National Foundation for American Policy

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Employer-Paid H-1B Fees Have Funded Nearly 90,000 College Scholarships; Companies Have Paid $5 Billion in Government-Mandated Fees to Hire H-1B Visa Holders

Arlington, Va. – A new report by the National Foundation for American Policy **(**NFAP), an Arlington, Va.-based policy research group, finds H-1B visa fees paid by employers have funded nearly 90,000 college scholarships for U.S. students in science and engineering and enabled more than 1 million K-12 students and 50,000 teachers to receive support and training to enter science fields. The fees have also contributed approximately $2.5 billion toward training U.S. workers in technology fields through Department of Labor (DOL) grants.

Employers have paid nearly $5 billion in mandated H-1B fees (currently $1,500 per a new or extended H-1B petition) that primarily fund scholarships for U.S. students and training for U.S. workers, a figure that rises to over $7 billion if one includes $1.6 billion in mandated anti-fraud fees and other government fees, the NFAP analysis found. Although critics have argued H-1B visa holders represent "cheap labor," employers pay government-imposed fees and attorney costs of up to $16,560 for an initial H-1B petition and $28,620 for the combined cost of an initial H-1B petition and an extension. In addition, immigration law requires H-1B visa holders must be paid salaries commensurate with similar U.S. workers.

"Few people realize that fees for each new H-1B visa holder fund scholarships and job training for Americans," said Stuart Anderson, executive director of the National Foundation for American Policy and counselor to the Commissioner of the Immigration and Naturalization Service (INS) under President George W. Bush. "Companies pay a significant amount of money in legal and government fees every time they sponsor a high-skilled foreign national, something they would not do unless it was considered important to a company's plans to grow and innovate in America."

A copy of the new report can be found at https://nfap.com/.

Only approximately 20% of the full-time graduate students at U.S. universities in computer science and electrical engineering are U.S. students, according to the National Science Foundation. That 20% figure includes both lawful permanent residents and the children of recent immigrants. The

Trump administration has focused on implementing new restrictions on high-skilled immigration, has increased denials and Requests for Evidence on H-1B visas and has announced plans for additional restrictions. Attorneys note an H-1B visa is generally the only practical way for a high-skilled foreign national, including a recent international student, to work long-term in the United States.

The issue goes beyond numbers. "Immigrants have started more than half (50 of 91, or 55%) of America's startup companies valued at $1 billion or more and are key members of management or product development teams in more than 80% of these companies," concluded an October 2018 NFAP report. "The research shows the increasing importance of immigrants in cutting-edge companies and the U.S. economy at a time when executive branch policies are aimed at restricting immigration into the United States."

People on all sides of the immigration debate agree that it is beneficial to train and educate more Americans in STEM fields, yet policymakers rarely note that every company-sponsored H-1B petition provides money for training and STEM education. In the policy debate over immigration, employers have not received credit (or even notice) for funding a significant number of scholarships for U.S. students and training for U.S. workers, in addition to individual company efforts.

The H-1B fees have benefited American students and encouraged through teaching and financial support many individuals to enter science and engineering fields. Yet U.S. companies still need access to talent from around the world. It seems evident the demand for high-tech skills cannot be met solely with native-born workers if Americans want U.S. companies to grow in the United States, rather than abroad.

The annual limit on H-1B visas has been exhausted each of the past 16 fiscal years. In its recent budget, the Trump administration has proposed doubling the current $1,500 training and scholarship fee employers pay when filing a petition for an H-1B professional. However, when Congress imposed the fee in 1998 and increased it in later years (in 2000 and 2004) it did so in conjunction with increasing the annual limit on H-1B visas. It seems unlikely employers would support, nor would objective observers find it a reasonable policy, to increase significantly the fees employers pay without changes to immigration law to increase the access of employers to high-skilled foreign nationals.

Information the National Foundation for American Policy has received from the National Science Foundation, the Department of Labor and U.S. Citizenship and Immigration Services (USCIS), along with additional analysis, finds:

- Employers have paid $4.9 billion in mandated H-1B fees to fund primarily scholarships for U.S. students and training for U.S. workers between FY 1999 and FY 2018. The fee is currently $1,500 on an initial H-1B petition, a change of an H-1B employer, or an extension of an "H-1B stay by the same petitioner filing on behalf of the same beneficiary," according to USCIS. ($750 for petitioners with 25 or fewer employees.)

- "Approximately 87,890 students have received scholarships ranging from one to four years from Fiscal Year (FY) 1999 through September 30, 2018," according to the National Science Foundation. At the current pace, within a few years, employers filing for H-1B visas will have supported scholarships for over 100,000 U.S. university students through H-1B fees. Scholarship amounts can reach $10,000 per year for a student. The scholarships are for "a degree in mathematics, engineering or computer science."

- Employer-paid H-1B fees have funded nearly $2 billion ($1.94 billion) in scholarships and support for K-12 student and teachers as of September 30, 2018, according to the National Science Foundation.

- "The total number of K-12 students who have been served by the ITEST program from 2009 until September 30, 2018 is 1,052,365. There have been 55,223 teacher who have been served by the ITEST program for the same period," according to the National Science Foundation. Since the National Science Foundation did not track the number of students and teachers served by ITEST and its predecessor programs prior to 2009, it's possible the number of students served is closer to 1.5 million to 2 million and the number of teachers trained is between 75,000 and 100,000.

- The Department of Labor has received approximately $2.5 billion in H-1B fees paid by employers, money designated for training U.S. workers.

- "Between March 31, 2000 and March 31, 2005, 62 of the 129 grants awarded were completed," according to Congressional Research Service (CRS). "Most grants (completed and operational) focus on high-tech/information technology. Out of a total of 86,036 individuals, 27,806 participants were in training and 73,077 participants had completed training as of March 31, 2005."

- While the amount of employer-paid H-1B fee money spent on grants is available in public DOL notices, the Department of Labor has not provided to the public information on the number of individuals who have received training through FY 2018 and the results of the training. Such information and other data would allow policymakers to assess the effectiveness of the grants and weigh the wisdom of raising fees to fund more such grants.

- Based on data received from U.S. Citizenship and Immigration Services, the National Foundation for American Policy estimates that since FY 2005 employers have paid approximately $1.6 billion to fund audits and investigations against themselves, with the money coming from a $500 “fraud prevention and detection fee” assessed when obtaining an initial grant of an H-1B or L visa or “for an alien having such status to change employers.”

- Since going into effect in 2010, “H-1B petitioners that employ 50 or more employees in the United States if more than 50 percent of these employees are in H-1B, L-1A or L-1B nonimmigrant status” have likely paid the federal government $500 million or more in such fees on H-1B and L-1 visas, according to a projection by the Congressional Budget Office (CBO).

- U.S. companies spend over $87 billion a year on training for employees, according to *Training* magazine's *2018 Training Industry Report*.

- Employers pay government-imposed fees and attorney costs of between $3,400 and $16,560 for an initial H-1B petition and $6,300 to $28,620 for the combined cost of an initial H-1B petition and an extension. This is in addition to an employer being required by law to pay an H-1B visa holder 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.”

H-1B visa fees paid by employers have helped train and educate Americans to enter technology-related fields. Increasing the fees without a significant increase in the annual limit on H-1B visas would be considered a large tax increase on many of America’s most innovative companies.

Table 1
Employer-Paid H-1B Fees
College Scholarships for U.S. Students and STEM K-12 Student and Teacher Training

College Scholarships for U.S. Students (FY 1999-FY 2018)	87,890
K-12 Students Served by ITEST (FY 2009-FY 2018)	1,052,365
Teachers Trained by ITEST (FY 2009-FY 2018)	55,223
Employer-Paid H-1B Fees (FY 1999-FY 2018)	$4.9 billion

Source: National Science Foundation, National Foundation for American Policy. ITEST stands for Innovative Technology Experiences for Students and Teachers.

Table 2
Application and Other H-1B Visa Fees for Employers

Application Fee	$460
Attorney Fees	$1,500 to $4,000
Attorney Fees if a Request for Evidence	$2,000 to $4,500
Scholarship and Training Fee	$1,500 ($750 for employers with 25 or fewer employees) (initial petition and extension)
Anti-Fraud Fee	$500 (on initial petition)
Premium Processing (optional but generally necessary)	$1,410
"50/50" Fee (for employers with workforce over 50% H-1B/L-1)	$4,000 (on initial petition)
Visa Application (cost based on reciprocity)	$190 ($0 - $800)
TOTAL	**$3,400 to $16,560 (For initial H-1B petition)** **$6,300 to $28,620 (Combined cost of initial H-1B petition and extension)***

Source: Council for Global Immigration, National Foundation for American Policy. *Some fees apply only to initial petitions or change of employers, not extensions.

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, Cornell Law School professor Stephen W. Yale-Loehr and former INS Commissioner James W. Ziglar. 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. Twitter: **@NFAPResearch**

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