

National Foundation for American Policy

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New Research Shows Major U.S. Tech Companies and Defense Firms Struggling to Fill Thousands of Job Openings

Separate Study Finds H-1B Hiring Associated with Increases in Employment at U.S. Technology Companies

Arlington, Va. – American businesses continue to experience difficulty in filling skilled positions in the United States, concludes a new study released today by the National Foundation for American Policy (NFAP), an Arlington, Va.-based policy research group. The study, “Talent Search: Job Openings and the Need For Skilled Labor in the U.S. Economy,” found that major U.S. technology companies today average more than 470 job openings for skilled positions in the United States while defense companies have more than 1,265 each. The first-of-its-kind analysis involved examining job postings for all companies in the Standard and Poor’s (S&P) 500.

In a second, complementary study also released today, “H-1B Visas and Job Creation,” NFAP examined H-1B filings and year-by-year job totals for the technology companies in the S&P 500 and found hiring skilled foreign nationals on H-1B visas is associated with increases in employment at U.S. technology companies.

Both studies can found on the NFAP website at www.nfap.com.

In “H-1B Visas and Job Creation” the data show that for every H-1B position requested with the Department of Labor, U.S. technology companies increase their employment by five workers. For technology firms with fewer than 5,000 employees, each H-1B position requested in labor condition applications was associated with an increase of employment of 7.5 workers. This is particularly remarkable since the actual number of people hired on H-1B visas is likely to be much lower than the total number of applications filed with the Department of Labor.

“Combined these two studies show that U.S. employers continue to need skilled labor, including individuals not born in the United States who, the empirical evidence indicates, are creating new opportunities for U.S. workers,” said NFAP Executive Director Stuart Anderson. “While every H-1B hired may not necessarily lead to five to seven Americans being hired, the data does strongly imply, at minimum, that new H-1B professionals are complementing other U.S. hires, rather than displacing them, as critics allege.”

According to “Talent Search: Job Openings and the Need For Skilled Labor in the U.S. Economy,” a number of companies have thousands of skilled positions open, with this level of openings persisting for a year or more. This is part of a longer-term trend that threatens to harm America’s economic future, with U.S. companies lacking access to the skilled professionals needed to grow and innovate inside the United States.

More than 140,000 job openings for skilled positions are available today in the 500 companies that make up the S&P (Standard & Poor’s) 500. S&P 500 companies employ only about 14 percent of individuals working in America, so the overall demand for skilled labor in the U.S.

economy is much greater. The Department of Labor's JOLTS survey indicates there are approximately four million job openings in America every month at all skill levels.

The S&P 500 companies with the most job openings as of January 2008 are Microsoft (4005), Northrup Grumman (3925), Lockheed Martin (3901), General Electric (3078), Countrywide Financial (2415), JPMorganChase (2164), Tenet Healthcare (2050), United Health Group (1927), Raytheon (1694), IBM (1670), Computer Sciences Corp. (1666), Cintas (1664), L-3 Communications (1618), Bank of America (1600), U.S. Bancorp (1562) and Cisco Systems (1504). These are openings for jobs in the United States requiring a B.A., professional degree or higher.

The NFAP study "H-1B Visas and Job Creation" used a regression model that controls for both general market conditions and firm size and found that there is a positive and statistically significant association between the number of positions requested in H-1B labor condition applications and the percentage change in total employment. The research also found that even employers that reduced employment reduced it less if they had filed for H-1Bs visas. Examining companies in the sample that had layoffs, the regression results found for every H-1B position requested on a labor condition application, total employment is estimated to be two workers more than it otherwise would have been. Data were used on total employment and H-1B labor condition applications between 2001 and 2005, allowing calculation of employment growth for 2002-2005.

An NFAP survey of 120 major U.S. technology companies, with a 22 percent response rate, indicates preventing companies from hiring foreign nationals by maintaining a low limit on H-1B visas is likely to produce the unintended consequence of pushing more work to other countries. Sixty-five percent of technology companies responding to the NFAP survey said in response to the lack of H-1B visas they had "hired more people (or outsourced work) outside the United States." This is significant in that even if those companies responding to the survey are heavier users of H-1B visas it means that these are the companies most likely to hire outside the United States in response to an insufficient supply of skilled visas for foreign nationals. Fifty-two percent of companies believed that for every H-1B professional they hired it created one or more complementary jobs at their firms or in the U.S. economy. Twenty-two percent thought the hiring of an H-1B visa holder created 10 or more jobs. Seventy-four percent of company respondents said an inability to fill positions because of the lack of H-1B visas has potentially affected their "company's competitiveness against foreign competitors or in international markets."

"The research showing H-1B visa holders are associated with increased hiring at U.S. technology companies is further evidence that current restrictions on high skill immigration are counterproductive and the result of legislative inertia, rather than legitimate concerns," said NFAP Executive Director Stuart Anderson. "The survey results indicate that when H-1B visa restrictions block cutting-edge companies from hiring foreign nationals in America companies are likely to place more of their human resources outside the United States."

About the National Foundation for American Policy

Established in the Fall 2003, the National Foundation for American Policy (NFAP) is a 501(c)(3) non-profit, non-partisan public policy research organization based in Arlington, Virginia focusing on trade, immigration and related issues. The Advisory Board members include Columbia University economist Jagdish Bhagwati, Ohio University economist Richard Vedder and other prominent individuals. Over the past 24 months, NFAP's research has been written about in the Wall Street Journal, the New York Times, the Washington Post, and other major media outlets. The organization's reports can be found at www.nfap.com.

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