9s across a client book

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This guide is written for the people who run onboarding, compliance, and operations at a professional employer organization. It is practical rather than legal. It sets out what changed in enforcement, where I-9 processes tend to break when one team runs them across many clients, and what to go check in your own operation this week.

Not legal advice. *ZipID is a technology company, not a law firm. Nothing here is legal advice, and nothing here creates an attorney-client relationship. How I-9 responsibility is allocated in a co-employment arrangement depends on your contracts, your operating model, and facts we do not have. Those questions belong with your own counsel. What follows is operational guidance and publicly available information about the enforcement environment.*

1. What changed, in numbers

These are reported figures and published penalty ranges, not forecasts.

- ICE conducted an estimated 12,000 to 15,000 I-9 audits in 2025, roughly ten times the 2024 volume. That pace has continued into 2026.
- The increase is funded and staffed. It follows a large appropriation for immigration enforcement, a substantial expansion of enforcement personnel, and improved data sharing that sharpens target selection.
- An audit opens with a Notice of Inspection. Employers ordinarily get about three business days to produce Forms I-9 and supporting records.
- Federal guidance issued in March 2026 reclassified a range of errors that had been treated as technical and correctable. Errors in that category no longer come with a window to fix them.

Penalty amounts did not rise this year. Because the October 2025 CPI-U data was not published, the 2026 inflation adjustment was cancelled and 2025 levels carry forward. What changed is how many employers are exposed to them.

Violation	Range	Basis
Paperwork or substantive violation	\$288 to \$2,861	Per Form I-9
Knowingly hiring or continuing to employ an unauthorized worker, first offense	\$716 to \$5,724	Per worker
Knowingly hiring, third or subsequent offense	Up to \$28,619	Per worker

Source: 8 CFR 274a.10. Ranges are per form or per worker, so exposure scales with headcount rather than with company size.

2. Why this lands differently on a PEO

Set the liability question aside for a moment. That one depends on your contracts and belongs with your counsel. The operational picture is clearer and it is the part you control.

One process, many clients

A direct employer with a flawed I-9 process has a flawed process in one place. A PEO runs one process across its entire book. That is the efficiency of the model, and it cuts both ways. A defect in how Section 2 gets completed, or in how records are stored, does not stay contained. It replicates into every client onboarded the same way, and it shows up in an inspection as a pattern rather than an error.

Records live in more than one place

Most PEOs of any size are holding I-9s across several systems at once. Your own platform. A client's HRIS for hires they processed before coming aboard. Paper files inherited in an acquisition. A vendor platform you migrated off two years ago and still pay for read access. None of this is unusual. It becomes a problem only when someone asks for all of it at once.

The expectation gap

Clients buy a PEO partly for compliance relief, and many of them hear that as full coverage of the I-9. Your team may be doing something narrower: administering the form, or providing the platform, while the client's own manager does the document review. Whether that gap matters legally is a question for your counsel. Whether it exists is a question you can answer this week by asking three account managers what they tell clients, and comparing it to what your operations team actually does.

3. The three-day exercise

The most useful thing in this guide is not a fact. It is a test you can run without involving anyone outside your own team.

Pick one client. Give your team seventy-two hours to produce every Form I-9 for every active worker at that client, with supporting documentation and, for electronic records, the associated audit trail. Do not warn them in advance which client you will pick.

Almost nobody passes this cleanly the first time. What matters is the shape of the failure, because that tells you what to fix. The common ones:

- Records for pre-transition hires sit somewhere nobody on the current team has access to.
- The electronic system can produce the forms but cannot produce an audit trail alongside them.
- Nobody can tell, without opening each record, which forms are incomplete.
- The list of active workers at that client does not match the list of I-9s on file, in both directions.
- Retention rules were applied inconsistently, so some records that should have been purged are still there and some that should be there are not.

Run this once a quarter against a different client. It is the cheapest compliance exercise available to you, and it surfaces problems while you still have time to fix them rather than three business days after a letter arrives.

4. The step the process usually skips

The Form I-9 asks an employer to establish two things. That the documents presented reasonably appear to be genuine. And that they relate to the person presenting them.

The compliance industry built itself around the first. The second was historically handled by a person looking at a face across a desk, which worked well enough when hiring happened in a room. It does not survive the move to remote onboarding, where the face is on a screen, the documents arrive as an upload, and the person doing the looking has no training in what they are looking for.

For a PEO this is sharper than for a direct employer, because the person performing that check is usually a manager at your client, not a member of your team. You are accountable for a judgment made by someone you do not train, about a person you have never seen.

What verification actually means here

Confirming a person is a different operation from confirming a document. A biometric comparison between a live capture and the photo on the presented document answers the identity question directly. What matters operationally is that the result is a score rather than a verdict. A pass or fail tells you nothing about a borderline case. A confidence score tells your team which records deserve a second look before someone gets access to a client site.

Worth saying plainly, since vendors blur it: matching a face to the photo on a document is not the same as establishing that the document itself is genuine. Those are two capabilities. Ask which one you are being sold.

5. Readiness checklist

Work through this with your operations lead. Anything you cannot answer in a sentence is worth an hour of somebody's week.

Inventory

- ☐ You can name every system, vendor, and physical location holding a Form I-9 associated with your book.
- ☐ You can produce a current list of active workers per client and reconcile it against I-9s on file.
- ☐ You know which records predate your current process and were completed to a different standard.

Process

- ☐ You can state, in one sentence, who completes Section 2 for a co-employed worker and whether that answer varies by client.
- ☐ Anyone performing document review has been trained, and you can show when.
- ☐ Your process is identical for every new hire regardless of document type, citizenship status, or location.
- ☐ Remote hires follow a documented procedure rather than whatever the hiring manager improvised.

Records and retrieval

- ☐ You can export I-9 data as structured records, not just as scans or PDFs.
- ☐ Your electronic system produces an audit trail alongside the forms.
- ☐ You have run the three-day exercise in section 3 at least once.

Identity

- ☐ You know whether any step in your process confirms the person, as distinct from the documents.
- ☐ If a verification result is borderline, somebody sees it before the worker starts.

Response

- ☐ You know who receives a Notice of Inspection served on a client, and how fast it reaches your team.
- ☐ Outside counsel is identified in advance rather than selected during the three-day window.
- ☐ Your client agreements say something specific about I-9 responsibility, and your account team knows what they say.

6. Questions worth asking your I-9 platform

Whether you run your own platform, resell one, or inherit whatever your clients use, these are the questions that separate a system built for this from one that has a form in it.

- Can you produce every record, with its audit trail, within three business days, and can you demonstrate that rather than assert it?
- Does the system export structured data, or only documents?
- Can a completed I-9 be altered without a timestamped record of who altered it?
- Does the system prevent an incomplete form from being submitted, or does it accept the gap and flag it later?
- What, specifically, does it do to confirm identity as opposed to reading documents? Is the result a score or a verdict?
- If we leave, what do we get, in what format, and how long does it take?
- Which of the capabilities you have described are live today, and which are on a roadmap?

That last one catches more than the others combined.

About the author. Janice Kephart served as Border Counsel to the 9/11 Commission, drafted the federal identity theft criminal statute as counsel to the Senate Judiciary Committee, authored the REAL ID Act, and architected the biometric border entry and exit mandate. She was Homeland Security Director at MorphoTrak and has testified before Congress 19 times. She is the founder of Identity Strategy Partners, which has supplied senior engineering and policy support to the federal government for nearly ten years, and of ZipID, which she built to close the identity gap in the Form I-9.

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