Media and Other Citations from March 2008 NFAP Studies

- Bill Gates cites both new NFAP studies in Congressional testimony, March 12
- Wall Street Journal Editorial
- USA Today Editorial
- New York Times
- Wall Street Journal news article
- Los Angeles Times
- San Jose Mercury News
- Washington Post, PC World, and Forbes.com (more Bill Gates)
- NPR Marketplace
- Washington Post and PC World
- Information Week
- Congress Daily
- Times of India
- BNA Daily Labor Report
- CQ (Congressional Quarterly) Today
- Kansas City Star
- Oklahoman

Excerpt citing recent NFAP study in testimony of Bill Gates before the House Committee on Science and Technology, March 12, 2008.

"If we increase the number of H-1B visas that are available to U.S. companies, employment of U.S. nationals would likely grow as well. For instance, Microsoft has found that for every H-1B hire we make, we add on average four additional employees to support them in various capacities. Our experience is not unique. A recent study of technology companies in the S&P 500 found that, for every H-1B visa requested, these leading U.S. technology companies increased their overall employment by five workers."

[Citation: *H-1B Visas and Job Creation*, National Foundation for American Policy, March 2008.]

The New York Times

April 1, 2008

Visa Application Period Opens for Highly Skilled Workers
By JULIA PRESTON

The annual sweepstakes for visas for highly skilled temporary foreign workers begins on Tuesday, the opening day for applications to the vastly oversubscribed immigration program that is the center of a growing controversy in Congress.

The federal authorities will accept petitions from employers for 65,000 temporary work visas, known as H-1Bs, that are available for the year that starts Oct. 1. Last year, the agency received enough petitions to cover the annual quota on the first day applications were accepted.
About half of the total petitions filed were rejected because the supply of visas had run out.

Technology companies have urged Congress to raise the annual limit, saying they face damaging shortages of the computer engineers and software technicians that these visas attract.

But a number of lawmakers, led by Senator Richard J. Durbin, Democrat of Illinois, and Senator Charles E. Grassley, Republican of Iowa, say foreign companies have used the program to import workers who compete against Americans and lower wage rates. The senators oppose increasing the number of H-1B visas without closing loopholes in the program.

Citizenship and Immigration Services has said that it will accept H-1B visa petitions over five business days, ending April 7. Last year the agency closed the application period after one day because the quota had already been surpassed. In mid-April, the agency will run a computerized lottery to choose about 65,000 petitions.

"We want to make sure everyone has the opportunity to get their petition in to make the process as fair as possible," said Christopher S. Bentley, a spokesman for the immigration agency.

For the first time, the agency this year has explicitly prohibited companies from filing more than one petition for the same worker.

Technology companies have become increasingly frustrated and vocal about the H-1B visa limits and the lottery selection method. In March, Bill Gates of Microsoft told the House Committee on Science and Technology that the current system "makes attracting and retaining high-skilled immigrants exceptionally challenging for U.S. firms."

Mr. Gates said Microsoft and other American companies had been forced to export jobs that could have been done in the United States to countries more welcoming to skilled foreign workers.

A study in March by the National Foundation for American Policy, an immigration research group in [Washington](#), concluded that H-1B workers helped United States technology companies generate jobs for American workers. The companies increased their employment by five workers for every H-1B visa they sought, the study found.

The H-1B visas bring foreign workers, preferably with master's degrees or doctorates, for an initial period of three years, renewable for another three years. The visas are intended to help American companies fill shortages of employees with sophisticated skills.

But official figures released by Mr. Grassley show that the three biggest users of the H-1B program in 2007 were three companies based in India that perform computer and software contract work here using foreign workers, mainly Indian.

The three companies — Infosys Technologies and Wipro Limited of Bangalore, and Satyam Computer Services of Hyderabad — accounted for more than 8,500 of the H-1B visas that received preliminary approval in 2007, figures show.

Mr. Durbin, the Senate's second-ranking Democrat, said in an interview on Monday that these companies had distorted the program's purpose.
"They are H-1B brokers," Mr. Durbin said. "For a fee, they are moving these engineers to the United States for three or six years, training them and then moving them back to India to work for companies that compete with America."

Ron Hira, a professor of public policy at the Rochester Institute of Technology, said that gaps in the rules had allowed technology companies, including American ones, to misuse the program.

"Basically, H-1B has been thoroughly corrupted," Mr. Hira said. "Under H-1B you could be forced to train your own replacement," he said, speaking of American workers.

Mr. Hira pointed out that current rules do not require employers to prove a labor shortage by advertising jobs or recruiting in the United States. He said wages established for H-1B technology workers were below market levels in this country, allowing companies that use the visas to gain a competitive advantage and lowering wages over all.

Mr. Durbin and Mr. Grassley have proposed requiring companies to advertise jobs with the Labor Department before applying for visas, and giving the department new monitoring authority.

Infosys, in a statement, said that about 30 percent of its work for American employers was performed "at the client's location" in this country. It said it used H-1B visas to bring in "our trained resources" for several years or less.

Wipro said that 20 percent of its workers in the United States were "local employees." It said it used H-1B visas to bring in workers "for a short duration."

WALL STREET JOURNAL
Skilled-Worker Visa Applicants Expected to Soar
By MIRIAM JORDAN
March 31, 2008; Page A2

U.S. businesses are bracing for another round of visa roulette, as applications for high-tech professionals -- accepted by the government starting on Tuesday -- are expected to far outstrip supply.

The H-1B visas enable U.S. companies to hire skilled foreign workers for certain jobs that are difficult to fill domestically. Attorneys who help employers file petitions say they haven't seen a decline in interest despite the economic downturn. Last year, the U.S. government received 124,000 applications for H-1B visas, nearly double the congressionally mandated cap of 65,000, so the visas were awarded by lottery.

This year, visas will be granted to 65,000 individuals randomly chosen from a pool of petitions filed in the first five business days in April, as stipulated by U.S. Citizenship and Immigration Services, the federal agency that oversees the process. Selected foreign professionals can begin work at the employer that filed for them in the fiscal year starting Oct. 1.

Low unemployment in the high-tech sector coupled with the narrow window for petitioning for H-1Bs "will offset any softness in the overall economy," predicts Steve S. Miller, a Seattle attorney whose clients include many companies that employ foreign professionals. "We will end up with another lottery."

Greg Failla, chief executive of privately held Transpire Inc., which develops software for use in treating cancer patients, has his fingers crossed, while immigration proponents are making efforts in Congress to open the U.S. wider to foreign high-tech workers. Calls to expand the program have failed.

Transpire, of Gig Harbor, Wash., relies on workers with expertise in nuclear physics and engineering coupled with applied programming. "Only a handful of graduates each year in the U.S. have the ideal skill set for what we need," says Mr. Failla, whose company's software helps doctors to target radiotherapy on tumors. Transpire's software is also used in homeland security, fusion-power research, spacecraft design and oil exploration.

The company is submitting an H-1B application for a Serbian national with a background in physics-based numerical simulation software. "He has been working for us remotely for the past two years," Mr. Failla says. "But we can't put him on critical work until he is here in the U.S."

Transpire also hopes to hire a Venezuelan national who is due to graduate within months from a Texas university with a doctorate in nuclear engineering.

The H-1B visa allows 65,000 foreigners with at least a bachelor's degree and specific skills to work for a U.S. company for a six-year period. The program allocates an additional 20,000 visas to foreign nationals with advanced degrees from U.S. universities.

U.S. high-tech companies for years have called on Congress to increase the cap on visas for skilled foreigners. In testimony to Congress earlier this month, Microsoft Corp. Chairman Bill Gates warned lawmakers that the U.S. risks losing its competitive edge in technology unless it can secure qualified workers.

"Other nations are benefiting from our misguided policies," Mr. Gates said. "They are revising their immigration policies to attract highly talented students and professionals who would otherwise study, live and work in the United States for at least part of their careers."

Changes to the H-1B visa program were included in the immigration-reform bill that failed in Congress last year.

The visa stalemate has prompted some companies to expand overseas. In September, Microsoft opened its first software-development center in Canada, saying it enabled the company to recruit and retain highly skilled people "affected by immigration issues in the U.S."

The week after Mr. Gates's testimony, two bills were introduced by legislators to raise the quota. A bill sponsored by Rep. Lamar Smith, a Texas Republican, would bring the number of H-1B visas to 195,000. A bill drafted by Democratic Rep. Gabrielle Giffords of Arizona would boost the cap and exempt foreigners educated at U.S. institutions from the quota.

A study released March 10 by the National Foundation for American Policy, an Arlington, Va., policy research group, found that on average every foreign national on an H-1B visa generates another five to 7.5 jobs, depending on the size of the technology company.

But critics contend that the H-1B program takes jobs from U.S. citizens, lowers wages and is exploited by foreign companies, particularly from India, that send workers to the U.S. for training and then return them home.

Some lawmakers, worker-advocacy groups and immigration restrictionists have voiced strong opposition to bringing more foreign workers to the U.S.

Write to Miriam Jordan at miriam.jordan@wsj.com

Los Angeles Times

Firms try working around visa shortage

Some U.S. companies open sites abroad, while others plan multiple filings as H-1B application season nears.

By Jim Puzzanghera and Michelle Quinn
Los Angeles Times Staff Writers

March 31, 2008

WASHINGTON — Driven crazy by U.S. immigration policy, Microsoft Corp. executives decided to drive some of their employees north.

Unable to land enough visas for a third of the foreign-born engineers and computer scientists it wanted to hire -- many of them newly minted graduates of U.S. universities -- the Redmond, Wash., company opened a software development center just over the Canadian border last year. About 150 people now work in Vancouver.

"Our immigration system makes it very difficult for U.S. firms to hire highly skilled foreign workers," Microsoft Chairman Bill Gates told the House Science and Technology Committee this month as he pleaded for more visas. "At a time when talent is the key to economic success, it makes no sense to educate people in our universities, often subsidized by U.S. taxpayers, and then insist that they return home."

Frustrated by the limited number of these so-called H-1B visas awarded each spring in a random lottery to highly skilled foreigners, U.S. technology executives have tried to find ways around the problem while lobbying aggressively to increase the annual cap.

Microsoft, Cisco Systems Inc., Intel Corp. and other large companies have opened or expanded research facilities outside the United States. And some companies have resorted to gaming the system: filing multiple applications, along with the $1,570 to $3,320 filing fee, for each potential hire to boost the odds of winning one of the coveted visas. The fee is higher for large companies and for expedited filings.

"You can imagine our frustration," said Robert Hoffman, vice president of government affairs at Oracle Corp., which, like Microsoft, insisted it has not filed duplicate applications. "We have 1,000 job openings at Oracle we can't fill because of the arbitrary nature of visas and the arbitrary way they are selected."

Efforts to increase the annual allotment of visas have become entangled in the even more volatile debate over border security and immigration reform that is stalled in Congress as well as by some lawmakers' belief that jobs are being taken from U.S. workers.

"This is an outsourcing visa," said Kim Berry, president of the Programmers Guild, a Summit, N.J.-based advocacy group that opposes more H-1B visas. Berry said it's cheaper for companies to hire new foreign college graduates than older U.S. workers.

Last year, U.S. immigration officials received about 150,000 applications for the 65,000 visas on the first day companies could file, forcing them to pick winners in a random annual lottery. The flood is expected to be worse Tuesday when U.S. Customs and Immigration Services offices open

their doors to applications for 2009's batch of visas.

California technology companies, as well as financial institutions, culinary institutes, and healthcare providers, have pushed Congress to raise the annual limit on the visas. Temporarily increased to as high as 195,000 during the Internet boom, the cap dropped to its original 65,000 level in 2004 as job demand declined. Companies apply for the visas for prospective employees who have at least a bachelor's degree in a variety of specialized fields. The visas are good for three years and can be renewed for another three. Recipients often apply for permanent residency during that time.

While companies scramble to try to fill their jobs, potential workers are left in limbo.

"I've invested so much money into my degree, I should be given a fair chance to work here for some time," said Akbar Hajiani, 28, a graphic artist from India who recently earned his bachelor's degree from the School of Visual Arts in New York. He has been working for a Virginia graphic and production design company under a one-year extension of his student visa, and the company plans to apply for an H-1B to keep him in the U.S.

Microsoft's Gates cited **a recent study by the National Foundation for American Policy** that estimated 140,000 jobs were vacant at Standard & Poor's 500 companies and that for each H-1B visa requested, technology firms hire five additional employees.

With little hope for more visas for the fiscal year starting Oct. 1, U.S. officials have closed the duplicate application loophole. The immigration service received at least 500 duplicate applications last year, said spokesman Peter Vietti.

"If I were a Fortune 500 company and I wanted to make certain that one of my workers, or how about several, were able to obtain an H-1B, it would be a drop in the bucket for me to file 15 to 20 applications on behalf of one person to put the numbers in my favor," he said.

Last year, some companies waited until June to apply, after prospective employees earned their degrees. But the visas were long gone by then. Intel doesn't take any chances. When it finds a doctoral student it wants to hire, it files the application early under the applicant's earlier degrees.

Intel expects to submit about 400 applications Tuesday, said Jenifer Verdery, the company's director of workforce policy. Last year a majority of its applicants received visas. Intel offered jobs to those people it wanted to hire but did not get visas for at facilities in Ireland, Israel, India or China.

This year is anybody's guess.

"We could get all or none," she said.

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San Jose Mercury News
March 28, 2008
Tech firms make new push for H-1B visas
By Frank Davies
Mercury News

WASHINGTON - Oracle, Microsoft and other tech companies, joined by business leaders in New York and Washington, are making a new push for an increase in visas for skilled workers. But they conceded Thursday they face difficult odds in Congress.

Robert Hoffman, an Oracle vice president, predicted that applications for next Tuesday's H-1B visa lottery will quickly exceed the 65,000 available slots, with winners determined by a random process that ignores market needs and economic benefits.

Last year, the 65,000 cap was reached on the first day of applications.

Under this "surreal system," Hoffman said, a fashion model (the next Heidi Klum) will have the same chance at a visa as a tech entrepreneur (the next Andy Grove) who generates jobs.

Hoffman said he hoped Congress would double the current cap.

Barring that, he also proposed that legislators free up unused visas from previous years. For instance, during the 2001-02 recession, after the tech boom fizzled, the total of unused H-1B visas grew to about 300,000.

But that's not likely this year, despite an impassioned plea from Bill Gates two weeks ago and persistent lobbying by many businesses. After the collapse of a comprehensive immigration bill last year,

"If you could isolate a vote on this one issue (more visas for skilled workers), it would get through," said Victor Johnson, senior adviser to the Association of International Educators. But with many groups "screaming about immigration," the reaction of many members of Congress is, "Not right now."

Business and academic leaders, at a briefing hosted by the U.S. Chamber of Commerce, said they would look for opportunities on Capitol Hill to get what Hoffman called "short-term relief" on visas and a backlog of green card applications. But he said he was frustrated at the "all-or-nothing message we're hearing from Congress."

While an increase in visas has support in Congress, some members, such as Sens. Charles Grassley, R-Iowa, and Dick Durbin, D-Ill., have focused on past abuses by job brokers who have misused the H-1B visa system to bypass U.S. workers and bring in foreign workers for lower wages.

The Programmers Guild, an advocacy group for U.S. computer programmers, has argued that the skilled-worker visa system has not protected the rights of U.S. workers. The group did agree with Hoffman and Gates that the lottery system should reward U.S. firms that create jobs in the United States.

Large tech employers contend that the low visa cap forces them to outsource some jobs and operations. Hoffman said about 75 percent of Oracle's H-1B visa applications were granted. Of the remaining applicants, about half were relocated overseas and half were let go.

Angelo Amador, director of immigration policy for the Chamber of Commerce, said that "many manufacturers don't want to play the lottery, so they move as many people abroad as they can."

A new study by the National Foundation for American Policy, a non-partisan group that conducts research on trade and immigration, found that H-1B visa holders are not displacing U.S. workers and those companies are growing overall. "For every H-1B position requested, U.S. tech companies increase their employment by five workers," the study found.

The study cited the example of Sonnet Technologies, based in Irvine, which hired an H-1B applicant from Japan who helped develop the Japanese market for the company's products, resulting in the hiring of 10 more production personnel.

Thursday's briefing was designed to show that the skilled-visa issue is not just the concern of tech companies. Officials with the National Association of Manufacturers, a powerful lobbying force in Washington, and the Partnership for New York City - a group of corporate and investment leaders - said the limits on visas were hampering business growth.

California ranks first among H-1B visas, with 18.2 percent of the total in 2006, and the New York tri-state area accounted for 21 percent of the visas, with many going to small employers needing foreign talent to connect with global markets, said Diana Torres, a vice president of the partnership.

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More Visas, More Jobs

Bill Gates appeared before Congress again last week to make a simple point to simpler pols: The ridiculously low annual cap on H-1B visas for foreign professionals is undermining the ability of U.S. companies to compete in a global marketplace.

"Congress's failure to pass high-skill immigration reform has exacerbated an already grave situation," said the Microsoft chairman. "The current base cap of 65,000 H-1B visas is arbitrarily set and bears no relation to the U.S. economy's demand for skilled workers."

The Labor Department projects that by 2014 there will be more than two million job openings in science, technology, engineering and math fields. But the number of Americans graduating with degrees in those disciplines is falling. Meanwhile, visa quotas make it increasingly difficult for U.S. companies to hire foreign-born graduates of our own universities. Last year, as in prior years, the supply of H-1B visas was exhausted on the first day petitions could be filed.

"Today, knowledge and expertise are the essential raw materials that companies and countries need in order to be competitive," said Mr. Gates. "We live in an economy that depends on the ability of innovative companies to attract and retain the very best talent, regardless of nationality or citizenship."

Lest you think Microsoft and other companies are making this stuff up, we direct you to two recent studies published by the **National Foundation for American Policy**. The first, entitled "Talent Search," found that major U.S. technology companies average more than 470 job openings for skilled positions, while defense companies average more than 1,200 such openings. In all, more than 140,000 skilled job openings are available today in the S&P 500 companies.

The second study, "H-1B Visas and Job Creation," reports the results of a regression analysis of H-1B filings and employment at U.S. tech companies. The objective was to determine if hiring foreign nationals harms the job prospects of Americans -- a common claim of protectionists. In fact, the study found a *positive* association between H-1B visa requests and the percentage change in total employment.

Among S&P 500 firms, "the data show that for every H-1B position requested, U.S. technology companies increased employment by 5 workers," according to the study. And "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." Far from stealing jobs from Americans, skilled immigrants expand the economic pie.

Mr. Gates said his software company exemplifies this phenomenon. "Microsoft has found that for every H-1B hire we make, we add on average four additional employees to support them in various capacities," he told lawmakers. "If we increase the number of H-1B visas that are available to U.S. companies, employment of U.S. nationals would likely grow as well."

The preponderance of evidence continues to show that businesses are having difficulty filling skilled positions in the U.S. By blocking their access to foreign talent, Congress isn't protecting U.S. jobs but is providing incentives to outsource. If lawmakers can't bring themselves to eliminate the H-1B visa cap, they might at least raise it to a level that doesn't handicap U.S. companies.

Open the gate for the next Gates

By Cokie and Steve Roberts

This year, April Fools' Day has a new meaning. The fools are the foes of immigration and globalization who demand strict limits on the number of skilled foreign workers eligible for visas to work in the United States.

They are fools because their policies don't secure American jobs; they squander them. By keeping out the best and the brightest, by driving them to return home or move to other countries, the anti-globalists choke off the talent and dynamism needed to expand the economy and extend opportunity.

Bill Gates, the Microsoft founder who knows something about innovation, made this point when he lobbied Congress earlier this month to raise visa quotas: "Today, knowledge and expertise are the essential raw materials that companies and countries need in order to be competitive," he said. "We live in an economy that depends on the ability of innovative companies to attract and retain the very best talent, regardless of nationality or citizenship."

On April 1, the government will accept applications for H-1B visas, entitling skilled professionals to work here for up to six years. But only 65,000 slots are available, plus another 20,000 for holders of graduate degrees. Last year, 133,000 applications were filed in two days, before the process was cut off, and even more requests are expected this year.

Given the demand, the limits are absurdly low. Fortunately, Rep. Gabrielle Giffords, an Arizona Democrat, has introduced a bill to raise the annual ceiling to 130,000. Rep. Lamar Smith, a Texas Republican, proposes a limit of 195,000, the number available before 2003.

Any rational assessment of their economic impact shows that H-1B workers make a huge contribution. Gates argues that Microsoft adds four employees to support every foreign-born visa holder it hires. But the whole issue has become ensnared in political gamesmanship — on both sides of the aisle.

Many Republicans have decided that stirring up anti-immigration fears drives their supporters to the polls, even if their arguments — that foreigners displace American workers — make no economic sense. And many Democrats have

bowed to pressure from backward-looking unions and adopted the fantasy that America's future depends on recovering manufacturing jobs that have been lost forever.

In his celebrated speech in Philadelphia, Barack Obama was unusually candid about race but far from honest about jobs. He simply repeated the false, tired shibboleths about "the shuttered mills," closed down by evil corporations that will ship "your job ... overseas for nothing more than a profit."

Both of these views profoundly misunderstand the nature of today's global economy. Foreigners don't displace Americans, and "shuttered mills" are not reopening. Americans will get jobs — good jobs — only if the nation remains the center of innovation and ingenuity, using the "essential raw materials (of) knowledge and expertise" Gates talks about.

What makes the visa debate particularly crazy is that the next generation of innovators is already studying in America. They want to stay here, and we're kicking them out. New York Times columnist Thomas Friedman calls the current policy "pure idiocy," and the statistics back him up.

According to a recent study by the National Foundation for American Policy, the average high-tech company has 470 jobs open. Microsoft alone has 4,000 unfilled slots. The 500 largest companies combined are looking for 140,000 highly skilled workers.

Around the country, entrepreneurs are pleading for help. In New England, Joe Javorski of Analog Devices tells the Boston Globe: "We depend on our university hires ... to really build the leadership of the organization 10 years from now." In Arizona, Rep. Giffords' spokesman says her bill, increasing the visa limit, is designed to attract "just the type of people we want here to drive and grow our economy."

Kathryn Wylde, president of The Partnership for New York City, tells the New York Times: "It's a 20th-century, pre-globalization mentality that thinks somehow American companies and jobs can grow if we cut ourselves off from foreign talent."

This hunger for "foreign talent" certainly reflects a series of American failures. School systems don't prepare homegrown scholars for rigorous college courses

in math and science. Families don't instill the work ethic needed to flourish in these competitive environments.

But the nation cannot afford to wait. The future is now, and other countries are already seizing on America's self-defeating policies, enticing our most promising graduates with more liberal immigration rules.

Congress needs to lift the limits on H-1B visas and make the path to citizenship for those workers much smoother. We have to open the gate for the next Bill Gates — named Gong or Gomez, Gupta or Gurevich.

Gates Repeats Request for More H-1B Visas

The U.S. drives away the world's best engineers and computer scientists by putting limits on H-1B visas, Microsoft Chairman Bill Gates told U.S. lawmakers.

PC World

The U.S. is driving away the world's best engineers and computer scientists by putting limits on H-1B visas and other immigrant worker programs, Microsoft Chairman Bill Gates told U.S. lawmakers Wednesday.

Gates repeated his past calls for more H-1B visas, the controversial program used by technology and other companies to hire foreign workers for up to six years. More than half of the students in computer science programs at top U.S. universities are from other countries, but a limit on H-1Bs means many of those students can't stay in the U.S. after they graduate, Gates told the House of Representatives Science and Technology Committee.

"We provide the world's best universities ... and the students are not allowed to stay and work in the country," Gates said. "The fact is, [other countries'] smartest people want to come here and that's a huge advantage to us, and in a sense, we're turning them away."

Gates' comments on immigrant worker programs and improving science and engineering education at U.S. high schools reflected his long-standing positions. Gates talked about the same issues before a Senate committee a year ago. Congress has set a limit of 85,000 H-1Bs each year, including 20,000 set aside for students with advanced degrees, and in recent years, those slots have been filled within days of the application period opening.

Many lawmakers agreed with Gates on H-1Bs and other issues, but some raised concerns about raising the H-1B limit. One recent study said 150,000 computer programmers in the U.S. have lost their jobs since 2000, said Representative Dana Rohrabacher, a California Republican.

"My view ... is there are people available," Rohrabacher said. "You just want to hire the top people from India and China."

Gates said Rohrabacher's numbers were based on a flawed study. Many large tech firms can't find enough qualified workers, he said.

Rohrabacher asked if H-1B workers were driving down U.S. wages or replacing "B and C students" from the U.S. Gates said no, citing a study released Monday by the pro-immigration think tank the National Foundation for American Policy, saying that for every H-1B position applied for, companies create an additional five jobs.

"The top people are going to be [paid] higher," Gates said. "It's just a question of what country they're working in."

Representative Laura Richardson, a California Democrat, challenged Microsoft and other tech companies to fund scholarships for science and engineering students with the money they use to recruit workers and apply for visas.

The Bill and Melinda Gates Foundation provides scholarships for 14,000 minority students, Gates noted. But more scholarships won't solve the problem of a lack of U.S. science and engineering students, he said.

"Scholarships can be helpful, but I'm not sure that alone would drive the shift we need," Gates said.

Gates called on Congress to increase the H-1B cap. He also asked lawmakers to extend the 12-month period foreign students can stay in the U.S. after they graduate without obtaining a new visa. He asked Congress to allow immigrant workers to more easily become permanent U.S. residents, and he called on Congress to do away with country caps on the green-card employment visa program, which has a total cap of 140,000 workers per year.

Gates also encouraged lawmakers to focus on improving high school education in the U.S., to pump more funding into government research and to approve a permanent research and development tax credit.

"I believe this country stands at a crossroads," he said. "Economic progress depends more than ever on innovation. If we do not implement policies like those I have outlined today, the center of progress will shift to other nations that are more committed to the pursuit of technical excellence."

Forbes.com

March 12, 2008

Gates Warns Congress

Brian Wingfield

WASHINGTON, D.C. -

Microsoft Chairman **Bill Gates** is once again warning Congress that the U.S. needs to improve its education system and allow more foreign-born scientists and engineers to work in the country.

"If we don't do both, U.S. companies simply will not have the talent they need to innovate and compete," Gates told the House of Representatives' Science and Technology Committee Wednesday. His remarks echo comments he made to the committee a year ago.

Gates spoke on Wednesday to a fully packed--and remarkably cordial--Congressional committee. Representatives seemed to coo as the world's third-richest man opined about the fate of the country. It was a remarkable contrast from past sessions when Gates had been called to testify on allegations that Microsoft (nasdaq: MSFT - news - people) played unfair in the software industry.

No one raised questions about the current level of Microsoft's own competitiveness--or its bruising battle with Internet king **Google** (nasdaq: GOOG - news - people).

Instead, the focus was strictly on national issues.

Gates wants to see more funding for a National Science Foundation program for math, science and engineering graduates students, and he suggested that at the high school level, math and science teachers should be paid more. He's urging Congress to support state programs that measure students' learning abilities.

"Ultimately, we need to identify a smaller set of clear, high and common state standards that reflect what young people truly need to know to be successful in the 21st century...," he said in his prepared remarks.

Gates noted that his own philanthropic group, the Bill & Melinda Gates Foundation, has already donated more than $1.9 billion to create 1,124 new high schools and improve 761 others across

the country. In places like Texas and Ohio, the foundation has partnered with state governments to improve science and tech education specifically.

See excerpts of Bill Gates' testimony here.

Gates also argues that the U.S. should raise the cap on so-called H-1B visas for skilled foreign nationals so that the U.S. can retain the high-tech workers it trains at its universities. "The fact that their smartest people want to come here has been a huge advantage for us, and in a sense we're throwing that away," Gates said.

In addition, he urged lawmakers to raise the current cap on employment-based visas, or "green cards," and he called on Congress to renew the now-expired research and development tax credit--something that business groups such as the National Association of Manufacturers and U.S. Chamber of Commerce have also pushed for.

Gates' remarks come at a convenient time. Earlier this week, the **National Foundation for American Policy** released a study showing that, in spite of the government's negative jobs numbers, more than 140,000 high-skilled jobs are still open at S&P 500 companies. The firms with the most open positions: Microsoft, **Northrop Grumman** (nyse: NOC - news - people), **Lockheed Martin** (nyse: LMT - news - people) and **General Electric** (nyse: GE - news - people). A second NFAP study found that hiring workers with H-1B visas leads to greater employment at tech companies.

But if the past year's legislative record is any indication, Gates' ideas on immigration reform will go nowhere in 2008. Despite President Bush's support, several measures to reform the nation's immigration policies failed in Congress last year--it's a dicey issue that follows geographic, rather that party, politics.

Gates might have better luck with his education and tax credit proposals, reforms the Bush administration has also backed. Last year, the president signed into law the "America COMPETES Act," which increases funding for math and science research programs. The Microsoft chairman says the bill should be funded to the hilt for fiscal year 2009. A proposal now floating about the Senate would increase National Science Foundation funding under the act.

What Gates says carries weight on Capitol Hill not because he's particularly cozy with politicians (he's not), but because republicans and democrats seem to hold his reputation as a chief executive and philanthropist in high regard. "If you've got a rock star, let him rock," said the

committee's chairman, Rep. Bart Gordon, D-Tenn., suggesting that the panel's opening remarks were cutting into the time Gates could speak.

The one exception was a testy and bizarre exchange between the Microsoft chairman and Rep. Dana Rohrabacher, R-Calif., who suggested that allowing more foreign workers, skilled or not, depresses wages for U.S. domestic workers.

"No," Gates said, visibly perturbed. "These top people are going to be hired. It's just a question of [by] what country..."

Rohrabacher fired back that others, besides the "top people," are concerned about job loss.

"It's the 'B' and 'C' students that fight for our country and kept it free so that people like yourself could have the opportunities you have," he told Gates, before Gordon cut their discussion short, citing time constraints.

Rohrabacher left the panel to attend another hearing, but told Gates they would resume their discussion at a reception Wednesday evening. Lucky guy.

NPR Story (for listening):

NPR MARKETPLACE

March 10, 2008

Too Few Native Highly-Skilled Workers

Two new studies challenge notions that foreign-born highly-skilled workers displace ones born in the U.S. Dan Grech reports the U.S. isn't producing enough people in skilled fields to fill American companies' demands.

TEXT OF STORY

Doug Krizner: There's a limit to the number of high-skilled foreign workers permitted in this country. The idea is to reserve high-paying jobs for those born in America. But two studies out today find a flaw in that thinking. From the Americas Desk at WLRN, Marketplace's Dan Grech reports.

Dan Grech: The first study examined job openings for highly-skilled workers at all the companies in the S&P 500. On average, tech companies had over 470 openings. Defense firms had more than 1,200.

Stuart Anderson: The United States is simply not producing enough people in these skilled fields to fill the demand inside these companies.

That's Stuart Anderson. He directs the National Foundation for American Policly, author of both studies. The second report counters the idea that highly-skilled immigrants displace native-born workers. For every foreign worker added, the study found U.S. tech firms increased their workforce by five

Anderson: What companies find is when they hire highly-skilled individuals, it can create new innovations and it can help the companies expand into new markets.

Anderson says that helps grow the overall labor force.

I'm Dan Grech for Marketplace.

Washington Post and PC World

Study: H-1Bs Visas Go With Job Creation

U.S. companies that apply for controversial H-1B visas create additional jobs beyond the positions filled by foreign workers, according to a study released today.

PC World

Monday, March 10, 2008; 8:19 PM

For every H-1B position requested, tech companies listed on the S&P 500 stock index increased their employment by five workers in an analysis of 2002 to 2005, according to a study by the National Foundation for American Policy (NFAP).

For tech firms with fewer than 5,000 employees, each H-1B request corresponded with an average increase of 7.5 workers, the group said.

In addition, NFAP looked at the number of job openings at tech firms and defense contractors and found 140,000 job openings at S&P 500 firms in January, including more than 4,000 job openings at Microsoft, more than 1,600 openings at both IBM and CSC, and more than 1,500 openings at Cisco Systems. After Microsoft, the company with the most job openings, were defense contractors Northrup Grumman and Lockheed Martin, each with more than 3,900 job openings, according to asecond studyby NFAP.

Tech companies in particular are seeing huge shortages of qualified workers, said Christopher Hansen, president and CEO of the American Electronics Association (AEA), a large trade group. "The reality is that this nation is today the leader in technology and the technology industries," he said. "To be able to maintain that lead, our companies need access to a highly educated workforce."

These job shortages could continue without a change in the U.S. government's H-1B visa policy, added Stuart Anderson, NFAP's executive director. Currently, the yearly cap on H-1Bs is 65,000, not including an additional 20,000 set aside for foreign students with advanced degrees at U.S. universities, and in recent years, the yearly cap has been filled within days after applications are available.

"We don't see these types of job openings as a temporary phenomenon," Anderson said. "They really should be seen as a longer term trend ... of U.S. skill level stagnating, particularly relative to many other countries in the world."

The studies come out as Microsoft Chairman Bill Gates heads to Washington, D.C. Gates is scheduled to testify about innovation and competitiveness before the House of Representatives Science and Technology Committee Wednesday, and the H-1B issue is likely to come up.

But the NFAP studies ignore the fact that many H-1B visas are taken by offshore outsourcing firms, said Ron Hira, a public policy professor at the Rochester Institute of Technology and vice president for career activities at the Institute of Electrical and Electronics Engineers-USA (IEEE-USA). Eight of the top H-1B recipients in 2007 were offshore outsourcing firms, according to figures from the U.S. Citizenship and Immigration Service.

"These firms hire almost no Americans and their entire business model rests on shifting as many American jobs overseas as fast as possible," he said. "When eight of the top 10 H-1B recipients are the who's who of offshoring then I think it's an understatement to say the program is worse than a complete failure."

Infosys, the Indian outsourcing company, received more than 4,500 H-1B visas in 2007, about 40 times the number Oracle received and 18 times the number Google received, Hira said.

Hira also questioned the NFAP study suggesting companies receiving H-1B visas hired additional workers. "The reports take fanciful leaps of logic to draw strong conclusions from weak or non-existent models," he said.

The NFAP didn't examine most of the top H-1B recipients in its reports, because only three of the top recipients in 2007, Intel, Microsoft and Cognizant, are in the S&P 500, Hira said.

Worldwide Hiring

The job creation study also looked at worldwide hiring, not U.S. hiring, when H-1Bs would most closely affect U.S. hiring Hira said. Many major tech companies in the U.S., including top-10 H-1B recipient Intel, have been cutting their workforce, Hira added. "So in Intel's case the numbers would be negative," Hira said. "Few technology companies are growing their workforce rapidly."

Asked if the job creation study looked at whether the tech companies were hiring high-paying tech workers in addition to filling H-1B visa, Anderson said the study looked at total jobs, not just tech jobs.

But AEA's Hansen dismissed criticism that many H-1Bs go to outsourcing companies. NFAP surveyed members of three tech trade groups, and 65 percent of respondents said they have

hired people outside of the U.S. because of a lack of H-1B visas, he said. NFAP found nearly 19,000 job openings among 29 members of the TechNet trade group.

"There is a huge, huge demand for these kinds of jobs, and there's a huge competition for them," Hansen said. "There's going to be a major push [for more visas] because there has to be. You have companies that are simply trying to operate, and they need this talent pool to be able to operate."

InformationWeek

BUSINESS INNOVATION POWERED BY TECHNOLOGY

InformationWeek

March 10, 2008

U.S. Tech Companies Add Five Workers For Each H-1B Visa They Seek

A report says large tech companies with more than 5,000 employers added an average of five workers for every H-1B position requested; smaller companies added 7.5 workers.

By Marianne Kolbasuk McGee,   InformationWeek

For each H-1B visa position requested, U.S. technology companies increase their employment by an average of five workers, says a new report released today by the **National Foundation of American Policy**, a research organization.

The NFAP examined all H-1B Labor Condition Applications, or LCA filings, to the U.S. Dept. of Labor from 2001 to 2005 by Standards & Poor's 500 technology companies. The NFAP report says researchers used "a regression model that controls for both general market conditions and firm size" in analyzing the association between number of positions required in H-1B LCA documents and the percentage of total employment.

Through this analysis, NFAP determined that S&P 500 technology companies with more than 5,000 employers added an average of five workers for every H-1B position requested. For companies with fewer than 5,000 employees, the average increase in employment was 7.5 workers for each H-1B position requested.

The S&P 500, which consists of mostly American companies, currently features about 76 technology companies.

The NFAP's report findings dispute a common argument by critics of the H-1B visa program who assert that the hiring of foreign technology professionals reduce employment opportunities for American workers.

"At the minimum, this shows that H-1Bs are complementary to other U.S. workers being hired, not displacing them," said Stuart Anderson, executive director of NFAP in an interview with *InformationWeek*.

Stuart, a former staff director of the Senate Immigration subcommittee, says NFAP, is "a non-profit, non-partisan public policy research organization that's independently funded by foundations and private contributors, and does not lobby for legislation."

The LCAs filings examined by NFAP are documents that companies file to the Dept. of Labor to specify details such as job location and pay that an employer plans to provide for a position they'd like to fill by an H-1B worker. The LCAs are "supporting evidence" employers provide to the U.S. Dept. of Labor before the company can apply for H-1B visa workers. LCAs need to be certified by the DoL before the employer can petition the U.S. Citizenship and Immigration Services for an H-1B visa.

However, the NFAP research did not examine the types of job positions that S&P companies added to their employment, or the pay for those positions. Anderson said the research did not conclude that companies added to their employment because they were saving money by hiring H-1B workers. In fact, he said an opposite argument may be true.

"We did not see increases in H-1B hiring by companies when they faced harder times and needed to reduce their payrolls," he says.

On April 1, the U.S. government begins accepting H-1B visa petitions from employers looking to hire foreign workers for fiscal 2009, which starts Oct. 1.

In another report NFAP released on Monday, the organization said its analysis of S&P 500 employers found that there are more than 140,000 job openings for skilled positions at those companies today.

Major U.S. technology companies today average more than 470 U.S.-based job openings for skilled positions, while defense companies have more than 1,265 each.

The skilled positions include all jobs that require at least an undergraduate degree. NFAP examined posting for U.S.-based jobs at all companies in the S&P 500 companies. The vast majority of the data was gathered in January 2008, with the rest compiled in December 2007 or February 2008, says NFAP's report.

So, who's trying to fill the most jobs? According the NFAP report, S&P 500 employers with the most job openings as of January 2008 are Microsoft (4,005), Northrop Grumman (3,925), Lockheed Martin (3,901), General Electric (3,078), Countrywide Financial (2,415), JPMorgan Chase (2,164), Tenet Healthcare (2,050), United Health Group (1,927), Raytheon (1,694), IBM (1,670), Computer Sciences Corp. (1,666), Cintas (1,664), L-3 Communications (1,618), Bank of America (1,600), U.S. Bancorp (1,562) and Cisco Systems (1,504).

H-1B Visas Likely To Go Fast; Companies Seek An Increase

   Immigration lawyers are warning companies seeking foreign high-tech workers that the 65,000 H-1B visas available April 1 will likely be exhausted that day, repeating last year's scenario. Those workers will not be allowed begin work until Oct. 1 because the six-year visas are set to begin in FY09. According to Compete America, a coalition of businesses seeking an increase in the H-1B cap, this will be the fourth year in a row that available H-1B visas have been exhausted before the start of the corresponding fiscal year. The H-1B visa cap has been exhausted nine times since 1997. An additional 20,000 H-1B visas will be available for foreign graduates of U.S. universities with advanced degrees. Last year, those visas were exhausted a few months after they became available. Businesses have been clamoring for H-1B visas ever since the annual cap fell from 195,000 to 65,000 in 2004, but they have been stymied by both conservatives and liberals in their efforts. On the liberal side, some Democrats and unions argue that H-1B visas take jobs from skilled U.S. workers and exploit foreign workers. On the conservative side, some Republicans and groups arguing for reduced immigration say Congress should focus on enforcing illegal immigration before making it easier for new immigrants to enter the country.

   A report released today by an immigration policy think tank suggested companies who seek H-1B workers also are likely to boost their total employment. A statistical analysis of H-1B applications and companies' hiring practices by the **National Foundation for American Policy** found that for every one H-1B worker requested, companies hired five additional employees. The report found that the ratio of H-1B workers to total employment stayed relatively steady from 2001 and 2005, despite wide fluctuations in job availability. A companion report from NFAP, also released today, found that there are currently more than 140,000 job openings for workers with at least a college degree within the 500 companies that make up the Standard and Poor's index. Demand is most pronounced in defense and technology companies, the report found. "We don't see these types of job openings as a temporary phenomenon. We see this as part of a larger trend," said NFAP President Stuart Anderson. "New opportunities are being created for U.S. workers by the availability of skilled foreign labor."

   Any legislation that attempts to give high-tech firms easier access to foreign labor is likely to get tied up in thorny debates about enforcing the border and the illegal population, making it unlikely anything more than limited, temporary measures can pass this year. Conservatives in the House and Senate are angling to push the enforcement-first perspective through amendments and discharge petitions, and some Democrats are hoping for small increases in low- and high-skilled guest-worker visas. "There's going to be a major push for these visas because there has to be," said American Electronics Association President Christopher Hansen. "It's always harder in an election year. ... At the very least what we're doing is laying the predicate for something that will happen in 2009. Business lobbyists hoping for access to one type of visa this year are likely to be fighting for attention with advocates seeking visas in another area. "We all stick together or we might as well drown," said U.S. Chamber of Commerce Immigration Policy Director Angelo Amador, who chairs Compete America.

Times of India

Study Shows H-1B Visas Create More Jobs

March 14, 2008

WASHINGTON: For all the heartburn and hoopla over H1-B visas and the flood of skilled guest workers coming into the United States, American companies are finding it hard to fill vacant positions with thousands of posts just waiting to be taken by qualified workers, a new study released this week shows.

American technology companies today average more than 470 job openings for skilled positions in the United States while defence companies have more than 1,265 each, according to a new study released by the **National Foundation for American Policy (NFAP)**, an Arlington, Virginia-based policy research group.

In a second, complementary study titled, "H-1B Visas and Job Creation," NFAP scrutiny of H-1B filings and year-by-year job totals for the technology companies in the S&P 500 found hiring skilled foreign nationals on H-1B visas was accompanied by increases in local employment at US technology companies.

The data showed that for every H-1B position requested with the Department of Labour, US technology companies increase their employment by five workers. For technology firms with fewer than 5,000 employees, each H-1B position requested in labour condition applications was associated with an increase of employment of 7.5 workers.

"Combined these two studies show that US employers continue to need skilled labour, including individuals not born in the United States who, the empirical evidence indicates, are creating new opportunities for US workers," NFAP Executive Director Stuart Anderson said. "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 US hires, rather than displacing them, as critics allege."

The latest study was used by Microsoft chairman Bill Gates in a testimony before a Congressional panel on Wednesday where he repeated his call for a hike in the 65,000-capped H1-B visa quota for foreign skilled workers. Amid scepticism from some law-makers, Gates cited the study to argue that more H1-Bs constituted a win-win for the US economy.

Gates also asked lawmakers to extend the 12-month training period foreign students can stay in the US after they graduate without obtaining a new visa. Congress should also allow immigrant workers to more easily become permanent US residents and do away with country caps on the green-card employment visa program, which has a total cap of 140,000 workers per year.

While election year rhetoric typically brings out the protectionist sentiments among US politicians pandering to labour groups, the NFAP study cited by Gates shows that US companies are in desperate need for more skilled workers that the American university system is unable to provide, in part because foreign students, who form a big chuck of engineering and computer sciences graduates, are now allowed to remain in the US to the visa caps.

"We provide the world's best universities... and the students are not allowed to stay and work in the country," Gates said. "The fact is, (other countries') smartest people want to come here and that's a huge advantage to us, and in a sense, we're turning them away." Such a policy, he warned, would simply result in outsourcing, or flight of jobs to other countries.

The NFAP study shows that more than 140,000 job openings for skilled positions are available today in

S&P (Standard & Poor's) 500 companies. The 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), US Bancorp (1562) and Cisco Systems (1504). These are openings for jobs in the United States requiring a professional degree or higher.

chidanand.rajghatta@timesgroup.com

BNA Daily Labor Report

Wednesday, March 12, 2008

Immigration
Tech Companies Add Five U.S. Workers
For Each H-1B Visa Sought, Study Says

U.S. technology companies that seek to hire skilled immigrants through the H-1B visa program also increase hiring of U.S. workers, according to a study released March 11 by the **National Foundation for American Policy**, an Arlington, Va.-based public policy research organization.

According to the study, for every H-1B position requested with the Department of Labor, U.S. technology companies increase their workforce 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, the study found.

"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," Stuart Anderson, NFAP executive director, said in a March 11 statement.

The study compared filings for H-1B positions in labor condition applications with DOL from 2001 through 2005 and year-by-year job totals for the technology companies in the Standard and Poor's 500. Then, a regression model was applied that controls for both general market conditions and firms size, NFAP said.

The analysis revealed 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."

H-1B visas are used to hire skilled foreign workers and are currently capped at 65,000 visas per year. In fiscal year 2008, the cap was reached on the first day filings were accepted for the visas. Similarly, the cap is expected to be reached on the first day of filing for fiscal year 2009, which is April 1.

"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," Anderson said.

Study Says Businesses Can't Find Skilled Workers

In a related study, NFAP found that U.S. businesses continue to experience difficulty in filling skilled positions in the United States.

According to the study, major U.S. technology companies average more than 470 job openings per month for skilled positions in the United States. A number of companies have thousands of skilled positions open, with this level of openings persisting for a year or more, the study found.

More than 140,000 job openings for skilled positions are currently available at S&P 500 companies, according to the study.

"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," NFAP said.

"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," Anderson said.

Additionally, an NFAP survey of 120 major U.S. technology companies indicated that by maintaining the current limit on H-1B visas, more work is likely sent overseas. Sixty-five percent of companies surveyed said that in response to the lack of H-1B visas, they "hired more people outside the United States," NFAP said.

"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," he said.

Programmers' Group Says Studies Use 'Flawed Logic.'

The NFAP job creation study uses "flawed logic" and assumes that H-1B hiring results in the additional hiring of U.S. workers without any proof of causation, Kim Berry, president of the Programmers Guild, a group of U.S. high-tech workers opposed to raising the H-1B limit, told BNA March 11.

Berry said that the logic of the study is comparable to an analogy about janitors. If, for example, for every janitor hired that is a non-English speaker, 84 English-speaking Americans are hired, the "absurd logic" of the NFAP study would indicate that the 84 new jobs were not caused by growth in the industry but because of hiring a non-English speaking janitor, Berry said.

Under this logic, one would "call upon Congress to flood in one million non-English speaking janitors, which would immediately create another 84 million U.S. jobs," Berry quipped.

Responding to the notion that a shortage of H-1B visas leads to companies sending work overseas, Berry said that many visa programs "facilitate bringing in workers for training and then sending them back to offices in India and other locations."

In addition, Berry was skeptical about technology companies being unable to fill open job positions with U.S. workers. "Corporations have been spoiled by H-1B visas," Berry said. Companies often seek applicants with five or more years of experience with various technologies, but are unwilling to train U.S. workers on these systems, he said. "It is a Catch-22 for U.S. workers" who can't find jobs to gain the needed experience, he said.

There have always been unfilled positions at large technology companies, and if those companies wanted to hire U.S. workers they would offer training or pay higher salaries to entice high-skilled Americans, he said.

The NFAP studies are available on the Internet. The study, H-1B Visas and Job Creation, is available at http://www.nfap.com/pdf/080311h1b.pdf, and the study Talent Search: Job Openings and the Need for Skilled Labor in the U.S. Economy is available at http://www.nfap.com/pdf/080311talentsrc.pdf.

CQ TODAY: Gates to Advocate for Increase in Quota for Highly Skilled Foreign Workers
By Karoun Demirjian, CQ Staff
CQ TODAY PRINT EDITION - IMMIGRATION
March 11, 2008 - 11:44 p.m.

For most on the Hill, Bill Gates' scheduled visit Wednesday to testify before the House Science and Technology Committee will be largely a photo opportunity. But for high-tech industries facing a shortage of skilled workers, it represents a desperate attempt to jump-start legislation that has gone nowhere.

The chairman of Microsoft Corp. is expected to address what business leaders believe is a critical shortage of so-called H1B visas -a shortage that threatens, in their view, the future of U.S. innovation and competitiveness.

Critics are sure to press their view that the visas are abused by U.S. employers seeking lower-wage workers or grabbed up by foreign companies that use them to send workers to America.

There is no question that demand for the visas - which grant work eligibility to foreigners with special training or skills, such as engineers, computer programmers and doctors - far outstrips their availability.

On April 1, U.S. Citizenship and Immigration Services will open up the lottery for H1Bs for fiscal 2009, and firms will scramble to get visas for their foreign recruits before all 65,000 spaces have been filled.

Last year, that happened in less than two days - with 58,000 applicants left high and dry - and this year's deluge of applications will likely be just as strong.

The non-immigrant visas entitle holders to remain in the United States for up to six years without a green card, after which they are eligible to apply for one- to three-year extensions.

Even as the economy tilts toward recession, the demand for highly skilled foreign workers has been growing. But despite the outcry from Gates and other high-tech business leaders, Congress has all but fallen silent on the issue.

Last year, several senators and representatives from both parties filed bills to increase the quota, the most prominent being a measure from Sen. Judd Gregg , R-N.H. (S 1351), which proposed raising the number to 150,000 in fiscal 2008. But the bills have gone nowhere in committee.

Increasing H1B availability is unpopular among labor unions, and several lawmakers believe there are loopholes in the current system that would only worsen if caps were lifted.

"We need to have businesses make sure they make a good-faith recruitment of American workers, and under current law that doesn't have to be done," said Sen. Charles E. Grassley , R-Iowa, who has argued that H1B visas are being abused as a way for employers to bring in cheaper labor. "We have evidence that companies have hired H1Bs and put their own people out in the street."

Gates, who testified last year before the Senate on the issue and has long been an advocate of increasing the quota, is expected to say the opposite in his testimony Wednesday - that there aren't enough highly skilled Americans to fill jobs in the United States.

"Companies like Microsoft are having a real tough time finding highly skilled workers to meet our job demand," said Ginny Terzano, a spokeswoman for Microsoft. "There needs to be more done at the legislative level in Washington to fix these challenges that we're facing."

'Brain Drain'?
Advocates of increasing the visa quota warn of a "brain drain" in which foreigners educated in the United States leave because immigration laws prevent them from taking jobs here and contributing to the economy.

That, according to some experts, creates a situation in which Congress' unwillingness to lift the cap on H1B visas in the name of protecting American jobs actually forces companies to look toward moving their operations abroad.

"Because there's more than a five-year wait for green cards in order to stay here permanently, essentially the only way you can hire an outstanding international student or a very talented person from overseas is on an H1B visa," said Stuart Anderson, executive director of the **National Foundation for America Policy**, a group that advocates raising the visa limit.

The foundation released a study Tuesday showing that for every one H1B visa a large corporation requests, it hires five total workers. In small corporations, the ratio is 7.5 workers for every H1B visa petition filed.

"If you talk to companies, there is internal debate about whether it's even worth it to keep fighting in Congress," Anderson said. "Members of Congress don't realize that there's internal discussion . . . about whether to continue to be held at the whims of Congress on H1B visas, or just continue to move resources offshore."

Fear over losing more high-tech jobs to growing economies such as India and China has prompted the presidential candidates to weigh in. Both contenders for the Democratic nomination - Sens. Barack Obama of Illinois and Hillary Rodham Clinton of New York - and presumed Republican nominee John McCain of Arizona have all said they support an increase in the quota.

But critics say H1B supporters aren't looking closely enough at just who really wants more of these visas. According to data from Citizenship and Immigration Services, most of the largest recipients of H1B visas are companies based outside the United States. In 2007, six of the top 10 recipient companies were based in India.

"Anyone can set up a corporation to sponsor H1B visas," said John Miano, founder of the Programmers Guild, an organization of computer programmers that opposes increasing the quota and is lobbying for enactment of tougher oversight rules. "These visas have been completely decoupled from market demand. All the numbers actually show is a huge demand from people who want to get into the U.S."

FORTUNE Small Business

H-1B visa crunch: 'I can't grow my business'
Facing a dwindling supply of American tech workers, employers struggle to hire skilled foreigners.
By Eilene Zimmerman
Last Updated: April 18, 2008: 1:59 PM EDT

(FORTUNE Small Business) -- Axiom Microdevices, a semiconductor company in Irvine, Calif., is embroiled in an increasingly futile annual ritual - the scramble by U.S. businesses to score scarce H-1B visas for their highly skilled foreign employees.

Axiom designs components for cell phones based on a European standard. As a result, the 45-person company often can't find qualified U.S. engineers to develop its products.

There are plenty of experienced system designers in Europe, but Axiom can't hire them without an H-1B visa, which allows highly skilled foreign nationals to work in the U.S. The U.S. Citizenship and Immigration Services (USCIS) recently concluded a five-day, H-1B application period for fiscal year 2009 (which begins October 1).

USCIS received 163,000 applications for an available 85,000 visas. (20,000 visas are allocated specifically for foreign workers with advanced degrees.)

Last year USCIS received nearly 140,000 applications, forcing the agency to use a computer-generated selection process similar to a lottery. USCIS conducted its lottery this week and will announce the results in June.

Last year Axiom made an offer to a European candidate, but couldn't hire him because he failed to obtain an H-1B visa. Axiom has two H-1B applications in this year's lottery, according to marketing VP Donald McClymont.

"We don't have U.S. designers who can do this work and at this point, we can't hire enough people to grow as quickly as we would like," says McClymont. "It's becoming a big problem for us."

Demand for H-1B visas is rising thanks to a shortage of American citizens with training in the hard sciences, mathematics and computer science. The number of

U.S. college students graduating with computer science degrees this year has declined by 43% since 2004, according to a [new study](#) by the Computing Research Association, an advocacy group based in Washington, D.C. Enrollment in computer science programs plunged 18% from 2006 to 2007.

The H-1B cap hits small businesses hard because they submit fewer applications than large companies and because individual employees are more important to the company's success. Howard Kogan, CEO of [Molecular](#), a small digital marketing and Web development company in Boston, needs software engineers with knowledge of complex Web applications development systems. Last year he wanted to hire a handful of foreign engineers, but none received H-1Bs.

This year Kogan has several potential employees in the lottery.

"It's not like there are five people who don't need visas waiting in line to work for us," says Kogan. Like other small tech businesses facing a lack of qualified personnel, Molecular has been forced to ship some of its work out to other countries.

"I can't grow my business because I can't take on more projects," says Kogan. "I don't have the staffing for it."

For workers who do receive H-1Bs, a much larger problem looms: the backlog in processing green cards, which give foreign workers permanent residency in the U.S. Qualified applicants must currently wait between two and 10 years to receive their green cards. Indian and Chinese applicants wait even longer because so many apply from these countries.

Federal immigration policy caps the number of employment-based green cards each year at 140,000, including spouses and children. An estimated 500,000 H-1B visa holders are currently waiting for a green card - or about one million, if you include family members.

That can mean a frustratingly long wait for highly educated and ambitious foreign workers, who often want to start companies in the U.S.

"One in four successful high-tech entrepreneurs in the last decade were immigrants," says Robert Litan, vice president for research and policy at the

[Kauffman Foundation for Entrepreneurship](#), a nonprofit research and advocacy group based in Kansas City. "A lot of those people leave rather than take a chance staying here."

Litan argues that the visa crunch could impede U.S. economic recovery because it disproportionately hurts small businesses, the engine of recovery in past recessions.

"We are shooting ourselves in the foot," he says.

Mark Bartosik is a British software engineer who works for a multi-media company in New York City. Bartosik holds an H-1B visa and has been waiting for a green card for eight years.

To avoid losing his place in the green card line, Bartosik remained in the same position with the same company for that entire period.

Bartosik says he came to the U.S. with an invention around which he planned to launch a company.

"It was leading-edge when I developed it in the U.K., and I had a working prototype," he said. "But after four years of waiting in the U.S. for my green card, I gave up because I could see the market for it closing up."

The only option for many businesses is to outsource work or open up offices in other countries. Axiom, for example, is considering opening subsidiaries abroad in order to hire the workers it needs.

U.S. employers worry that H-1B holders who are frustrated by the long wait for a green card will leave for jobs in other countries. Ironically, a significant portion of the foreign nationals that want to work for U.S. companies were also educated in the U.S. Foreign nationals now make up more than 60% of the Ph.D.s in computer science and engineering at U.S. colleges.

But these students are increasingly opting for jobs outside the U.S. as word spreads about how difficult it is to get a visa, says Aman Kapoor, president of the immigration rights group [Immigration Voice](#), whose members are highly skilled foreign residents of the United States.

"They take the education and training received in the U.S. to use in another country, along with the revenue they will generate," says Kapoor.

Organized labor leaders and some members of Congress oppose raising the cap on H-1Bs or eliminating limits on employment-based green cards for highly skilled workers. Rep. Dana Rohrabacher, R-Calif., has suggested there are enough skilled U.S. workers to fill vacant positions and that H-1B workers are just a source of cheap labor.

But federal law requires that H-1B employees be paid the prevailing wage for their positions. And immigration lawyers say it's actually more expensive to hire a foreigner, because of visa filing fees and legal expenses.

As for foreigners taking jobs away from Americans, new research from the [National Foundation for American Policy](), a public policy think tank, suggests that hiring H-1B workers creates new jobs for U.S. citizens. For every H-1B position at a U.S tech company, five new workers are hired, it says. For smaller tech firms the number rises to 7.5 new jobs for every H-1B hire.

Meanwhile, Axiom's Donald McClymont - who waits to hear if his company will get visas for the workers it needs - notes that hiring skilled foreigners tends to create new ideas along with jobs.

"People from different places and different backgrounds allow cross-pollination of ideas," he says. "We absolutely need that kind of innovation to keep growing. If you stagnate and close yourself off from that, you die." ▪