National Foundation for American Policy

April 19, 2018

Contact: Stuart Anderson, 703-351-5042, press@nfap.com

New Data Show H-1B Visas Going Up for U.S. Technology Companies, Continuing to Decline for Indian-Based Companies

Arlington, Va. – More H-1B visas are going to U.S. technology companies, reflecting the strong demand for high-skilled talent in the U.S. economy, and fewer visas are being used by Indian-based companies, which continues a recent trend, according to an analysis of government data obtained by the National Foundation for American Policy (NFAP), an Arlington, Va.-based policy research group.

The study, "H-1B Visas By The Numbers: 2017-18," can be found here.

The new data from U.S. Citizenship and Immigration Services (USCIS) may undermine the argument that the federal government should impose new restrictions on H-1B visas and keep the visas at a low annual limit of 85,000 for companies, which equals only 0.05% of the U.S. labor force of 160 million. 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.

The H-1B cases approved for initial employment in FY 2017 in the report come from the FY 2018 H-1B "lottery" held in April 2017, which means these numbers reflect individuals who started working on a new H-1B petition in FY 2018 (which started October 1, 2017). (Some cases may be filed in one year and approved in a different fiscal year, according to USCIS.) This month, USCIS announced it had within only a few days received more than enough applications to reach the FY 2019 H-1B limit and would use random selection to distribute qualified approved petitions.

"It's not surprising the annual limit on H-1B visas has been reach for 16 consecutive years, since it's much too low for an economy the size of America's and the limit was set in 1990 before the World Wide Web and smartphones greatly increased the demand for high-skilled technical labor," said NFAP Executive Director Stuart Anderson, former head of policy at the Immigration and Naturalization Service under President George W. Bush.

"The vast majority of the graduate students at U.S. universities in key tech fields are international students and it is understandable that America's most innovative companies would recruit both talented foreign nationals and U.S. students to serve customers and compete in the global economy," according to the NFAP study.

Four of 6 high-profile U.S. tech companies – Amazon (2,515), Microsoft (1,479), Intel (1,230), and Google (1,213) – were among the top 10 employers for approved H-1B petitions for initial employment in FY 2017. Facebook, with 720 new H-1B initial petitions approved in FY 2017, an increase of 248, or 53%, and Apple, with 673, a 7% increase, were 14th and 15th on the list. Amazon had the second most number of H-1B petitions approved for initial employment in FY 2017, with an increase from 1,416 in FY 2016 to 2,515 in FY 2017. Amazon's use of H-1Bs reflects its increased growth in the U.S., particularly in research and development.

The top H-1B employers among high-profile tech companies match up with the U.S. companies that spend the most on research and development (R&D) in the United States. In 2017, Amazon spent almost $23 billion on R&D, followed by Alphabet (Google) with $16.6 billion, Intel with $13.1 billion, Microsoft with $12.3 billion, Apple with $11.6 billion and Facebook with $7.8 billion. Research and development is important to a country's economic growth.

In April 2018, U.S. Citizenship and Immigration Services announced it had received 190,000 H-1B applications, or 105,000 more applications than the 85,000-annual limit would permit. The top 7 Indian-based companies received only 8,468 approved H-1B petitions for initial employment in FY 2017, a decline of 43% for these companies since FY 2015. Given that 199,000 applications were filed in FY 2017 for the FY 2018 cap, the data show even if none of these companies received new H-1B visas the annual limit still would have been reached on the first day of the April filing period. The data indicate the problem is not which companies are receiving H-1B visas but that the 85,000-annual limit is too low for an economy the size of the United States.

Table 1
Number of H-1B Applications Submitted in Recent Fiscal Years

Fiscal Year	Applications Received	Number of Applications in Excess of 85,000
2015	172,000	*87,000*
2016	233,000	*148,000*
2017	236,000	*151,000*
2018	199,000	*114,000*
2019	190,000	*105,000*

Source: USCIS, National Foundation for American Policy. Numbers rounded off.

Among the key findings in the report:

- The demand for H-1B visas reflects, in part, the composition of students in key tech fields in the United States. At U.S. universities, 81% of the full-time graduate students in electrical engineering and 79% in computer science are international students.

- Emerging technologies, such as driverless vehicles, may also be increasing the demand for people with high levels of technical skill, including foreign-born researchers. Tesla (207 approved new H-1B petitions in FY 2017), Uber (158) and General Motors (179) all employ individuals in H-1B status.

- The decline in H-1B visas for Indian-based companies 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 America. Companies today require fewer people per project. While Cognizant, a U.S. information technology services company headquartered in Teaneck, NJ, had the most H-1B petitions approved for new employment in FY 2017, with 3,194, that represented a decline of 25% from FY 2016. Restrictions on visas may result in more work being performed outside the United States. All companies must compete for the same relatively limited pool of tech talent in the U.S.

- The number of new H-1B petitions for Tata Consultancy Services (TCS) declined by over 50% from FY 2015 to FY 2017 (from 4,674 to 2,312). The same is true for Infosys (a 57% decline from FY 2015 to FY 2017) and Wipro (a 61% decline from FY 2015 to 2017). Five of the 7 top Indian-based companies saw declines in FY 2017 from FY 2016 – Infosys, Wipro, HCL America, Larsen & Toubro and Mindtree. Only TCS, with an increase of 13%,

and Tech Mahindra, which increased by 42%, had more H-1B petitions for initial employment approved in FY 2017 than in FY 2016.

- Reducing the H-1B annual limit in 2004 after the temporary increases of FY 1999 to FY 2003 did not increase the hiring of U.S.-born professionals and limited hiring of the most highly skilled foreign nationals. According to economists Anna Maria Mayda, Francesc Ortega, Giovanni Peri, Kevin Shih and Chad Sparber, "We . . . find that the reduced pool of H-1B workers available to for-profit firms did not lead firms to hire more Americans as there was no comparable response in the employment of native workers after 2004 in for-profit firms."

- H-1B visa holders contribute to productivity growth and can lead to higher wages for natives. "When we aggregate at the national level, inflows of foreign STEM workers explain between 30% and 50% of the aggregate productivity growth that took place in the United States between 1990 and 2010," according to economists Giovanni Peri, Kevin Shih and Chad Sparber. They concluded, "A 1 percentage point increase in the foreign STEM share of a city's total employment increased the wage growth of native college-educated labor by about 7–8 percentage points."

- When companies submitted applications in April 2017 (for the FY 2018 H-1B cap), the unemployment rate was 2.5% for "computer and mathematical science" occupations and 2.1% for "architecture and engineering" occupations, according to the Bureau of Labor Statistics.

- An analysis by Glassdoor showed 9 of the 10 highest paying majors 5 years out of college are in STEM (science, technology, engineering and math). Computer science and engineering fields top the list.

The Trump administration has not advocated increasing the annual number of H-1B visas or employment-based green cards, or enacting policies that would make it easier for employers to hire high-skilled foreign nationals. Instead it has initiated or proposed many new policies and immigration restrictions against businesses. These include an increase in denials and Requests for Evidence (RFEs) for H-1B petitions (the impact of this on FY 2017 H-1B company numbers is not known); no longer deferring to prior determinations, approvals or findings of facts when extending a current H-1B or other high-skilled visas; proposing to rescind work authorization for the spouses of many H-1B visa holders; announcing it will revise the definition of an H-1B specialty occupation and further limit or potentially eliminate the ability of international students to work after graduation for 12 months on Optional Practical Training (OPT) or an additional 24 months for individuals in a STEM field; and instituting burdensome requirements when an H-1B visa holder is placed at a customer's site.

A recent NFAP analysis of government data found, likely in response to recent administration policies, international students may be having second thoughts about coming to America. "The number of international students from India enrolled in graduate level programs in computer science and engineering declined by 21%, or 18,590 fewer graduate students, from 2016 to 2017," the study found. Given how crucial Indian immigrants have been to America's technology sector (and other fields) the implications are serious.

Congress and the administration should focus on reforms to raise the annual number of H-1B visas, increase the labor mobility of H-1B visa holders, raise the employment-based green card quota and eliminate the per country limit. To benefit the economy the current regulatory and administrative actions against high-skilled foreign nationals and their employers also should end. A modern economy requires access to talent, wherever that talent happened to be born.