



The Daily Dish

April 10th Edition

DOUGLAS HOLTZ-EAKIN | APRIL 10, 2015

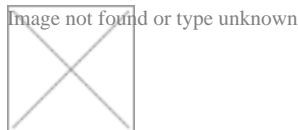
Congress is still on recess, but [some lawmakers have returned](#) early to negotiate the budget. Both House Budget Chairman Tom Price and Senate Budget Chairman Mike Enzi met on Thursday to find a way to merge the two chambers' separate budgets. Though there are some similarities (both bills balance the budget within a decade without raising taxes) there are other specifics that need to be reconciled. [Click here for AAF's breakdown](#) on the two congressional budgets and the White House's plan.

Just in time for tax day, a government watchdog says that the [IRS gives "misleading"](#) information to taxpayers who have been victimized by fraud. Even though the IRS tells these taxpayers that their refund may be delayed 180 days, it takes on average 278 days to receive the refund. According to the report, one person had to wait well over 2 years for their return.

Eakinomics: Another Reason for Immigration Reform

The H-1B program is successful and enjoys bipartisan support. It permits employers to locate workers with specialized knowledge — scientists, engineers, computer programmers — and is often associated with the tech industry. As it turns out, over 300,000 applications are typically filed. The bad news is that there is a cap of roughly 65,000 H-1B visas. They are in such short supply that this year's quota was snapped up in one week.

A downside to this is that there is a substantial regulatory burden to getting an H1-B (or H2-B for a temporary worker). The American Action Forum (AAF) [quantified](#) the regulatory costs of the immigration system and totaled up nearly \$30 billion in annual compliance costs. A hypothetical firm hiring an immigrant must conquer six different forms (a total of 118 pages) at a cost of approximately \$2,200 per firm, per hire. For some small businesses, this amounts to a "regulatory tax" of 3.6 percent.



This burden accumulates step-by-step:

- Hire a lawyer. A firm can bypass this step and save some money (see chart below from AAF research), but the process is fraught with pitfalls where mistakes can leave firms with legal liability.
- Interview Prospective Hires. There is paperwork before any interview can happen, the “normal” interview may involve travel (or, add more time and money, a temporary visa) and references have to be checked.
- Decide on a Visa and Petition for Employee Status. Start by completing the 4.8 hour-long I-129 form to determine which visa is appropriate and petition to hire the prospect.
- Hiring and Verification. To become an actual employee, the employer must verify legal status using the I-9 or E-Verify process that can take nearly 4 hours.

It all adds up quickly. Streamlining these processes is another reason for immigration reform.

From the Forum

[The Trap of Budget Myopia](#) by Douglas Holtz-Eakin, AAF President

[Reflections on the Iran Nuclear Agreement Review Act](#) by Michael Holtje, AAF Security Expert