

# The Impact of the H-1B Temporary Nonimmigrant Visa Program on Workers, Graduates, & the U.S. Labor Market



Immigration reform legislation proposed in both the U.S. Senate and House of Representatives would raise the 85,000-a-year cap on H-1B “high-skilled” temporary visas, a total that, because of extensions and various exemptions, understates the number of H-1B workers in the country. From FY 2010 through FY 2012, **the U.S. government approved 642,731 H-1B petitions.**<sup>1</sup> Past government audits<sup>2</sup> indicate that employers place H-1B workers in entry-level jobs and pay as many as 83 percent of H-1B workers below the average local occupational wage, which suggests they are being used as cheaper substitutes for U.S. workers, not as equally or better paid complements to them. These hiring practices contribute to entrenched wage stagnation in the information technology (IT) field, which is where most H-1B guestworkers are employed.<sup>3</sup>

New analysis of government data acquired via Freedom of Information Act requests<sup>4</sup> reveals the extent to which employers are hiring H-1B workers in each state. **Expanding the H-1B program, without reforming existing prevailing wage rules or requiring that employers recruit U.S. workers first, will further erode standards for workers in high-tech industries and limit career opportunities for recent STEM graduates.**

**Top H-1B Employers Known for Outsourcing and Offshoring:** The top 10 employers receiving the most H-1B approvals between 2010 and 2012 were either in IT consulting, technology, or in the accounting and financial service industries. Nine of these top 10 companies have business models that significantly involve outsourcing and offshoring decent-paying IT jobs away from the United States.

## H-1B Approvals, FY 2010–12

Requested Action	Number of Approvals	% of Approvals
New H-1B Visa Approval (valid for 3 years)	291,079	45.29%
H-1B Visa Extension (valid for 3 years)	333,829	51.94%
Amended H-1B Visa Petition	17,823	2.77%
<b>Total</b>	<b>642,731</b>	

## States With Most H-1B Petition Approvals, FY 2010–12

State	Total H-1B Workers	Top H-1B Employer in State
CA	106,471	HCL America Inc.
NJ	98,449	Cognizant Tech Solutions
TX	70,122	Infosys Ltd.
NY	58,689	Mphasis Corporation
IL	32,502	Accenture
MA	26,102	Patni Americas Inc.
PA	24,500	Deloitte & Touche
MD	22,225	Tata Consultancy Services Ltd.
FL	21,210	PricewaterhouseCoopers
WA	20,289	Microsoft Corporation

## Top 10 H-1B Petitioners, FY 2010–12

Employer	Industry	Total H-1B Workers	Significant Offshoring
<b>Cognizant Tech Solutions</b>	IT Consulting	29,670	✓
<b>Infosys Ltd.</b>	IT Consulting	25,272	✓
<b>Wipro Ltd.</b>	IT Consulting	14,415	✓
<b>Microsoft Corporation</b>	Technology	10,589	
<b>Tata Consultancy Services Ltd.</b>	IT Consulting	9,819	✓
<b>Accenture</b>	IT Consulting	6,492	✓
<b>IBM Corporation</b>	Technology/IT Consulting	5,932	✓
<b>Deloitte &amp; Touche</b>	Accounting/ Financial Services	5,433	✓
<b>Larsen &amp; Toubro Infotech Ltd.</b>	IT Consulting/ Financial Services/ Engineering	4,875	✓
<b>HCL America Inc.</b>	IT Consulting	4,259	✓

**Top H-1B Occupations & Associated Number of Unemployed Workers, Average FY 2010–12**

Occupation	Total H-1B Workers	Average Number of Unemployed Workers
Occupations in System Analysis & Programming	216,878	97,839
Occupations in College & University Education	38,159	48,635
Computer-Related Occupations, N.E.C.	26,194	67,208
Electrical/Electronics Engineering Occupations	21,505	117,715
Physicians & Surgeons	20,060	8,646
Accountants, Auditors, & Related Occupations	15,577	159,634
Mechanical Engineering Occupations	9,885	46,572
Occupations in Biological Sciences	9,600	11,728

EPI analysis of 2009-2011 Current Population Survey microdata

**STEM Degrees Issued by U.S. Colleges & Universities, 2009–11<sup>5</sup>**

STEM Field	Degree	U.S. Citizens & Permanent Residents
Engineering	Doctorate	10,676
	Master's	65,905
	Bachelor's	208,513
Math & Computer Sciences	Doctorate	4,849
	Master's	38,426
	Bachelor's	148,916
Science & Engineering Technologies	Doctorate	403
	Master's	33,483
	Bachelor's	89,131
<b>Total STEM degrees 2009–11</b>		<b>600,302</b>
<b>Total H-1B visas granted 2010–12</b>		<b>642,731</b>

**H-1B Visas and STEM Degrees:** Data contradicts the tech industry’s argument that an expansion of the H-1B program is needed because of a lack of graduates from U.S. universities with degrees in STEM fields. In fact, for every two students that U.S. colleges graduate with STEM degrees, only one is hired into a STEM job.<sup>6</sup> In the computer and information science and engineering fields, U.S. colleges graduate 50 percent more students than are hired into those fields each year.<sup>7</sup>

**U.S. Employers Bypassing U.S. STEM Graduates for Entry-Level Jobs with H1-B Guestworkers:** Not all H-1B workers are employed in STEM occupations, but from 2009 through 2011, almost as many U.S. citizens and legal permanent residents graduated with STEM degrees from U.S. universities as the total number of H-1B visas that were granted to employers between FY 2010 and FY 2012. Given that most H-1Bs are hired in entry-level positions, this is evidence that they may be crowding out recent STEM graduates seeking their first job in the STEM labor market.

**The H-1B Visa Is a Temporary Guest-worker Program, Not a “Permanent” Immigration Program:** While it is possible for H-1B workers to obtain a green card and be placed on a pathway to citizenship under program rules, data show that the biggest H-1B employers do not recruit H-1B workers to permanently become part of the U.S. labor market. Instead, they sponsor a miniscule percentage for permanent residence, meaning those H-1B workers must return to their country of origin after the expiration of their visas.

For more information about the H-1B temporary nonimmigrant visa program, contact Daniel Costa, Director of Immigration Law and Policy Research, Economic Policy Institute, at [dcosta@epi.org](mailto:dcosta@epi.org) or Michael Wasser, Senior Policy Analyst, Jobs with Justice Education Fund, at [mwasser@jwj.org](mailto:mwasser@jwj.org).

<sup>1</sup> USCIS failed to provide the requested data on the specific worksite location of H-1B guestworkers. We therefore must use the petitioner location as a proxy.

<sup>2</sup> U.S. Government Accountability Office, *H-1B Visa Program: Reforms Are Needed to Minimize the Risks and Costs of Current Program*, GAO-11-26, (Jan. 14, 2011), available at <http://www.gao.gov/products/GAO-11-26>.

<sup>3</sup> See, Hal Salzman, Daniel Kuehn, and B. Lindsay Lowell, *Guest-workers in the High-Skill U.S. Labor Market: An Analysis of Supply, Employment, and Wage Trends*, Economic Policy Institute (April 24, 2013), <http://www.epi.org/publication/bp359-guestworkers-high-skill-labor-market-analysis/>.

<sup>4</sup> The U.S. Citizenship and Immigration Services (USCIS) responded to our FOIA request for data from Form I-129s filed with USCIS from FY2006-FY2012 on July 1, 2013.

<sup>5</sup> Data drawn from Integrated Postsecondary Education Data Systems Completions Survey by Race, available at <http://webcaspar.nsf.gov/index.jsp>

<sup>6</sup> Salzman, et al., *supra* note 4.

<sup>7</sup> *Id.*