National Foundation for American Policy

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

New Research Documents Significant Economic Contributions of Immigrants, International Students and H-1B Visa Holders

A 20% Increase in STEM International Graduate Students Could Add $668 Billion to U.S. Economy Annually, H-1B Visa Holders Tied to Increasing Jobs for U.S. Workers and Economic Growth

Arlington, Va. – Immigrants, international students and H-1B visa holders contribute significantly to America, innovation and the U.S. economy, according to new research from the National Foundation for American Policy (NFAP). The study includes original research and an extensive review of the economic literature on immigration. The research and literature review conclude that Americans, U.S. businesses and the U.S. economy would benefit from increasing the entry of foreign-born talent to the United States.

"The consensus among economists is that immigrants, international students and H-1B visa holders contribute significantly to America, innovation and the U.S. economy," said NFAP Executive Director Stuart Anderson.

The study "The Economic Contributions of High-Skilled Immigration" can be found at https://nfap.com/.

Among the study's findings:

- Restricting the entry of H-1B visa holders discourages investment and reduces U.S. employment opportunities. Economists Giovanni Peri (UC Davis), Kevin Shih (UC Riverside), Chad Sparber (Colgate) and Angie Marek Zeitlin (Partnership for a New American Economy) found, "The number of jobs for U.S.-born workers in computer-related industries would have grown at least 55% faster between 2005-2006 and 2009-2010, if not for the denial of so many applications in the recent H-1B visa lotteries." According to the research of Peri, Shih, Sparber and Zeitlin, if 178,000 H-1B applications had not been rejected in 2007 and 2008 because of the low annual limit, U.S. metropolitan areas would have created as many as 231,224 more jobs for U.S.-born tech workers. Further analysis by the National Foundation for American Policy estimates that, based on the number of H-1B petitions in computer-related occupations in FY 2024 and FY 2025 that USCIS rejected due to the annual limit, up to 615,000 more jobs for U.S.-born technology workers could have been created in the United States with a higher H-1B annual limit.

- International students boost U.S. innovation, while restrictions harm it. A 10% decrease in international graduate students in science and engineering could cost the U.S. economy $334 billion a year and a 20% decrease could cost $668 billion, according to a National Foundation for American Policy analysis of research by economists Gnanaraj Chellaraj (World Bank), Keith E. Maskus (Univ. of Colorado) and Aaditya Mattoo (World Bank). According to Chellaraj, Maskus and Mattoo, an additional foreign STEM graduate student results in 0.57 patents granted. Based on the value of patents and the number of STEM international graduate students enrolled in the United States in Fall 2024, a 10% increase

in enrolled STEM international graduate students at U.S. universities would add $334 billion to the U.S. economy each year and a 20% increase would benefit the U.S. economy by $668 billion a year.

- International students encourage more U.S. students to enter STEM fields. “Each additional 10 bachelor’s degrees—across all majors—awarded to international students by a college or university leads to an additional 15 bachelor’s degrees in STEM majors awarded to U.S. students,” according to research by University of North Florida economics professor Madeline Zavodny. Additional NFAP calculations find Zavodny’s research suggests that admitting and awarding bachelor’s degrees to 100 more international students at 200 U.S. universities could lead to up to 30,000 more bachelor’s degrees in STEM majors awarded to U.S. students each academic year.

- H-1B visa holders do not harm the employment prospects of U.S. professionals. According to a study by economist Madeline Zavodny, “H-1B visa holders do not adversely affect U.S. workers. 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.” The research also found, “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.”

- Immigrants and H-1B visa holders contribute significantly to economic growth, which is composed of labor force growth and productivity growth. Economists Giovanni Peri, Kevin Shih and Chad Sparber found, “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.” Economists note that this means up to 1/6 of U.S. economic growth over those 20 years came from foreign-born science and engineering professionals, primarily H-1B visa holders.

- Increased immigration can reduce the federal deficit. Exempting master’s and Ph.D. holders in STEM fields from employment-based green card limits could reduce the U.S. federal budget deficit by $634 billion over 20 years, according to research by former CBO director Douglas Elmendorf and Dartmouth economics professor Heidi Williams.

- Immigrants are a crucial source of entrepreneurs and innovation for the U.S. economy. “Immigrants have founded or cofounded 59% (455 of 775) of America’s privately held startup companies valued at $1 billion or more,” according to a National Foundation for American Policy analysis. “Approximately two-thirds (66%) of U.S. billion-dollar companies (unicorns) were founded or cofounded by immigrants or the children of immigrants. Nearly 80% of America’s unicorn companies (privately held, billion-dollar companies) have an immigrant founder or an immigrant in a key leadership role, such as CEO or vice president of engineering. Almost one in four U.S. billion-dollar companies, or 24%, have a founder who came to America as an international student.”

- Immigrants account for 32% of aggregate innovation in America, with over half of that innovation driven by making their U.S.-born collaborators more innovative, according to economists Shai Bernstein (Harvard), Rebecca Diamond (Harvard), Abhisit Jiranaphawiboon (Stanford), Timothy McQuade (UC-Berkeley) and Beatriz Pousada (Stanford).

- The children of H-1B visa holders and immigrants contribute to America. “Eighty-three percent (33 of 40) of the finalists of the 2016 Intel Science Talent Search, the leading science competition for U.S. high school students, were the children of immigrants,”

according to NFAP research. “Moreover, 75%—30 out of 40—of the finalists had parents who worked in America on H-1B visas. That compares to 7 children who had both parents born in the United States.” According to NFAP research by Madeline Zavodny, “If the children of immigrants currently living in the United States did not attend U.S. colleges or universities, undergraduate student enrollment would plummet by almost 23% and graduate student enrollment by about 16% over 2025-2037.”

- Economists Konrad B. Burchardi (Stockholm Univ.), Thomas Chaney (Sciences Po), Tarek Alexander Hassan (Boston Univ.), Lisa Tarquinio (Univ. of Western Ontario) and Stephen J. Terry (Boston Univ.) found, “The large inflow of foreign migrants into the U.S. since 1965 may have contributed to an additional 8% growth in innovation and 5% growth in wages.”

- Accepting German Jewish refugees escaping Nazi Germany benefited American science. An analysis by Petra Moser (Stanford), Alessandra Voena (Univ. of Chicago), and Fabian Waldinger (Univ. of Warwick) concluded, “U.S. invention increased by 31% after 1933 in fields of U.S. émigrés.” The refugees were innovative and made U.S. chemists more innovative.

- Immigrants have won 40% of the Nobel Prizes awarded to Americans in chemistry, medicine and physics since 2000, according to an analysis by the National Foundation for American Policy. Since 1901, immigrants have been awarded 39% of the U.S. Nobel Prizes in physics, 38% in chemistry and 32% in medicine. Immigrants have also won 32% of the Nobel Prizes awarded to Americans in economics, including 28% since 2000.

- H-1B visas are crucial to startup companies. “Relative to other firms that also applied for H-1B visas, firms with higher lottery win rates are more likely to receive additional venture capital funding and to have a successful exit via an IPO or acquisition,” according to a study by Stephen Dimmock (Nanyang Tech. Univ.), Jiekun Huang (Univ. of Illinois at Urbana-Champaign), and Scott Weisbenner (Univ. of Illinois at Urbana-Champaign). “H-1B visa lottery winners also subsequently receive more patents and patent citations. Overall, our results show that access to high-skill labor is a critical determinant of success for start-up firms.”

- Restrictions on H-1B visas push more work and investment out of the United States. Britta Glennon, an assistant professor at the Wharton School of Business at the University of Pennsylvania, found, “Firms respond to restrictions on H-1B immigration by increasing foreign affiliate employment at the intensive and extensive margins, particularly in China, India and Canada.” Research and development jobs were most affected. “[A]ny policies that are motivated by concerns about the loss of native jobs should consider that policies aimed at reducing immigration have the unintended consequence of encouraging firms to offshore jobs abroad.”

In his final speech in office, President Ronald Reagan told Americans that openness to immigration remained one of the country’s greatest strengths. “Other countries may seek to compete with us; but in one vital area, as a beacon of freedom and opportunity that draws the people of the world, no country on Earth comes close,” said Reagan. “This, I believe, is one of the most important sources of America's greatness. We lead the world because, unique among nations, we draw our people—our strength—from every country and every corner of the world. And by doing so we continuously renew and enrich our nation.”

About the National Foundation for American Policy

Established in 2003, the National Foundation for American Policy (NFAP) is a 501(c)(3) nonprofit, nonpartisan 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. X.com: **@NFAPResearch** Bluesky: @NFAPResearch.bsky.social

1550 Wilson Blvd., Suite 700, Arlington, VA 22209
phone: (703) 351-5042 fax: (703) 351-9292 www.nfap.com