



Rush for Visa Workers Might Slam U.S. Employees

By: John Carney – April 2, 2013

At first glance, the news that employers are close to running through the quota for skilled foreign worker visas seems like another sign of economic buoyancy. But the tide that raises demand for such workers may not lift the financial prospects of workers already in the United States.

The temporary worker program known as H-1B appears to be near reaching its annual cap of 65,000 hires, according to Reuters. Last year the cap was not reached until June. This would be the fastest submission of applications to hire employees under H-1B since 2008.

Although some read this as a signal of increasing confidence by companies, it could indicate further resistance to raising the wages of skilled workers. That is, businesses may increasingly turn to foreign workers to avoid adding to their compensation costs.

Although the law requires employers to pay H-1B workers the "prevailing wage" in that occupation and area, a 2011 study by the General Accounting Office found that mandate weakened by poor oversight and a lack of legal provisions to ensure employers' accountability.

When the House Judiciary Committee held hearings on the H-1B program in 2011, Rep. Zoe Lofgren, a California Democrat whose district includes Silicon Valley, said that information she had received from the Labor Department indicated a large salary gap between H-1B workers and others.

"Lofgren said that the average wage for computer systems analysts in her district is \$92,000, but the U.S. government prevailing wage rate for H-1B workers in the same job currently stands at \$52,000, or \$40,000 less," according to a Computer World report on the hearing.

The Center for Immigration Studies, which advocates for tighter immigration policies, found that H-1B workers are paid significantly less than their U.S. counterparts.

"On average, applications for H-1B workers in computer occupations were for wages \$13,000 less than Americans in the same occupation and state," John Miano, of the Center for Immigration Studies, found in a 2005 report.

The use of H-1B workers seems to depress wages in tech fields. A 2010 study by researchers at New York University's Stern School of Business and the University of Pennsylvania's Wharton School found that wages for computer programmers, system analysts and software engineers declined by as much as 6 percent at companies using the H-1B program.

Even some who advocate increased immigration for elite workers agree that more foreign labor depresses wages for native workers.

Will Wilkinson, a research fellow at the libertarian Cato Institute, argues that raising the number of H-1B visas would reduce wage inequality by slowing the wage gains of the highly skilled.

"If we raised visa quotas on skilled labor, that would help bring supply in line with demand and reduce the wage gap between more and less skilled workers," Wilkinson wrote.

The actual number of H-1B workers in the U.S. is unknown. Although the number of visas is officially limited, several loopholes allow employers such as universities to hire foreigners without their counting toward the 65,000 cap. The government issued double the official quota of H-1B visas last year, according to Reuters.

What's more, there is no good way of tracking H-1B workers once they're here.

"The total number of H-1B workers in the U.S. at any one time—and information about the length of their stay—is unknown, because (1) data systems among the various agencies that process such individuals are not linked so individuals cannot be readily tracked, and (2) H-1B workers are not assigned a unique identifier that would allow for tracking them over time—particularly if and when their visa status changes," the GAO's 2011 report said.

So employers' greater interest perhaps is not as positive a sign for the economy as it initially appears to be.