



Insight

Impact of Anti-Immigrant Bills Could Cost 340,000 Jobs

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In December, Senator Jeff Sessions released two immigration [reform bills](#) aimed at reducing H-1B Visas for high-skilled workers and adding a number of additional regulations on employers seeking to hire H-1B immigrants. According to American Action Forum (AAF) research, policies in these bills (S. 2394 and S. 2365) could reduce U.S. employment by 340,000 jobs and add millions of dollars in regulatory burdens on employers.

S. 2365: “PROTECTING AMERICAN JOBS ACT”

S. 2365, sponsored by Senator Sessions and Senator Bill Nelson, imposes artificial labor caps and eliminates 15,000 visas for high-skilled workers. According to one of the bill’s [original sponsors](#), “There is a huge surplus of talented American labor being bypassed, displaced or even forced to train their foreign replacements.” However, there is little corresponding data to corroborate this claim. In fact, empirical evidence suggests the opposite: a 2013 [study](#) from Regional and Economic Models, Inc. (REMI) found that increasing the number of H-1B visas would not destroy jobs, but create millions of them.

REMI used a macroeconomic model of all 50 states and Washington, D.C. to determine the effects of expanding the H-1B visa program. Their simulation, which assumes an increase of 10,000 H-1B visas by 2014 and 40,000 by 2045, found that that visa expansion would have positive impacts on employment, income, and Gross Domestic Product. The results are striking: job creation totaled 227,000 in just one year, real disposable personal income increased by over \$10 billion, and GDP grew by \$22 billion. By 2045, 1.3 million jobs were produced, disposable income grew by more than \$115 billion, and GDP rose by almost \$159 billion. Most jobs, REMI suggests, would be created in the private non-farm sectors in response to an increase in consumption and population growth.

Applying these findings to the current proposed legislation, which cuts H-1B visas by 15,000, the American Jobs First Act could prevent the creation of approximately 340,000 jobs (assuming an equitable ratio where an increase of one visa creates 22.7 jobs and a decrease in 15,000 could cut 340,000). Reducing the labor supply, skilled workers, and adding regulatory burdens are hardly recipes for sustained economic growth.

Immigration also serves as an important method of ensuring sustainable population growth. Currently, each American woman gives birth to an estimated [1.87 children](#). This rate does not allow for couples to replace themselves and is too low to sustain the population. In fact, America’s birth rate has been below the replacement level (two children per woman) for [six straight years](#). Immigration is a tool to prevent the decline of our population and ensure a sufficient supply of workers in the labor force.

Previous AAF [research](#) examined current labor force and immigration trends to estimate America’s projected labor force shortage. Assuming our current immigration rate does not change, the U.S. will be short by over 11 million private sector workers by 2020. If immigration levels increase, however, these shortages would be reduced. A 25 percent annual growth rate of immigrant workers would narrow the labor force gap to 6 million

nationwide. In both scenarios, more than five million of these workers would be demanded in occupations that do not require high school degrees.

Furthermore, restrictive immigration policy may have a negative impact on the quality of individuals that immigrate to the U.S. Researchers from Colgate University [found](#) that the limits imposed on H-1B visas in 2003 not only decreased the number of international applications to U.S. universities, but also reduced the SAT scores of prospective international applicants by 1.5 percent.

S. 2394: “AMERICAN JOBS FIRST ACT OF 2015”

S. 2394 would make it nearly impossible for employers to hire skilled immigrants and to punish job creators with massive fines and jail time if they fail to successfully navigate the system. According to the [original sponsors](#), Senators Jeff Sessions and Ted Cruz, adding dozens of regulations on U.S. employers will “prevent employers from using the program to replace hard-working men and women with cheaper foreign labor.” The bill will almost certainly trigger the Unfunded Mandates Reform Act (UMRA), imposing several significant mandates on private entities and skilled workers when it is reviewed by the Congressional Budget Office.

Here is just a snapshot of the regulatory morass the bill would place on employers:

- To hire an H-1B immigrant, the employer must pay the worker more than the annual wage paid to an identical or similar U.S. resident, or the employer must offer a salary of at least \$110,000, an arbitrary wage control that must be adjusted annually for inflation (For perspective, the average H-1B immigrant in California earned approximately [\\$89,000](#) in 2013.);
- An immigrant cannot be hired if there has been a strike or lockout during the previous two years;
- An H-1B worker cannot replace a similar employee fired, displaced, or furloughed within the previous two years, regardless of the reason;
- The employer must post the physical job listing and application to the Department of Labor in a conspicuous place and notify employees electronically; failure to do so could result in a two-year ban on hiring skilled workers;
- If possible, the employer must offer the job to a citizen or lawful permanent resident first, as long as they possess the “same or better qualifications for such jobs;”
- Employers could face lawsuits if “any United States citizen” believes their job has been or “could potentially be eliminated” because an employer sought to hire an H-1B immigrant;
- All H-1B immigrants must possess a doctorate or equivalent degree, ten years of relevant experience after obtaining a degree, and at least two years of nonacademic experience; and
- Fines could reach \$500,000 per violation, in addition to the Secretary of Labor possibly stripping all current H-1B employees, and placing a permanent ban on future H-1B workers.

Sadly, this doesn’t even represent the entirety of the bill’s regulatory apparatus. It is nearly 40 pages of wage controls, paperwork and reporting requirements, and stiff penalties on employers for minor violations. Currently, the H-1B program [generates approximately two million](#) hours of paperwork for the roughly 65,000 American businesses that sponsor skilled workers. These bills would undoubtedly increase this burden.

CONCLUSION

There are pieces of legislation that promote economic growth and those that don't. These bills contain policies that easily fall into the latter category. Rather than modify a system that helps U.S. businesses match labor demand with supply, these bills concoct arbitrary and burdensome regulatory apparatuses, ostensibly aimed at helping U.S. workers. According to AAF research, these bills could cut more than 300,000 jobs, harming the Americans they attempt to protect.