

# National Foundation for American Policy

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## **New Research Finds Despite Proposed Legislative Restrictions, H-1B Visas Remain Essential to Attracting and Retaining Talent in the United States**

### ***Study Finds Benefits of Skilled Foreign Nationals to U.S. Economy, Jobs and Competitiveness Ignored in Proposed “Gang of 8” Legislation***

**Arlington, Va.** – H-1B temporary visas have been an essential avenue for allowing high-skilled foreign nationals to work in America, according to a new report released by the National Foundation for American Policy (NFAP), an Arlington, Va.-based policy research group.

The “Gang of 8” Senate immigration bill would dramatically change employment-based immigration policy, attempting through a variety of means to discourage or, in some cases, prohibit the use of H-1B visas, while providing more employer-sponsored green cards (for permanent residence).

“Research indicates measures to restrict the use of H-1B visas are not based on sound evidence and would represent a serious policy mistake that would shift more work and resources outside the United States,” said the report’s author Stuart Anderson, executive director, National Foundation for American Policy, and former head of policy and counselor to the Commissioner of the INS (August 2001 to January 2003).

The report, “H-1B Visas Essential to Attracting and Retaining Talent in America,” is available at [www.nfap.com](http://www.nfap.com).

The “Gang of 8” Senate immigration bill, S. 744, would place several new restrictions on the use of H-1B visas. The report finds the premises on which these new restrictions rest are not supported by the facts. “It is not practical for most skilled foreign nationals to become permanent residents (green card recipients) before being allowed to work in the United States, as the bill’s combination of positive provisions on green cards and restrictive measures on H-1B temporary visas envisions,” said Anderson.

First, rather than harming U.S. workers or the U.S. economy, H-1B visa holders contributed “between 10 and 25 percent of the aggregate productivity growth . . . that took place in the United States from 1990 to 2010,” according to economists Giovanni Peri, Kevin Shih and Chad Sparber. Peri, Shih and Sparber also found, “An increase in foreign STEM workers of 1 percent of total employment increased the wage of native college educated workers (both STEM and non-STEM) over the period 1990-2000 by 4 to 6 percent.” Economist Madeline Zavodny concluded that between 2001 and 2010, each additional 100 approved H-1B workers were associated with an additional 183 jobs among U.S. natives.

Second, S. 744 would artificially inflate the minimum required wage paid to H-1B visa holders under the belief that H-1B professionals are generally paid below that of comparable U.S. workers. In fact, the law already requires employers to pay H-1B professionals at least as much as comparable U.S. workers. Moreover, the Government Accountability Office found the median salary for H-1B visa holders age 20-39 was \$80,000 compared to \$75,000 for U.S. workers in Electrical/Electronics Engineering, and \$60,000 for H-1B professionals age 20-29 in Systems Analysis/Programming vs. \$58,000 for U.S. workers. Other studies, including by University of Maryland economists Sunil Mithas and Henry C. Lucas, Jr., find H-1B professionals in information technology (IT) earned more than their native counterparts with similar experience and do not harm the prospects of U.S.-born workers.

Third, employment in Computer and Math occupations rose by 12.1 percent between 2007 and 2012, the second highest of any U.S. job category during that period, according to the Bureau of Labor Statistics. Some argue the size of the wage growth in certain technology fields means companies are not having a difficult time filling positions. But wage growth can be hidden when the number of jobs in a sector grows. Statistically, adding more employees in an occupational category tends to limit average wage growth (newer workers tend to earn less than incumbent workers), while a field like construction, which lost 25 percent of its jobs between 2007 and 2012, shows reasonable average wage growth, since newer, lesser paid workers were the most likely to lose their jobs. The competition for labor in high tech fields is global, which means employers can fill vacancies or complete projects outside the U.S. that would not appear in domestic “shortage” data. Still, large technology companies today report many job openings.

Fourth, India-based companies do not use up most of the yearly H-1B allotment, as some believe. Between FY 2006 and FY 2011, the top 25 India-based companies utilized between 6 and 15 percent of the new H-1B visa approved for initial employment, and 19.9 percent in FY 2012. In FY 2012, the 26,865 new H-1B visas approved for the top 25 India-based companies

equaled only 0.017 percent of the U.S. labor force. Many of these companies perform services under contract to assist U.S. companies in focusing on core business functions.

Fifth, education levels for new H-1B visa holders are high, with 58 percent having earned a master's degree or higher. New H-1B visa holders in the United States accounted for 0.087 percent of the U.S. labor force in 2012.

Sixth, rather than harming U.S. students, as some contend, a large proportion of the approximately \$4 billion in government fees paid by employers since 1999 for H-1B visa holders have provided over 63,000 scholarships for U.S. students in science and technology fields, according to the National Science Foundation. A key part of the next generation of outstanding scientists and engineers, the children of H-1B visa holders accounted for 60 percent of the finalists at the 2011 Intel Science Talent Search competition for top high school students.

Seventh, significant government oversight of H-1B visas currently exists. In FY 2010 and FY 2011, U.S. Citizenship and Immigration Services conducted approximately 30,000 on site audits of employers of H-1B visa holders. In FY 2010, only 1 percent of the audit visits resulted in referrals for a fraud investigation.

In sum, the study finds premises on which new restrictions have been proposed for H-1B visas are mistaken, overstated or based on incorrect information. The study recommends Congress expand the number of green cards and H-1B visas without burdening employers or visa holders with new rules and limitations that will harm the competitiveness of U.S. companies.

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#### **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, former U.S. Senator and Energy Secretary Spencer Abraham 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](http://www.nfap.com).

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