

National Foundation for American Policy

March 29, 2011

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New Research Finds Over Past Decade Employers Have Paid Over \$3 Billion In Mandatory Fees To Hire Skilled Foreign Nationals

Arlington, Va. – In addition to paying skilled foreign-born professionals the same wages as comparable American workers, government data show U.S. employers have been required to pay over \$3 billion in mandatory government fees since 2000, calling into question critics' assertions H-1B visa holders are hired to save money. Data from U.S. Citizenship and Immigration Services obtained in a new report released by the National Foundation for American Policy (NFAP), an Arlington, Va.-based policy research group, show from FY 2000 to FY 2011, employers have paid over \$2.3 billion to the federal government in H-1B scholarship/training fees (generally \$1,500 per individual), while a \$500 anti-fraud fee on each H-1B and L-1 visa has cost employers more than \$700 million.

The report can be found on the NFAP website at www.nfap.com.

Given that an employer can pay as much as \$35,000 to sponsor a skilled foreign national for permanent residence and up to \$6,000 or more in various government, legal and other costs to petition for an H-1B visa holder, the report notes it is difficult to argue employers are engaging in this time-consuming and uncertain immigration process to save money. "The more than \$3 billion employers have paid in mandatory government fees to hire skilled foreign nationals since 2000 is a testament to one thing – if companies really are trying to save money by hiring H-1B visa holders, then they are not doing a very good job of it," said Stuart Anderson, executive director of the National Foundation for American Policy.

Among the other findings in the NFAP report, which is based on official government data:

- In addition to charitable donations and state and local taxes to support education, U.S. employers have funded college scholarships for 58,000 U.S. students in science and math through fees paid to hire H-1B visa holders, according to the National Science Foundation.

- While employers train their own workforce, spending over \$50 billion a year, according to *Training* magazine, employer-paid H-1B fees have funded training for more than 100,000 U.S. workers through the Department of Labor since 2000.

As related in other NFAP reports, H-1B visas are temporary visas that allow foreign nationals to work in the United States on short-term projects or as a prelude to a green card. The visas generally are good for up to 6 years (with a renewal after three years). A reason H-1Bs visas are economically important is that without such visas skilled foreign nationals generally could not work or remain in the United States. The current long waits for employer-sponsored green cards (used to stay permanently) make them unrealistic to use for hiring new employees. Therefore, an H-1B visa often is the only practical means for an employer to hire a skilled foreign-born professional for a short or long period of time. Under the law, when hiring an H-1B professional, companies must pay the higher of the prevailing wage or actual wage paid to “all other individuals with similar experience and qualifications for the specific employment in question.” In a recent report, the Government Accountability Office (GAO) compared the median reported salaries of U.S. workers to H-1B professionals in the same fields and age groups and found H-1B professionals generally earned the same or more as their U.S. counterparts.

The American Competitiveness and Workforce Improvement Act of 1998 (Public Law 105-277) established the H-1B Nonimmigrant Petitioner Account funded by a \$500 fee on each new petition (and the first renewal of H-1B status) for H-1Bs sponsored by U.S. companies. Congress increased the fee to \$1,000 in 2000. The “L-1 Visa and H-1B Visa Reform Act,” passed in November 2004, raised the training and scholarship fee again to \$1,500, the level at which it remains today, although it is \$750 for employers with 25 or fewer fulltime employees.

While originally part of a political compromise to fund training and scholarships in exchange for more H-1B visas, the fee has continued at higher levels – without corresponding increases in H-1B visas. Employers, with the exception of universities, primary and secondary schools, and non-profit research institutes, are required to pay the fee when they first hire an H-1B professional and again the first time they renew that individual’s H-1B status in the United States.

In the “L-1 Visa and H-1B Visa Reform Act,” which passed Congress in November 2004, a new “Fraud Prevention and Detection” fee was established, at \$500, to be paid by employers for individuals who initially obtain H-1B or L-1 status, or when such individuals change employers. The anti-fraud fee has raised \$772 million since 2000, with funds divided equally among the Secretaries of State, Labor and Homeland Security to combat fraud.

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.

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