

# National Foundation for American Policy

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## **Surprising Findings in New H-1B Visa Numbers**

### **Visas for Indian-Based Companies Decline, Shift to Digital Services and Increased Local Hiring Cited**

Arlington, Va. – The top 7 Indian-based companies received only 9,356 new H-1B petitions for initial employment in FY 2016, a surprising drop of 37 percent between FY 2015 and FY 2016, based on an analysis of government data obtained by the National Foundation for American Policy (NFAP), an Arlington, Va.-based policy research group. The H-1B cases approved for initial employment in FY 2016 come from the FY 2017 H-1B “lottery” held in April 2016, which means these numbers reflect individuals who started working on a new H-1B petition in FY 2017. (FY 2017 began October 1, 2016.)

The drop in new H-1B visas for Indian-based companies, which is expected to continue when data are released on cases filed in April 2017 for FY 2018 start dates, is due to industry trends toward digital services such as cloud computing and artificial intelligence, which require fewer workers, and a choice by companies to rely less on visas and to build up their domestic workforces in the U.S. H-1B petitions approved for initial employment in FY 2016 were filed by employers in April 2016, which means the drop in H-1B visa use by these companies is not due to Donald Trump’s election. The data are significant. “In the past, U.S. policymakers have used the number of visas going to Indian-based companies as a political or policy reason to propose new immigration restrictions and to not raise the low annual supply of H-1B visas, which has been exhausted every year for the past 15 fiscal years,” said NFAP Executive Director Stuart Anderson, former head of policy at the Immigration and Naturalization Service under President George W. Bush.

The report, “H-1B Visas By The Numbers, is available at [www.nfap.com](http://www.nfap.com).

Among the key findings in the report:

- The 9,356 new H-1B petitions for the top 7 Indian-based companies approved in FY 2016 represent only 0.006 percent of the U.S. labor force. That is a drop of 5,436 approved petitions (37 percent) for initial employment for the 7 companies from FY 2015. While the threat of job loss has long been exaggerated by critics, it reaches illogical proportions when discussing fewer than 10,000 workers in an economy that employs 160 million workers nationwide.
- The April 2017 unemployment rate in the U.S. for “computer and mathematical science” occupations was 2.5 percent – a very low rate, even lower than the 4.4 percent for “all occupations,” according to Bureau of Labor Statistics data. The unemployment rate for “architecture and engineering” occupations is even lower at 2.1 percent. This illustrates a disconnect between reality and claims that high-skilled foreign nationals are preventing U.S. workers from pursuing careers in tech fields. According to Code.org, Bureau of Labor Statistics data indicate there will be “1.4 million more software development jobs than applicants who can fill them by 2020...and there are more than 500,000 open computing jobs nationwide.” An analysis by Glassdoor shows 9 of the 10 highest paying majors for

U.S. students 5 years out of college are in STEM (science, technology, engineering and math) fields.

- The number of approved new H-1B petitions for Tata Consultancy Services (TCS) declined by 56 percent from FY 2015 to FY 2016, from 4,674 to 2,040, a drop of 2,634. Wipro declined by 52 percent between FY 2015 and FY 2016, a drop of 1,605, going from 3,079 to 1,474 approved petitions for initial employment during those years. Infosys declined by 16 percent (or 454 petitions), with 2,376 approved H-1B petitions for initial employment in FY 2016, compared to 2,830 in FY 2015.
- In the past, implementing a software platform throughout a company required many information technology (IT) professionals, which was reflected in the higher use of visas. However, today, the global trend is for the corporate clients of IT services companies to demand digital engineering and more sophisticated services, including better data analysis, that require fewer workers and more advanced technology. These trends, along with increased hiring of U.S. workers by IT services companies, have escaped the notice of Congress and other policymakers, which have aimed more immigration restrictions at IT companies.
- Economists note that if policymakers want less “outsourcing,” then they should increase immigration. The more Congress and executive branch agencies restrict immigration, particularly the use of H-1B and L-1 visas, the more likely companies are to increase their investments outside the United States, both in their own offices and affiliates, and through contracting out to other companies. New restrictions on the ability of IT services companies to hire people on H-1B visa holders or transfer in employees with specialized knowledge will increase the amount of work that is performed outside the United States.
- An analysis of U.S. Citizenship and Immigration Services (USCIS) data on FY 2016 H-1B petitions shows, similar to FY 2015, approximately 25,000 different U.S. employers hired at least one high-skilled foreign national on a new H-1B petition in 2016. Employers in manufacturing include Tesla Motors with 108 approved new H-1B petitions and Cummins with 197. Uber had 121 approved H-1B petitions in FY 2016, eBay 115, and the Mayo Clinic 111.
- Among the top companies with new H-1B petitions approved in 2016 were Cognizant (3,949), Infosys (2,376), TCS (2,040), Accenture (1,889), IBM (1,608), Wipro (1,474), Amazon (1,416), Tech Mahindra (1,228), CapGemini (1,164), Microsoft (1,145), HCL America (1,041), Intel (1,030), Deloitte (985), Google (924), Larsen & Toubro (870), PricewaterhouseCoopers (713), Ernst & Young (649), Apple (631), Syntel (583), Facebook (472), Oracle (427), Cisco (380), Mindtree (327), Goldman Sachs (287), UST Global (283), JPMorganChase (271), IGATE (255), Stanford (221), Yahoo! (206) and KPMG (198).
- Given the anti-immigration and anti-H-1B visa background of the people awarded key positions on immigration policy in the Trump administration, one should expect restrictive policies towards employers attempting to hire high-skilled foreign nationals.
- The major proposal in the “Buy American, Hire American” executive order was a tacit endorsement of changing the system of awarding H-1B petitions based on the “the most-skilled or highest-paid.” Currently when more H-1B applications are received than the number of petitions available – something that happens every year because of the demand for high-skilled labor – U.S. Citizenship and Immigration Services distributes H-1B petitions by lottery. New entrants to the labor market, such as international students who recently graduated from U.S. universities, cannot demand the highest salaries. That means an effort to change the system to one where only those with the highest salaries receive H-1B petitions could prevent international students from being able to stay and work in the United States after graduation. The best solution to ensure U.S. employers can retain “the most-

skilled or highest-paid” foreign nationals is to raise the H-1B cap or to exempt more H-1B visa holders from the annual limit.

- During the background briefing on the “Buy American, Hire American” executive order, a Trump administration official told reporters that “about 80 percent of H-1B workers are paid less than the median wage in their fields.” This statistic is misleading as it relies on a Department of Labor database that includes multiple applications for the same individuals, since a new filing is generally required when an H-1B professional moves to a new area. That means it “double or triple counts anyone who works in more than one geographic location (primarily younger workers sent to multiple offices).” Moreover, it may not reflect what employers actually pay individual workers, only the minimum required to be listed for government filing purposes. The median salary in 2015 for H-1B computer-related recipients who have worked about three years (listed as “continuing employment” in DHS data) was about \$7,000 higher than the median salary in the industry.

H-1B temporary visas are important as they are typically the only practical way a high-skilled foreign national working abroad or an international student educated in the United States can work long-term in America. At U.S. universities, 77 percent of the full-time graduate students in electrical engineering and 71 percent in computer science are international students. Reforms to increase the labor mobility of H-1B visas, raise the employment-based green card quota and eliminate the per country limit would be welcome but are not currently on the agenda. New restrictions on high-skilled immigration are more likely. “In today’s global economy, companies and high-skilled professionals possess many options,” said Anderson. “The United States should maintain an openness toward high-skilled immigration or those options likely will not be in America.”

#### **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). Twitter: [@NFAPResearch](https://twitter.com/NFAPResearch)

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