

National Foundation for American Policy

May 18, 2020

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

New Research: H-1B Visa Holders Found Not To Harm U.S. Workers and Are Associated with Lower Unemployment and Faster Earnings Growth for Workers

A Second Study Shows Unemployment Rate for Computer Occupations Declined to 2.8% in April

Arlington, Va. – “H-1B visa holders do not adversely affect U.S. workers,” according to a National Foundation for American Policy (NFAP) [study](#). “On the contrary, the evidence points to the presence of H-1B visa holders being associated with lower unemployment rates and faster earnings growth among college graduates, including recent college graduates. Further, the results suggest that, if anything, being in a field with more H-1B visa holders makes it more likely that U.S.-born young college graduates work in a job closely related to their college major,” concluded the study’s author Madeline Zavodny, a Research Fellow at the National Foundation for American Policy and a Professor of Economics at the University of North Florida (UNF) in Jacksonville. Zavodny is formerly an economist in the research department of the Federal Reserve Bank of Atlanta and Federal Reserve Bank of Dallas.

The research comes at a time when the Trump administration is poised to impose potentially far-reaching new restrictions on H-1B visa holders as part of a review contained in an April 22, 2020, presidential proclamation. “The study’s findings show it makes little sense to impose new restrictions on H-1B visa holders, since doing so is likely to push more work out of the United States and harm U.S. workers,” said NFAP Executive Director Stuart Anderson, who served as executive associate commissioner for policy and planning and counselor to the Commissioner of the INS in the George W. Bush administration. “The way to economic recovery is through a pro-growth approach that welcomes talented individuals, including recent international students, to become part of America, where they can start new businesses and help provide innovations, products and services.”

The study, “The Impact of H-1B Visa Holders on the U.S. Workforce,” can be found at <https://nfap.com/>.

A [second NFAP report](#), “Analysis of Employment Data for Computer Occupations,” was also released. That report found, “The unemployment rate for individuals in computer occupations declined from 3% in January 2020 to 2.8% in April 2020, according to an analysis of the Bureau of Labor Statistics’ Current Population Survey by the National Foundation for American Policy.” The report noted, “The data raise questions about the Trump administration’s ability to use the unemployment rate for computer professionals to justify the new restrictions being considered for H-1B visa holders and international students working on Optional Practical Training (OPT). There is another indicator that the demand for high-tech skills remains strong among employers in the U.S. labor market: During the 30-day period ending May 13, 2020, there were over 625,000 active job vacancy postings advertised online for jobs in common computer occupations, including those most common to H-1B visa holders, according to Emsi Job Posting Analytics.”

The study by economist Madeline Zavodny on “The Impact of H-1B Visa Holders on the U.S. Workforce” used data from 2005 to 2018 to examine how the number of approved petitions to hire H-1B visa holders as a share of college graduates within each of 22 occupations affects the unemployment rate and earnings growth rate in those occupations. The study analyzes data from U.S. Citizenship and Immigration Services (USCIS) on approved H-1B petitions and American Community Survey (ACS) data on the U.S. workforce. The analysis finds:

- An increase in the share of workers with an H-1B visa within an occupation, on average, reduces the unemployment rate in that occupation. The results indicate that a 1 percentage point increase in the share of workers with an H-1B visa in an occupation reduces the unemployment rate by about 0.2 percentage points. The findings suggest the presence of H-1B visa holders boosts employment among other workers in an occupation. The results provide no evidence that the H-1B program has an adverse impact on labor market opportunities for U.S. workers.
- The results suggest the presence of more H-1B visa holders leads to faster earnings growth for U.S. workers. The magnitude of the estimates suggests that a 1 percentage point increase in the share of workers with an H-1B visa in an occupation boosts the earnings growth rate in that occupation by about 0.1 to 0.26 percentage points. A larger share of H-1B visa holders, therefore, may push up wages and wage growth for U.S. workers. While critics often allege that H-1B visas reduce wages or suppress wage growth, this finding of the opposite is consistent with research showing that H-1B visa holders earn at least as much as similar U.S. workers, if not more.
- The results indicate H-1B visa holders do not adversely affect U.S.-born college graduates during the early years of their careers. Having more approved total or initial H-1B petitions, on average, reduces the unemployment rate within a major-occupation for recent graduates. The results provide no evidence that recent college graduates have worse labor market outcomes if there are more H-1B visa holders in jobs closely related to their college major.

The results of the research indicate that H-1B visa holders do not adversely affect U.S. workers. As the report shows, the H-1B program is small relative to the size of the college-graduate workforce, likely accounting for at most 2 percent of highly educated U.S. workers. H-1B visa holders are concentrated in computer-related occupations but account for only a small share of workers in information technology (IT) jobs. Despite the H-1B program’s small scale, the visa category is important to the U.S. economy and to employers that use it to fill gaps in their workforce. The presence of H-1B visa holders increases innovation, productivity and profits at H-1B employers and boosts total productivity and innovation in the United States.

The fact that the H-1B program either improves job opportunities for U.S. workers or has no effect indicates that the program enables employers to hire foreign workers when they cannot hire U.S. workers. The alternative for many employers to using H-1B visas is not to hire more American workers but rather to hire more workers overseas. Many of the skilled, specialized jobs filled by H-1B visa holders and highly educated U.S. workers alike can be done remotely, as seen today, making them vulnerable to offshoring. Keeping those jobs here – and getting the productivity and innovation gains the program results in – requires keeping the H-1B program and limiting restrictions on the visa category.

As the novel coronavirus creates unprecedented challenges, U.S. policymakers are considering imposing further restrictions on immigration in the hopes of improving job opportunities for American workers. One potential target is H-1B temporary visas. Since workers are more productive in the United States than overseas, it makes sense that some employers opt to use H-1B visas to bring in workers instead of opting to send out the work. In addition to the new findings here, research on the impact of the reduction in the H-1B cap in fiscal year 2004 and on the Great

Recession of 2007-2009 supports this, since it showed the country lost many highly productive foreign-born workers due to a lower H-1B annual limit. During the Great Recession, employment and wage growth was slower in areas with more H-1B visa denials.

The study concludes that if highly productive workers no longer can work in the United States, the U.S. economy as a whole is worse off. The fact that H-1B visa holders boost innovation further magnifies the adverse economic impact. With the country facing a long and difficult struggle to emerge from the economic downturn, this is not the time to impose additional restrictions that would reduce the number of skilled, innovative workers in the United States.

About the National Foundation for American Policy

Established in 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](https://twitter.com/NFAPResearch)

2111 Wilson Blvd., Suite 700, Arlington, VA 22201
phone: (703) 351-5042 fax: (703) 351-9292 www.nfap.com