



## Insight

# Low H-1B Visa Caps Don't Reflect Market Reality

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The U.S. Citizenship and Immigration Services (USCIS) begins accepting applications for H-1B visas for 2015 today. Sixty-five thousand visas are available for highly skilled temporary workers, and another 20,000 visas are set aside for highly skilled workers with advanced degrees. The 85,000 visas available will likely be exhausted within a matter of days—last year, USCIS received so many applications that it stopped receiving them within the first week of the application period. It is clear that demand for these visas is very high, and many employers who wish to hire highly skilled foreign workers will not be able to do so this year because the H-1B visa cap does not reflect the market reality.

The figure below shows when the annual H-1B visa cap was reached for fiscal years 2001 through 2014. While the cap is not always reached in a matter of days, it is exhausted most years.



The cap for fiscal years 2001-2003 was much higher than it is today—195,000 visas each year. In these years, the cap was not reached. What the chart does not show, however, is that in each of those years, the number of visa applications approved was not fewer than 78,000<sup>[1]</sup>—higher than the current 65,000 visa cap. A 195,000 visa cap is very high, and it would be difficult to meet in many years. But satisfying demand, even if there are large numbers of unused visas, is more efficient than artificially restricting the number of skilled foreign workers available.

Increasing the H-1B cap would have far-reaching effects on the U.S. economy. A 2013 study by Regional Economic Models, Inc. (REMI) found that increasing the number of visas available to levels recommended by last year's Senate Gang of 8 immigration bill would

have an immediate positive impact on the economy. The Senate bill would have increased the number of visas available to 115,000-180,000, with 25,000 more visas available for applicants with advanced degrees. With this increased cap, 227,000 jobs would be created in the first year.<sup>[2]</sup> By 2045, more than 1.3 million jobs will be created.<sup>[3]</sup> GDP and personal income would also increase—in the first year under the increased cap, GDP would increase by \$22 billion and personal income would increase by \$13.7 billion.<sup>[4]</sup> A 2011 study by the American Enterprise Institute (AEI) shows similar positive economic impact. A mere 10% increase in the number of H-1B workers would result in a 0.11 percent increase in the native employment rate.<sup>[5]</sup> From 2001-10, this would have meant an extra 183 jobs for U.S. workers for every 100 H-1B jobs.<sup>[6]</sup>

These studies show that highly skilled foreign workers can help drive job creation in the U.S. and contribute to economic growth. Continuing to keep H-1B visa caps too low to satisfy market demand is harmful. Increasing H-1B visas is a smart reform to our immigration system that will quickly pay dividends in the labor market and our economy.

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[1] Department of Homeland Security, Office of Inspector General, USCIS Approval of H-1B Petitions Exceeded 65,000 Cap in Fiscal Year 2005, (September 2005), available at, [http://www.oig.dhs.gov/assets/Mgmt/OIG\\_05-49\\_Sep05.pdf](http://www.oig.dhs.gov/assets/Mgmt/OIG_05-49_Sep05.pdf).

[2] Regional Economic Models, Inc., Key Components of Immigration Reform: An Analysis of the Economic Effects of Creating A Pathway to Legal Status, Expanding High-Skilled Visas, & Reforming Lesser-Skilled Visas, (July 2013), available at <http://www.remi.com/download/Key%20Components%20of%20Immigration%20Reform.pdf>.

[3] Ibid.

[4] Ibid.

[5] Madeline Zavodny, Immigration and American Jobs, (December 2011), available at [http://www.aei.org/files/2011/12/14/-immigration-and-american-jobs\\_144002688962.pdf](http://www.aei.org/files/2011/12/14/-immigration-and-american-jobs_144002688962.pdf).

[6] Ibid.