

**UNLOCKING AMERICA'S POTENTIAL:  
HOW IMMIGRATION FUELS ECONOMIC GROWTH  
AND OUR COMPETITIVE ADVANTAGE**

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**HEARING**  
BEFORE THE  
**COMMITTEE ON THE BUDGET**  
**UNITED STATES SENATE**  
ONE HUNDRED EIGHTEENTH CONGRESS  
FIRST SESSION

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September 13, 2023

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Printed for the use of the Committee on the Budget



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WEDNESDAY, SEPTEMBER 13, 2023

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# UNLOCKING AMERICA'S POTENTIAL: HOW IMMIGRATION FUELS ECONOMIC GROWTH AND OUR COMPETITIVE ADVANTAGE

SEPTEMBER 13, 2023

COMMITTEE ON THE BUDGET,  
U.S. SENATE,  
*Washington, DC.*

The hearing was convened, pursuant to notice, at 10:00 a.m., in the Dirksen Senate Office Building, Room SD-608, Hon. Sheldon Whitehouse, Chairman of the Committee, presiding.

Present: Senators Whitehouse, Kaine, Van Hollen, Luján, Padilla, Grassley, Graham, Johnson, Braun, R. Scott, and Lee.

Also present: Democratic Staff: Dan Dudis, Majority Staff Director; Melissa Kaplan-Pistiner, General Counsel; Dan RuBoss, Senior Tax and Economic Advisor and Member Outreach Director.

Republican Staff: Krisann Pearce, General Counsel; Ryan Flynn, Staff Assistant.

Witnesses:

Dr. Britta Glennon, Assistant Professor of Management, Wharton School of University of Pennsylvania, and Faculty Research Fellow, National Bureau of Economic Research

Mr. David Bier, Associate Director of Immigration Studies, Cato Institute

Mr. Laurens Van Beek, Software Developer and Former U.S. Visa Holder

Mr. Robert Rector, Senior Research Fellow, Center for Health and Welfare Policy, The Heritage Foundation

Dr. Ronil Hira, Associate Professor, Department of Political Science, Howard University

## OPENING STATEMENT OF CHAIRMAN WHITEHOUSE<sup>1</sup>

Chairman WHITEHOUSE. Good morning everyone. Welcome to the first post-recess hearing of the Budget Committee. This one is a little bit unique in that I am co-chairing it with Senator Padilla, and it will be—I don't know if co-Ranking Member is a verb, but our distinguished Ranking Member will be supported by Senator Lee as an opener also. We will have, rather than the usual two opening statements, we will have four opening statements.

And I want to thank Senator Padilla for his emphasis on this issue, and his support for this hearing. This morning we discussed the role that immigration plays in driving our economic growth,

<sup>1</sup>Prepared statement of Chairman Whitehouse appears in the appendix on page 36.

and strengthening our global competitive advantage. Ahead of this year's House driven default crisis, Ranking Member Grassley called on both parties to get serious about the budget deficits and debt.

As this Committee has repeatedly shown, we have levers at our disposal to reduce the deficit, and more importantly, to reduce the debt to GDP ratio. For example, we can increase revenues by fixing our corrupted Tax Code, and we can avoid future increased expenditures, and decreased revenues by investing now in climate change protections.

Showering tax cuts on the wealthy, and on big MAGA donors, and on big oil, are in my view not serious pathways to fiscal responsibility. Today's hearing discusses the powerful tool in our tool kit, and that is immigration. Economists and experts agree that expanding lawful immigration pathways to the U.S. will grow our workforce, our productivity, and our economy. Reforming our decades old immigration laws is long overdue.

Congress has been trying to reform the system for the entire time that I've been in the U.S. Senate. In the 11 years since creating the Deferred Action for Childhood Arrivals (DACA) program, we have not yet passed permanent protections for Development, Relief and Education for Alien Minors (DREAMers), whose fate now lies with the Supreme Court. Real human consequences to this delay play out in the lives of immigrants, their families, employers and communities.

People are frightened, and people are suffering. This includes people seeking refuge and safety. This includes many essential workers, and, as one of our witnesses today will testify, this includes people who grew up here, built a life here, and then had to give it all up when our immigration laws failed them.

There are also serious economic consequences. A landmark study on the economics of immigration by the National Academy of Sciences found unequivocally that immigration is integral to America's economic growth. At all skill levels, and at all education levels, immigrants boost our economy.

Immigrants are about 80 percent more likely to start a business than those born in the U.S., and immigrant entrepreneurs create jobs for U.S. born workers. More than one in five small businesses in the U.S. is immigrant owned, and more than 40 percent of Fortune 500 companies were founded by an immigrant, or the child of an immigrant.

Immigrants are also more likely to hold patents that fuel innovation nationwide. Notably, innovation accelerates among U.S. born and immigrant workers alike when immigration increases. Further, undocumented workers help fuel our economy. Providing pathways to lawful immigration and citizenship is not only a moral imperative, it is an economic one.

An estimated three-quarters of all undocumented immigrants were essential workers during the pandemic. In other words, they were heroes. Their economic contributions would be even greater, and their risks of exploitation and labor abuse greatly reduced if lawful status were accorded to them. The Center for American Progress estimated that creating pathways to citizenship for DREAMers and Temporary Protected Status (TPS) holders, farm workers and essential workers, would boost U.S. Gross Domestic

Product (GDP) by \$1.7 trillion over ten years, and would create over 400,000 new jobs.

Providing lawful status to undocumented workers also benefits U.S. born workers, by increasing worker power and reducing wage exploitation. A rising tide lifts all boats. Economic growth is a product of labor force growth, and productivity growth. Immigrants are important to both, and they have become essential to meeting existing labor needs, and to the continued health of our social insurance programs, as the Congressional Budget Office (CBO) Director testified in July.

If 2 million more immigrants came to the U.S. each year we could reverse our predicted population and productivity decline, and we could nearly double GDP to \$47 trillion by 2050, compared to a GDP of only \$33 trillion in a low immigration scenario.

If we are serious about global economic competition with China, then we need to welcome immigrants. U.S. immigration hurdles are motivating businesses to hire workers to facilities abroad, instead of in their U.S. facilities. The talent crew is global, and America needs to attract global talent to the U.S. Experts have warned that without boosting legal immigration significantly now, the U.S. will sacrifice its position as the world's largest economy by 2030.

Our outdated and broken immigration system is harming people, and it is also harming our economy and affecting our budget. Repairing it will expand our economic potential, and strengthen our global competitiveness. We can fix this, and we should try. I turn it over now to Ranking Member Grassley, whose opening statement will be followed by that of Senator Padilla, whose opening statement will be followed, if he is present, by Senator Lee. Senator Grassley.

#### **OPENING STATEMENT OF SENATOR GRASSLEY<sup>2</sup>**

Senator GRASSLEY. Before I go to my statement, I should probably make clear because my statement might sound like I have great disagreement with you, but everything you've said about legal immigration, I want to say that I associate myself with your remarks, and the only thing is what keeps us from getting there is more of a political issue that I think I want to address.

Chairman WHITEHOUSE. And indeed you and I, and particularly Senator Graham have been heavily involved in Judiciary Committee immigration work for many years, so yeah, I agree with you there. Thank you. Please go ahead.

Senator GRASSLEY. Over the August break I completed my annual tour of Iowa for the 43rd straight year. I held at least one Q and A meeting in each of Iowa's 99 counties. These meetings allow me to hear directly from my fellow Iowans about what's on their minds, and as an example I listen to people, what's on their minds.

The father of Mr. Van Beek, who's here as a witness, came to my Columbus Junction meeting maybe about two or three years ago, and talked about the very same issues that I presume Mr. Van Beek will speak to us about today, although it will probably be a little more general of a statement.

<sup>2</sup>Prepared statement of Senator Grassley appears in the appendix on page 38.

Immigration is an issue on the minds of many Iowans, specifically illegal immigration, and securing our nation's borders. And when our borders are not secured, I think the sovereignty of any nation is compromised. Every night on our TVs we see immigrants wading across the Rio Grande. We see immigrants sleeping on streets in New York City, and reports of similar situations in Chicago and Los Angeles.

As he criticized the Biden administration, the Democrat Mayor of New York City recently said this crisis will cost New York 12 billion dollars, and destroy the City. In fact, just this Saturday New York Mayor warned all City agencies could see their budgets cut by 15 percent due to an increased cost of migrant crisis.

So even Democrats who have actually dealt with the crisis, admit illegal immigration is a huge cost to taxpayers and society. And it seems to me I don't hear from those same mayors that it would be a good thing if the President would solve this problem at the border by securing the border because President Biden's lax immigration enforcement has contributed to rising crime in communities across the country.

Gangs at the southwest border recruit migrants to bring drugs into the United States, those on terrorism watch list have been apprehended at the border, and who knows how many have evaded apprehension. In Iowa, Sara Root was killed in 2016 by an undocumented immigrant driving drunk.

New York City's budget cuts could result in no overtime for City police, and put public safety even more at risk. No one can place a cost on the lives of families that have been destroyed by criminals entering our country illegally. These are very real reasons the Biden administration needs to step up and control our borders.

Iowans tell me they're sick and tired of the administration not enforcing our immigration laws. We need real reform and consistent enforcement of our existing immigration laws. President Biden took an oath to enforce our nation's laws, and yet he's not doing that on the subject of immigration.

We're a nation of immigrants. We're the most liberal on this issue of any nation on the face of our globe. America welcomed roughly 1.5 million legal immigrants in the year of 2022. These folks followed our immigration laws to their benefit, and to the benefit of our communities as well.

Businesses and our economies benefit from a stable and legal workforce. Our communities benefit from the economic contribution of legal immigrants, and the immigrants benefit from the opportunities and protections offered when they're here legally. We all benefit when, state, federal and local resources are not drained dealing with people entering our country illegally.

No one benefits from mismanaged borders, policies that incentivize illegal immigration, and poor implementation of legal immigration programs. My Democrat colleagues argue that we need to increase immigration to address a labor shortage. Well one reason we have a labor shortage is this Administration's anti-work agenda.

A recent study by the Foundation of Government Accountability found President Biden's expansion of government program benefits has caused 2.4 million Americans to leave work. We need to bring



Americans back into the workforce, and reform existing programs before we expand immigration.

This morning we'll hear from Mr. Robert Rector. He's tracked the cost of illegal immigration for many years. He'll discuss how Biden Administration mismanagement of our immigration system has imposed significant financial costs upon our towns, states, and federal governments.

His testimony will make it clear that relaxing our immigration requirements is unsustainable, and the wrong direction to take. We'll also hear from Dr. Ron Hira about the fraud and abuse of the current H-1B visa program. His message will be we know the steps needed to improve our current legal immigration programs, and we must take those steps to protect American workers and foreign born workers as well as our economy.

During this past year Senator Durbin and I reintroduced the bipartisan H-1B and L1 Visa Reform Act to reform and close loopholes in the H-1B and L1 visa program. The H-1B and L1 visa program creates a pathway for U.S. companies to recruit highly skilled non-citizens when there is a shortage of qualified workers in the country.

Unfortunately, these programs are being abused, mismanaged by a number of companies who displace U.S. workers. Our legislation, meaning Grassley/Durbin legislation would reduce fraud and abuse in our immigration system, provide American workers protections against being displaced, and protect foreign workers from being subjected to artificially depressed wages and poor working conditions.

Before we entertain any increases in these programs, they have to be fixed. Thank you Mr. Chairman.

Chairman WHITEHOUSE. Thanks very much Senator Grassley, and now I will turn to Senator Padilla who, as I indicated in my early opening remarks, was a terrific support and instigator for this hearing, and I look forward to his opening remarks, and then we'll turn to Senator Lee.

#### **OPENING STATEMENT OF SENATOR PADILLA<sup>3</sup>**

Senator PADILLA. Thank you, Chairman Whitehouse. Always happy to instigate. Thank you Ranking Member Grassley. I thank both of you for inviting me to help co-chair this hearing. The role that immigration plays in driving economic growth, and ensuring that our nation stays competitive on the global stage.

I'm glad to be here today to learn more about the economic challenges caused by our outdated and broken immigration system, and the steps that we might take, that we should take, to make our system and our country stronger moving forward.

Now even in the year 2023, it's no exaggeration to say that America remains a shining city upon a hill to countless people around the world who dream of a better life. But make no mistake, it's not just immigrants who rely on the United States of America to achieve a better future, America too relies on immigrants.

Our economic success will continue to depend on immigrants and all that they contribute to our nation. If all that immigrants con-

<sup>3</sup>Prepared statement of Senator Padilla appears in the appendix on page 41.

tribute, Congress has failed to pass significant immigration legislation to update our outdated immigration system in over three decades. As the Senator from the state that is home to more immigrants than any state in the nation, and yes, a proud son of immigrants myself, I know personally the benefits that immigrants bring to our country, and to our communities.

And as Chair of the Senate Judiciary Subcommittee on Immigration, I just want to share with my colleagues on this Committee, that we've now had six hearings examining the vital roles that immigrants play in our communities, from members of the military, to essential workers on the front lines of the pandemic, and long before then, to entrepreneurs and more. But over the course of those hearings too many times we've heard the devastating impacts that our outdated laws have had. The impact that growing visa backlogs have had on families, on students, on workers, seeking to immigrate to the United States. That includes U.S. citizen family members who are separated or kept apart from loved ones because of our outdated immigration system.

Here's what we've learned. Every day that we fail to reform our immigration system is another day that we're holding back the economy, and another day that our economic competitors around the world rise. According to Forward.US, meaningful immigration reform could bring 3.2 million new jobs to the United States over the next decade, and add a trillion dollars to our economy.

And we're here today, part of that reform means facilitating immigration of healthcare providers like physicians and nurses. Today, the United States is facing a dire healthcare workforce shortage, including a projected shortage of up to 124,000 physicians by 2034.

But luckily, we know that immigrant healthcare workers can help fill this gap. We know it because in many ways they already are. Immigrants already write our prescriptions, they care for us at our bedside, and very often they're the cornerstone for rural and low-income community access to healthcare. Yet backlogs and processing green cards, along with annual caps to employment-based visas, mean we can't meet the high demand for healthcare workers in the United States.

For my colleagues across the aisle, let's be clear. This is lawful migration, existing programs. We're talking about addressing backlogs. Now we can't meet our needs unless we act. Strengthening our economy also means helping immigrants who hope to make a career for themselves here in science, technology, engineering, and math (STEM) fields, filling a desperately needed gap in our STEM workforce.

It means helping potential entrepreneurs and business owners, yes investors who whether because of restrictive students, or employment based visas, are forced to leave the country, or never get a chance to contribute to our economy. And it means passing a pathway to citizenship for long-term undocumented individuals like DREAMers and DACA recipients, hundreds of thousands of young people who are already home in America, but who can't pursue the same opportunities as their peers because of their status.

How can we live up to our full economic potential when all these people are denied a secure place in America? And let me be clear

about this, the need for immigrants in our economy stretches far beyond just the healthcare examples that I've given, or the STEM fields examples that I've given. They're essentially in every essential industry, from agriculture to education, construction, food processing, and more.

In fact, we recognized this during the COVID-19 pandemic, nearly 1 in 5 jobs deemed essential by the United States government was held by an immigrant. Yet these same workers deemed essential to keeping our country running, are denied permanent protections. They're left to live in limbo. That's fundamentally wrong.

And it's not just a moral failure, it's a national economic weakness as well. But it's indicative of the larger problem that we have, that we will try to square off with today. We have the solutions to grow our economy, and be more competitive on the world stage. Time and again the solutions have been there. But politics has kept Congress from taking the necessary actions.

To fail to act again would not just cause the United States to fall behind here at home, we would continue to lose our competitive edge globally as well. So we must come to the table, work to bring justice and dignity back to the immigration system, provide stability for immigrants living here in America already, and invest in the future of our economy.

That may seem like a lot to ask, but failure is not an option. So I challenge all of us here today to listen to the testimony of our witnesses, look past the partisan talking points, and let's get to work. We can do this. We need to do this, and thank you again Mr. Chair for having this hearing today, and thank you.

Chairman WHITEHOUSE. Senator Lee.

#### **OPENING STATEMENT OF SENATOR LEE<sup>4</sup>**

Senator LEE. Thank you, Chairman Whitehouse, and Ranking Member Grassley, for the opportunity to address the Committee with a few opening remarks at today's important hearing. America is a generous country, welcoming to immigrants. It always has been, and I hope it always will be.

My home state of Utah is an excellent example of that generosity and welcoming spirit that's come to typify America. Tragically, as much as we would love to, America cannot be the safe harbor for every desperate, destitute and wandering soul in the world.

Under this Administration the bounds of American generosity has been more than tested. It's been assaulted, stretched to the breaking point. The cost of an unsecured border and unprecedented illegal immigration have been both stunning and debilitating.

The cost of the border crisis is impacting every single American. It isn't just placing unprecedented strain on our federal budget, and the budgets of border states. Governors across America, and mayors of cities large and small, are feeling the burden of an unprecedented 3 million people entering this country illegally, and relying almost exclusively on many instances, on taxpayer resources for their support.

But first and foremost, we must acknowledge the human costs of our unwillingness to close our border and enforce our laws. People

<sup>4</sup>Prepared statement of Senator Lee appears in the appendix on page 45.

are dying in cargo containers. Children, including babies, are being trafficked as commodities, as the price of admission into our country. Women and children are being violated, trafficked in the human sex trade.

Violent drug cartels meanwhile are being enriched and becoming increasingly powerful as they traffic untold amounts of fentanyl into our country. Over 100,000 people have died from fentanyl overdoses during the last year alone, and there's no dispute about where the fentanyl is entering our country. It's coming through our southern border.

And estimated 196 Americans are dying every single day from fentanyl. As the Washington Post pointed out, that's the equivalent of a fully loaded Boeing 757 200 crashing and killing everyone on board day after day, after day every day of the year. Now if Secretary Mayorkas and President Biden had a Boeing 757 crashing every day in American air space, everyone would be understandably outraged, calling for their resignation of both officials.

Not only is the fentanyl streaming through our border, costing American lives, but it's also placing an unsustainable burden on our healthcare system. Now while the human costs are certainly the most significant, they're not the only costs associated with our porous border. We're experiencing unprecedented strain on our federal, state and local resources. Now one border town, Yuma, Arizona, spent more than \$26 million to provide medical care for immigrants crossing into the United States just last year.

About 27 percent of the immigrant patients going there have come there specifically to deliver their babies in the United States. According to news reports, one doctor at Yuma Regional Medical Center said, "The population of Yuma is 100,000. We've had 300,000 people cross the border in the last year, and we're the only hospital that they've come to."

I don't know how anybody can look at that and say this is a fair setup. He says the medical facility will never fully be able to recover financially. Not only does this crisis drive up costs for the only paying patients, generally the American citizens and residents of Yuma, but it's also depleted the hospital's resources, and its ability to care for its own residents.

The doctor said, "Migrant patients are receiving free care, and they have no ability to pay. We have no ability to bill anyone. We don't know their final destinations, and we don't know anything about them. We cannot provide completely free care to the residents of our community, so the situation is simply not fair, and concerning to them."

In El Paso, CNN reports about 2,300 illegal aliens are living on the streets around two shelters downtown. Now what happens to the citizens of El Paso when they need a helping hand? I guess you have to wait in line behind the 2,300 immigrants. But it's not only the border towns that are suffering from this deluge of illegal immigrants. Democratic mayors across the country are declaring states of emergency because of the record number of dependent migrants flooding into their cities.

Two of America's largest cities, New York City and Chicago, are now experiencing a small fraction of the unsustainable situation

that border states and cities deal with every day. And their elected officials aren't holding back when it comes to complaints.

Look, illegal immigration has occurred in the United States. It's occurred for a long time, and it started happening well before the Biden Administration to be sure, but make no mistake about this. The unprecedented surge in illegal border crossings, and the ongoing crisis of the last two and a half years is now being felt everywhere across the country.

This is not an accident. This is the result of deliberate, willful, non-enforcement of our immigration laws. Unlawful uses of parole and our unwillingness to correct the perverse incentives built into our immigration laws. I've introduced the Stopping Border Surges Act, which would go a long way toward closing those loopholes.

But following the laws correctly, the laws that are already on the books would be a great step in the right direction, and we could stop most of this from happening right now if we just enforce the laws.

All Americans want America to be a place of refuge, but Americans of all leanings recognize that the ongoing crisis on the southern border is threatening our ability to give relief to true asylum seekers, and also to take care of our own people, and to provide an environment where people can live in a place of peace and law and order.

It's my hope, my wish, my prayer, that the Biden Administration will reverse course on this unacceptably abysmal record of border enforcement, and start enforcing the law to bring an end to the crisis. The cost of the Biden Mayorkas border policies are just way too high for us to pay. Thank you, Mr. Chairman.

Chairman WHITEHOUSE. Thank you Senator Lee. Our first witness is Dr. Britta Glennon, a Professor of Management at the Wharton School of University of Pennsylvania, and a Faculty Research Fellow of the National Bureau of Economic Research. Her research examines human capital and innovation with a particular focus on how immigration policy affects businesses decision making and performance.

Dr. Glennon, welcome. Your testimony will be followed by that of David Bier, he is the Associate Director of Immigration Studies at the Cato Institute. Mr. Bier has over a decade of experience in immigration policy, and his work has been cited widely, including by multiple appeals courts, and the U.S. Supreme Court.

Mr. Bier was previously a Senior Policy Advisor for Idaho Congressman Raul Labrador, where he helped draft immigration legislation. Mr. Bier, thank you for being with us today.

We'll also hear from Laurens Van Beek. Mr. Van Beek is a graduate of the University of Iowa, with a degree in computer science, and currently works as a software developer at Integrated DNA technologies. In 2022 he was forced to self-deport, and leave his family and home of nearly two decades.

Due to his talents, and employer's needs, his employer has him working now from overseas. His story exemplifies how forcing American raised and educated children to self-deport, hurts America's communities, and its economy, and I would add makes no sense. Mr. Van Beek, we appreciate you taking the time to join us.

Then we have Dr. Ronil Hira, an Associate Professor in the Department of Political Science at Howard University in Washington, D.C. who has written widely on offshoring and highly skilled immigration.

Finally, we will hear from Mr. Robert Rector, who is the Heritage Foundation's Senior Research Fellow with the Center for Health and Welfare Policy. His research focuses on welfare and immigration reform, and he has previously published analysis on the fiscal costs of immigration. I welcome all of you. Dr. Glennon please proceed. Five minute statements please, your full testimony will be made a matter of record.

**STATEMENT OF DR. BRITTA GLENNON, ASSISTANT PROFESSOR OF MANAGEMENT, WHARTON SCHOOL OF UNIVERSITY OF PENNSYLVANIA, AND FACULTY RESEARCH FELLOW, NATIONAL BUREAU OF ECONOMIC RESEARCH<sup>5</sup>**

Dr. GLENNON. Thank you for the opportunity to testify today. The primary point I want to make in my remarks is that the existing academic research strongly indicates that immigration leads to large gains in productivity, innovation, and business and economic growth. As a result, the current outdated and comparatively restrictive U.S. immigration system is putting the U.S. at a competitive disadvantage. When we restrict immigration we lose, and other countries gain instead.

Our restrictive immigration policies have already motivated companies to move jobs and investment out of the U.S. For example, my own work shows that the 2004 reduction in H-1B visa cap led U.S. multi-national companies to move tens of thousands of jobs to the subsidiaries that they operate abroad, both at existing subsidiaries, and by opening brand new ones.

In other words, the U.S.'s restrictive immigration policies sent jobs and investment to other countries, especially China, India, and Canada. In contrast, other research has shown that an influx of migrants and refugees leads to firm level onshoring of investment. Policymakers should consider that restrictive immigration policies, including those implemented to protect U.S. jobs are actually likely to have the unintended consequence of pushing U.S. business investment abroad.

But our failure to reform outdated immigration laws is not only causing us to lose workers. We are also losing startups. As one example, my work has documented that immigrant would-be entrepreneurs in the U.S. are going to Canada instead to form their startups because there's no startup visa in the U.S., and thus no clear legal path for immigrants to found a business here.

The loss of immigrant entrepreneurship to other countries is especially significant since recent work has found that immigrants of all skills levels were 80 percent more likely than U.S. born citizens to start a business in the U.S. Moreover, immigrants were more likely to start a business at every business size, from small mom and pop shops, all the way up to high growth startups.

And these immigrant founded companies created 42 percent more jobs than U.S. citizen founded companies. So if immigrants

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<sup>5</sup>Prepared statement of Dr. Glennon appears in the appendix on page 48.

originally destined for the U.S. instead choose to go to Canada for example, they end up creating new jobs for Canadians rather than for Americans.

Immigrants also disproportionately, positively contribute to innovation, which has historically given the U.S. a competitive edge, relative to countries like China, that do not attract or permit immigrants. A recent study found that immigrants who account for about 14 percent of the U.S. population are responsible for 36 percent of aggregate innovation in the U.S.

Not only do immigrants patent more than U.S. born workers, but they also increase U.S. born workers productivity by 13 percentage points due to increased collaboration between U.S. born and immigrant workers, and the recombination of diverse knowledge and ideas.

Another study turns to history for a clear example of what happens to American innovation when immigration flows are restricted. Immigration quotas in the 1920s caused a 68 percent decline in patenting, in large part because Americans were less innovative without immigrants around. We risk repeating that history.

Finally, my own work shows that businesses, based in countries with more restrictive immigration laws are at a competitive disadvantage. They perform worse on average than firms in countries with more open immigration systems, both because they get less talent, and because of the lost collaboration between U.S. born and immigrant workers.

But I'm not the only one to show that access to immigrants affects business performance. For instance, other research focused on startups has shown that winning the H-1B lottery improves the likelihood of receiving venture capital funding, and successfully going public.

Similarly, when firms fail to obtain seasonal immigrant workers it reduces their revenue and investment. In short, the ability to hire immigrants of all skill levels matters a lot for firm innovation and performance.

The implications of the empirical evidence are clear. When we choose to not reform our outdated and restrictive immigration system we hurt our competitiveness and economic dynamism, sending jobs, startups, investment and innovation to countries that do recognize the economic benefits that immigrants bring. Thank you.

Chairman WHITEHOUSE. Thank you very much. We turn now to Mr. Bier, welcome, please proceed with your statement.

**STATEMENT OF DAVID BIER, ASSOCIATE DIRECTOR OF  
IMMIGRATION STUDIES, CATO INSTITUTE <sup>6</sup>**

Mr. BIER. Chairman Whitehouse, Ranking Member Grassley, Co-Chair Padilla and distinguished members of the Committee, thank you for the opportunity to testify. For nearly half a century the Cato Institute has produced original research showing that a freer, more lawful and more orderly immigration system benefits Americans.

Our view is simple. People are the ultimate resource. Only people can transform natural resources into human resources, and in a

<sup>6</sup>Prepared statement of Mr. Bier appears in the appendix on page 76.

free country they do just that. Immigrants are workers, inventors, investors, and entrepreneurs. They are contributors, not takers. The single most important economic challenge facing the United States is population decline.

Half of America's countries are already losing population. Immigration alone is keeping the working age population from falling. By 2040 America's total population will be shrinking. You can't maintain infrastructure, businesses, or schools when consumers, parents and workers disappear. Hospitals close, roads erode when people don't come.

Social security illustrates the massive scale of this demographic problem. The system is already short nearly 3 million workers that it needs to keep revenues above expenses. By 2035 it will be 30 million, and benefits will either be cut by 23 percent, or more likely, taxes will go up.

America's aging workforce is contributing to an unprecedented labor shortfall. Nearly 10 million jobs have stood open per month over the last 2.5 years, costing the U.S. economy nearly \$2 trillion. Note that the worker shortage is not just about a skills gap. The Bureau of Labor Statistics estimates that nearly 70 percent of jobs in 2031 will not require a college degree.

A thriving economy will need people of all types. Immigration isn't the singular answer, but it helps. It helps because immigrants work, expand the pie, and create new opportunities for Americans. According to the Cato Institute's 2023 update of the National Academy of Sciences highly regarded 2016 report on the fiscal effects of immigration, immigrants generate nearly \$1 trillion in taxes, nearly \$300 billion more than they receive in benefits.

Moreover, immigrants who enter as young adults, have a net present value that is positive at every skill level over their lifetime. Immigrants counteract population decline, and have created or preserved nearly \$3 trillion in housing wealth for American households, predominantly in areas where housing prices are falling or are low.

Immigrants work at higher rates at every skill level, and they work with Americans, not against them. Every worker is part of an economic eco-system, depending on a vast army of other workers to make them productive. Immigrant care givers let U.S. parents get jobs again. Landscaping workers create jobs for Americans as supervisors.

When farmers in Iowa hire workers, they purchase equipment that creates jobs in manufacturing in South Carolina for Americans. Immigrants are primarily compliments, not competitors. The problem is that America's immigration system isn't recognizing these benefits. We will next year keep out about 97 percent of the people trying to get green cards right now.

As a result, the U.S. ranks in the bottom third of wealthy countries for immigrants per capita. Our situation is so bad that Congress isn't even trying to retain the immigrants we already have here right now. The 11 million or more without legal status, the 500 or so Afghans, Ukrainians and others with temporary parole status, the 600,000 DACA recipients, the 1 million international students, the 1 million temporary skilled workers, and the children



of those workers who lose their dependent status when they turn 21.

All of these people could or would be contributing more to America's future if they had a permanent lawful status in this country. We want them to invest in this country. America is losing our competitive edge. We went from accounting for the majority of the increase in the immigrant population worldwide in the 1990s, to accounting for less than 7 percent of it from 2015 to 2020.

Few countries can simply choose their demographic destiny. America is the greatest country on earth, and we can choose that destiny, and the immigrants who come here can help keep America the greatest country on earth, thank you.

Chairman WHITEHOUSE. Thank you very much Mr. Bier. We now turn to Mr. Van Beek. Thank you so much for coming here and joining us.

**STATEMENT OF LAURENS VAN BEEK, SOFTWARE DEVELOPER  
AND FORMER U.S. VISA HOLDER<sup>7</sup>**

Mr. VAN BEEK. Chairman Whitehouse, Ranking Member Grassley, Senator Padilla and members of the Committee. Thank you so much for the opportunity to share my story. My name is Laurens Van Beek, and I'm 26 years old. I grew up in Iowa, graduated from the University of Iowa, and I'm a software developer for an Iowa based international company.

I'm also a member of Improve the Dream, and one of 250,000 young immigrants who face constant barriers in our legal immigration system that forces young people who are brought here legally, raised and educated here, to leave the country after turning 21. I am visiting today from Belgium, as I have already been forced out of my home of nearly two decades.

Despite going to great lengths to follow every letter of U.S. immigration law, my ability to build a future in the only country I call home, is obscured in red tape. And it has happened both as a child growing up here lawfully, and as an adult trying to navigate the employment-based immigration system.

I was born in the Netherlands, and in 2005 when I was 7 years old, my parents moved us to the United States in search of a better life after rising crime in our area. My family had already had deep roots in Iowa, dating back to shortly after World War II, when my grandmother, at age 16, started a correspondence with students attending a small farm school in Iowa City, and grew that connection over time leading to the Mayor of Iowa City dedicating September 9, 1997 as "Lenny Van Beek Day" in her honor.

When we settled in Iowa, my dad got the opportunity to start his own small jewelry business in North Liberty. Having grown up watching my parents become welcomed members of the Iowa City community as they poured love and care into every piece of jewelry they made, I knew that this is where I wanted to stay.

Growing up on the farm, I have fond memories of feeding horses, riding through the corn fields on a four wheeler, picking sweet corn, and attending the Johnson County Fair with my family. I attended Mark Twain Elementary, where I was a crossing guard,

<sup>7</sup> Prepared statement of Mr. Van Beek appears in the appendix on page 94.

having to make sure to take down and put up the American flag every afternoon and morning.

While attending Iowa City High School I represented my school at the Iowa Model UN Conferences. I attended the University of Iowa, where I got my bachelor's degree in computer science, and immersed myself in the typical American campus life and student organizations. Freshman year, the first hurdle in my immigration status became apparent.

To graduate, I would need to switch from my status as a dependent on my parent's visa, to an international student visa. My parents visa allows them to operate a small business, hire American employees and renew their status. But it does not have an obtainable pathway to permanent residence, or citizenship for them or dependents.

So when I turned 21, I aged out. All of the years that I spent growing up in this country were rendered useless by our immigration laws, and I was treated like a brand new immigrant coming here for the first time. My parents could never have imagined that America's immigration laws would allow them to lawfully build lives in their local communities, while forcing their son to face challenges to continue staying in the country as an adult.

After graduating I began working full-time for Integrated DNA Technologies in Coralville, Iowa. Under my F1 Optional Practical Training (OPT) status for college graduates, which I had for three years due to my STEM degree. I worked directly on software for the production of DNA assays with a wide range of medical uses, including during the height of the COVID pandemic.

Despite my accomplishments, and deep ties to my community, I was one of thousands of STEM professionals not selected by the randomized visa work lottery system over three attempts in three years. This meant that when my OPT expired in July of 2022, I had to self-deport, or risk being in the United States with an expired status.

I had to sell my car, condense my life down to two suitcases, leave my friends, coworkers, community, family behind, leave the country that I love, and go back to the Netherlands, a place I hadn't even visited in the 17 years since leaving. It was not my home. And on July 6, 2022, I saw the turmoil weigh on our family as it was split apart when my parents waved me, their only child, off at the airport.

I told my dad that I would make the best of the situation. However, deep down I knew that things could never be the same. My life had turned upside down and started over. Two months after I was forced to leave, my father was diagnosed with kidney cancer. I could not be with him in the time that he needed me most.

Imagine being their only child, and not being able to be there for your parents when they have dedicated their entire life for the betterment of your American dream. Throughout all of this my employer is actively working on my return, but the fact that I'm coming here today from Belgium, demonstrates that our system has failed.

It failed me, my family, my community and my employer. I now pay taxes and spend my money in Belgium, and I can't see my family, and my true home nearly enough. This is not what the found-

ing fathers intended for America. The U.S. is my home, and I want to live here and contribute to my community in Iowa.

My story isn't unique. Every year another 10,000 individuals like me, who grew up in this country with lawful status are forced to leave. We are America's children. On top of this, thousands of other individuals are forced to take their talents and potentials to other countries who are happily welcoming them and their families.

We need Congressional action that creates a clear, attainable pathway for people like me to obtain permanent residence. Otherwise, our country will continue to waste its investments, and the potential of immigrants who only want to help grow the country they love. The bipartisan America's Children Act, led by Senators Padilla and Paul would be a great start as it permanently fixes the problem for people like me.

For the U.S. to continue as a global leader we cannot afford to squander the talents of people who have been shaped by American values, and want to give back to the country that raised them. I am and always will be an American, even if the paperwork tells a different story. Thank you Chairman.

Chairman WHITEHOUSE. Thank you very much Mr. Van Beek. Next is Mr. Rector, Dr. Rector. I'm sorry I'm not seeing it from here. Let's go to the Doctor, Mr. Rector please proceed.

**STATEMENT OF ROBERT RECTOR, SENIOR RESEARCH FELLOW, CENTER FOR HEALTH AND WELFARE POLICY, THE HERITAGE FOUNDATION<sup>8</sup>**

Mr. RECTOR. The United States, if you look at the world, there are over 900 million people who would like to come and live in the United States, and if you think about open borders in that context, it's clear that open borders would transform the United States beyond any reasonable recognition of what it is.

We have experimented with open borders now for about three years, and the consequences of that are very apparent, as the Mayor of New York just recently said that New York is facing a crisis across state and cities expenditures only of \$6 billion a year.

He said "This is coming to a neighborhood near you. Never in my life have I had a problem that I did not see an ending to. I don't see an ending to this. This issue will destroy New York City. The City we knew we are about to lose." And that is a microcosm of the United States because with the open border immigration—illegal immigration crisis, our nation is a nation that we are about to lose, and it's directly a result of the policies implemented by President Biden.

When Biden campaigned for the Presidency, he said he would urge illegal immigrants to surge to the border. A remarkable statement. He then has set up a policy where when they reach the border there is an open admission process in which almost all of them are automatically allowed into the states. And then he also promised, and has delivered that once they arrive in the United States, unless they commit some type of serious crime, there will be absolutely no deportation for them.

<sup>8</sup>Prepared statement of Mr. Rector appears in the appendix on page 101.

This is explicitly an open borders policy even though they don't want to admit it. And as a result of this open borders policy Biden did not get his expected surge of illegal immigration, he has generated an absolutely tidal wave.

In the months since Biden took office there have been 5 million illegal immigrants who have crossed the border and taken up residence in the United States. This is more than twice the highest rate ever achieved in this before, and it is a result of these five million immigrants—illegal immigrants, entering the country.

We now have over 15 million illegal immigrants in the United States, and it continues to rise, as the Mayor of New York said, there is no end in sight. This is a catastrophe that can only get larger and larger. But if the current trends continue, we will have within about four or five years, over 20 million illegal immigrants residing in the United States with no policy other than to grant them amnesty and full access to the U.S. welfare system.

And what are the consequences of this? Well fiscally illegal immigrants, about half of them, lack a high school degree historically. This means that of the 15 million we currently have here, the fiscal expenditures are about \$150 billion a year. They pay about \$50 billion in taxes. This creates a deficit of \$100 billion a year. What's \$100 billion a year? That's equivalent to a 75 cent tax on every gallon of gasoline sold in the United States.

The National Academy of Sciences says that this type of low-skilled immigrant again, with close to half of them not having a high school degree, cost the U.S. taxpayer, net of any taxes these individuals pay in, \$288,000 per person per year. When you take the current mass of them, that is \$3.8 trillion over the course of a lifetime—not per year, over the lifetime.

That's \$3.8 trillion for the whole mass of them over the course of a lifetime, and that is just the current number. This population is going to go up, and these costs will simply become higher and higher. An additional impact of this is that when you bring in low skill immigrants of this sort, and I have over 80 studies that I can provide the Committee on this, you bring in this type of low skill immigration, what it does is drive low skill American workers, particularly minority workers, out of the labor force and drives down their wages.

Typically for every 10 percent increase in the low skill immigrant population in an employment group, the wages go down by about 6 percent, and we have seen in our low skill population largely static wages for decades now, and that is substantially due to the influx of low skilled workers coming in to compete with them.

Milton Friedman told us we cannot have open borders in a welfare state. We are now experimenting with that, and we are finding as the Mayor of New York has found, that that was exactly right.

Chairman WHITEHOUSE. Dr. Hira please proceed.

**STATEMENT OF DR. RONIL HIRA, ASSOCIATE PROFESSOR,  
DEPARTMENT OF POLITICAL SCIENCE, HOWARD UNIVERSITY<sup>9</sup>**

Dr. HIRA. Chairman Whitehouse, Ranking Member Grassley, other distinguished members of the Committee, thank you for in-

<sup>9</sup>Prepared statement of Dr. Hira appears in the appendix on page 118.

viting me to testify here today. It's both a professional honor, but it's personally very meaningful to me. I'm the son of two Indian immigrants. My late mother was a physician, and my late father was an engineer.

My wife is also an immigrant from India, so it has a lot of personal meaning to me. I want to recognize Ranking Member Grassley's spearheading leadership on bipartisan reforms that would create a skilled immigration system that's fairer to guest workers, immigrants, and U.S. workers alike.

S. 979, H-1B and L1 Visa Reform Act of 2023 is co-sponsored by Senators Durbin and Sanders. It would yield, if passed, it would yield higher economic growth and reduced budget deficits. The title of this hearing is how immigration can fuel economic growth and the country's competitive advantage, but too often the immigration policy discussion conflates immigration, immigrants with guest workers.

It's really important to make a clear distinction between the two. Immigrants are people who can stay in the U.S. permanently, whereas guest workers are temporary, non-immigrants. Unlike immigrants, guest workers can only stay in the country under specific conditions, and have very limited rights. As a result, every time Congress creates a new guest worker program, or as in the case of OPT was created by the administrative state, you're creating a different, a distinct market, a different labor market that operates distinctly and separately from our normal labor market.

The rules that govern these guest worker programs are critical because they shape how that market behaves. We have not spent enough time—policymakers, but also academics and researchers have not spent enough time scrutinizing the details, the details really matter in terms of what those rules are for guest worker programs because you want to have a certain kind of behavior, well that behavior in terms of the market will be shaped by these rules.

There are really two overarching principles for any guest worker program, whether it's here in the U.S. or in the United Arab Emirates (UAE), whether it's for high-skilled programs like the H-1B or lower skilled for like the H-2B. Guest worker programs are supposed to fill labor market gaps where there's a real genuine labor shortage of U.S. workers, and really importantly, guest workers themselves must be protected because they're very vulnerable to exploitation.

What the research shows, and not just research, but we can just look at the data. The U.S. government has really failed on both accounts meeting both of the principles, and I'll just highlight the H-1B as the textbook example of this failure. The H-1B program was created, and is intended to fill labor shortages for college educated labor markets for jobs. Instead of filling those labor market gaps and labor shortages, it's instead widely used to hire cheaper indentured workers who are exploited to directly compete with American workers, and so they're substituting for those American workers.

And to also subsidize the offshoring of U.S. jobs. Simply put, the H-1B visa is the outsourcing visa. I didn't call it the outsourcing visa, one of the Indian Commerce Ministers called the H-1B the outsourcing visa. It's widely exploited to offshore jobs, suppress

wages and working conditions, and it also fuels rampant wage theft from H-1B workers themselves.

We just need to look at the government data on who—which firms are actually the largest H-1B employers. If you look at the top three, they are all IT staffing firms. One based in the U.S., Cognizant, and two based in India, InfoSystems, and Tata Consultancy. They received an astonishing 350,000 approvals over 10 years, and for new workers they received 87,000 new initial H-1B visas from the government.

That 87,000 is enough to populate a mid-sized city. These three firms alone took 10 percent or 1 in 10 of all of the cap visas for new workers over the past 10 years, crowding out employers like Mr. Van Beek, who are trying to go through the lottery system and trying to get H-1B visas.

The reason is pretty simple. It's because these IT staffing firms core to their business model is being able to exploit the H-1B visa for lower wages, and indenturing those workers. And it's highly profitable. It's extremely lucrative, and so it's mimicked across the sector by all these other firms, HCL, IBM, are all doing these same kinds of things. Thank you for your time. I look forward to your questions.

Chairman WHITEHOUSE. Thanks very much. Let me start with Dr. Glennon if I may. We often hear the argument that encouraging high-skilled immigrant engineers, technical people, entrepreneurs to locate in this country will allow them to compete with, and displace American jobs, and challenge the American economy. What is wrong with that argument?

Dr. GLENNON. Thank you. So there's two parts that are wrong with that argument. Both have to do with the demand side, right. So first of all, immigrants are job creators, much more than they are job takers, so they are much more likely to start a company, which then creates jobs for Americans.

The second piece that's wrong with that argument is that they serve as complements to U.S. born workers. And so if you look at for example, the innovation data, right, they not only are producing more patents, but they're also actually making U.S. inventors much more productive, right? They're helping U.S. inventors create more patents and more impactful patents, and so it's actually these complementarities that are generating economic growth and innovation for the U.S. as a whole.

Chairman WHITEHOUSE. Mr. Bier, could you take your quite compelling testimony, and apply it to the issue of economic competition between the United States and China? During my opening statement I put up a graphic that shows that in a high immigration scenario versus in a low immigration scenario, U.S. GDP changes quite dramatically.

This is our—the lavender here is our high immigration, \$47 trillion at 2050 GDP, and low immigration it's only \$33 trillion, that's a \$14 trillion gap if you would be good enough to make reference to that, and apply your testimony to it.

Mr. BIER. Sure. Absolutely. Absolutely size, absolutely matters. You want to have a large economy, a growing economy, a growing workforce, a growing consumer base because that's where companies are going to want to invest. If we want to throw our weight

around on the world stage, which of course we do. We want to open up markets. We want to have people appealing to us, not to Communist China on issues like free speech, then we want to be the largest economy in the world.

And immigration is really the only way that we're going to maintain that. I just want to flag one thing for the Committee, that Department of Defense under the Trump administration in 2020 put out a report saying that today's education pipeline is not providing the necessary software engineering resources to meet the demand of the defense sectors, and the population of China is producing eight times the number of STEM graduates than the United States is.

So we are losing out in an enormous way on the high skill side of things, and on the low skill side of things when it comes to immigration compared to China.

Chairman WHITEHOUSE. And just as a general question, can anyone offer a positive social benefit from Mr. Van Beek having to deport himself out of the United States? Is anybody here to defend that? For the record, not one hand has gone up from our panel. Mr. Van Beek, seven? Is that how old you were when you came to this country?

Mr. VAN BEEK. That's correct.

Chairman WHITEHOUSE. What grade did you first go into?

Mr. VAN BEEK. I went into third grade I believe, yes.

Chairman WHITEHOUSE. Yeah. Really good move to be throwing third graders who have spent their entire lives in this country out. There is a way to fix it. I tried to do this in the National Defense Authorization Act (NDAA) last year, and that is to open a STEM exemption from the visa caps, which I assume would get around Mr. Rector's antipathy to low skilled workers, as he calls them.

STEM is pretty high skilled I would think. And unfortunately, we were unable to get that done, but I very much hope that we will try again, and perhaps on the basis of the testimony here, have more success. With that let me turn to my distinguished Ranking Member, Senator Grassley of Iowa.

Senator GRASSLEY. Mr. Rector, I think you touched a little bit on my first question, so I'll give you a chance to elaborate your research and analysis on the cost of illegal immigrants to local, state and federal government has consistently shown fiscal burden to the U.S. taxpayer. What types of costs can government leaders from New York City, Mayor Eric Adams, to small town mayors in Massachusetts expect to face?

Mr. RECTOR. About two-thirds of the fiscal costs go to the federal government, but the other third goes to state and local communities, starting with healthcare. They have to spend a lot on that. The average cost of an education in the United States for children is \$15,000 per child per year, most illegal immigrants have kids.

Someone has to pay the cost of educating those kids, that's borne by local governments. It's certainly not being paid for by the illegal immigrant themselves that has an eighth grade education. And then you have the routine expenditures of police and sewers and so forth and so on, that's why even if you abolish the welfare system, illegal immigrants would still be in fiscal deficit, they would still receive much more in expenditures than they pay in taxes.

Today they get about \$3 of government expenditures for every dollar of taxes they pay. And I'm talking taxes comprehensively. I've got in our calculations, as in the National Academy of Sciences, we have excise taxes, cigarette taxes, so forth and everything, they do pay taxes, but they receive far more in benefits.

Senator GRASSLEY. Okay. Mr. Chairman, I have three articles from the New York Times that I would like to put in the record, and these articles deal with costs to governments.<sup>10</sup>

Chairman WHITEHOUSE. Without objection.

Senator GRASSLEY. Thank you. Dr. Hira, we have heard this morning from other witnesses that the solution to the problem in our immigration system specifically H-1B is to just increase the number of visas given out each year. Is that a reasonable solution? And explain why or why not?

Dr. HIRA. Mr. Grassley, thank you for the question. It's a bad idea. More is not better. Better is better. The solution to the H-1B program is contained in your bill, which is raising wages, and selecting workers who are better. Right now the top firms, like Cognizant, InfoSystems, and Tata, are not bringing in H-1B workers because they bring any special skills.

In fact, they have lower skills. They've all been involved in scandals where U.S. workers directly trained their replacements at these companies, and we're talking about hundreds if not thousands of workers. So we should be shooting for better, not more.

Senator GRASSLEY. Dr. Hira, you helped work with Durbin and me on our H-1B bill. Given your study of the program, this visa program over the years, can you tell us the top two changes that you would make to the program that would have the most immediate and impactful improvements in the program? And are those changes in S. 979?

Dr. HIRA. Thank you, Mr. Grassley. Yes. They are contained in the bill, and the top two I would say are wages. Why are we setting wages so low, you're inducing and incentivizing firms to bring in lower paid H-1B workers. The second top one, and I think the bill has a tremendous number of good features. The second one I would point to is that it ensures that U.S. workers have a legitimate shot at the jobs, and the job openings.

Right now, contrary to conventional wisdom and misunderstanding, people think that you have to demonstrate that no U.S. worker is available. Fact, before hiring an H-1B, in fact employer can't bypass the U.S. labor market all together, bring in H-1Bs, import H-1B workers, and even displace U.S. workers with H-1B workers. So it would solve at least those two problems.

The other thing I'd add is that some of these things can be done administratively by the Departments of Labor and Homeland Security, but the statutory fixes would be permanent ones.

Senator GRASSLEY. Yeah. Mr. Rector, my last question. Comparing your recently updated fiscal burden data to your previous research, did you find particular changes in the data that surprised you, or were notable?

Mr. RECTOR. The absolute magnitude of the growth of the illegal immigrants. This is close to 2 million people a year coming in,

<sup>10</sup> Documents submitted by Senator Grassley appear in the appendix on page 134.



being admitted, and being released into the United States with no pretext of removing them ever, or deporting them. We've never had anything like that. And this will accelerate because in fact it's going so fast that the Census Bureau can't even keep up with these changes. It's absolutely unprecedented in the history of this country.

Senator PADILLA. Thank you Senator Grassley, excuse me. Let me thank the witnesses once again for your testimony, and particularly Mr. Van Beek for sharing your story with us today. My heart goes out to you, and it's an outrage that you were forced to leave your home and family behind for another country that you barely knew, as you explained, after living here for so many years.

That's a significant failure of our immigration system to not consider the fate of the children of temporary visa holders whose parents have applied for a green card, but again, this is a lawful mechanism, but they're stuck waiting in year's long backlogs, and children like you, and there's many, many throughout the country, at risk of aging out from protection of their parent's status.

So I too, similar to what Senator Whitehouse mentioned, had a fix. We have an idea. We have a solution here. It's called the America's Children Act, which I hope we're able to pass in time to help other people in circumstances very similar to yours. So we will continue to press this legislation, to address the needs of thousands of others, what we called documented DREAMers in this situation.

Can you describe, Mr. Van Beek, your experience regarding the challenges and uncertainty that your family encountered due to your immigration status, especially up to your self-deportation?

Mr. VAN BEEK. Yes, certainly. Thank you. So the uncertainty was kind of up to the last minute almost. With my employer kind of the last hope being the H-1B visa lottery of 2022. We didn't really know until about April, March-April that I was not selected. And with my OPT expiring in July there was no other status that I could, you know, transition into, so it was basically then a rush to figure out how I'm going to move back to the country, and where I was going to live.

So you know, I did apartment searching online, a wonderful thing the internet sometimes. That made it a little bit easier, but still, you know, I didn't know what I was going into, and.

Senator PADILLA. I imagine it was stressful for your family?

Mr. VAN BEEK. For sure.

Senator PADILLA. And I could imagine for your employer. It's very hard to replace a worker like you.

Mr. VAN BEEK. It is. Yeah. We just previously to that during the COVID pandemic had to, you know, hire a number of workers to as our company is growing significantly, so.

Senator PADILLA. So again, I just wanted to underscore the very real people impact on this in terms of your family, but the economic impact in terms of an employer. Next question, we heard in your testimony today that immigrants boost innovation, even increase productivity of U.S. born workers where they are present.

And we know that numerous immigrant founded startups have grown to become some of America's most successful companies. As of 2023, nearly 45 percent of Fortune 500 companies, including Costco, Apple, and Moderna, were founded by immigrants, or their

children. Those are facts. But despite the widespread evidence that immigrants are significant contributors to the U.S. economy, our current immigration laws do not provide a viable visa option for them to start their new venture, leaving many potential founders to move to competing countries, with less outdated and restrictive immigration laws, again causing America to fall behind.

Dr. Glennon, you touched on this in your testimony. Can you just expand a little bit more? What is the economic impact of these businesses and jobs moving elsewhere, and what does that mean for the American people?

Dr. GLENNON. Yeah. Thank you. So as I mentioned in my testimony, you know, immigrants are 80 percent more likely to form startups, and that's actually despite the fact that we don't have any pathway for them to form startups currently. I mean so under something like the H-1B program, there's no ability to form a startup under any of the other programs, short of permanent residency.

There's no way to form a startup. And so what I found in my research is that many of these constrained immigrant would-be founders who moved to the U.S., wanted to form a startup in the U.S. had to leave and go somewhere else. In my paper that was Canada.

Senator PADILLA. Yes.

Dr. GLENNON. And that meant that those jobs that they're creating go to Canadians. The innovation that they are creating then goes to the Canadian economy, the consumption that is occurring goes to Canada as well.

Senator PADILLA. I take that as maybe a recommendation you have to create a startup visa. In addition to that, can you comment on the impact of expanding employment-based visa numbers, or lifting the country caps that are in place, and from an economic standpoint what that would mean?

Dr. GLENNON. Yeah. So you know, a big part of the problem right now is the uncertainty, right, which we heard about from Mr. Van Beek. So if you are an immigrant, and you want to consume, or you want to form a startup, or you want to invest. If you don't know if you can actually stay, then you're really limited in how much you can do that.

And so it's really depressing how much immigrants are actually able to contribute to our economy, and the same goes for businesses, right? If they're not sure that they care hire the immigrants that they need, then they're going to be also more wary about investing.

Senator PADILLA. Thank you. Senator Braun.

#### STATEMENT OF SENATOR BRAUN

Senator BRAUN. Thank you acting Mr. Chair. It's such an interesting conversation because in my home state of Indiana, cross-roads of America, the biggest manufacturing state per capita, really in every nook and cranny has a strong immigrant presence.

But I think what we've got to get to the bottom of, since everyone wants something to work better, is how do we get there? And the sad thing about this place, you've got to get 60 Senators to agree to it, even on issues that have so much merit. I, back in March of

21, went with 16–17 other republicans down to the border, and we see that up close. You see the humanitarian issues involved in there.

I traveled, visited all 92 counties, heard the same thing. Workforce, workforce, workforce, and we know how immigrants become the entrepreneurs, the startup businesses and all that. So how do we get to where we kind of can solve the issue, and listening to the border patrol, I think it all starts down there on the southern border.

The whole issue of comprehensive immigration reform, so you don't have people coming in risking life and limb, when there's a need for much more legal immigration, how do you get there? Well they were very clear. They said in the highest traffic areas you had to have something physically in place to help them out, that was going to reduce the flow.

And then you do need to throw everything at it, in terms of technology, and additional labor resources so that we get back to a secure border. Then I think you cascade quickly into solutions. When one side of the aisle has chosen to get rid of the idea of having a secure border, I don't think that syncs up with the majority of Americans, and especially the legal immigrants that have come into this country.

All the stories I just briefly heard I hear repeats of it. We do so many issues involving immigration in our own constituent service back in Indiana. But how do you get to where we start solving the problem? I think you're going to have to have security there, based upon the experts who tell us what needs to be done, and then you start looking at how you solve all the related problems.

And I think most republicans would agree with what I've just said, but until you abandon the current policies that seem to promote a completely open border, it puts in peril the ones that want to come into this country, and it causes chaos once you're here. So I could dwell and go on, but I think there's going to be general agreement with that on our side of the aisle, and I hope on the other side of the aisle.

Because immigrants built this country. How could we be in such a complex, confusing situation that we have now in front of us? Secure the border, put the resources there. Look what was working pre-Biden Administration. A lot of the aspirations that the Biden Administration wants they're aspirational because it's not based upon a secure border.

I'm going to look at a practical matter. The country is borrowing 30 cents on every dollar we spend currently. That's going to be a huge burden for the next generation, and their kids, and when you bring folks into the country that aren't prepared even to blend into the workforce, it puts a further stress on what's been the biggest dereliction in this country that politically we're willing to borrow from our kids and grandkids, for our latest and greatest political idea, none of them which have been knocking it out of the park.

Mr. Rector, I'd like to ask you would you be able to quantify in some way Social Security and Medicare, the two systems that structurally are breaking the budget, and we need to roll our sleeves up and try to fix. What does—what happens financially?

How much would it cost? Can you put a number on it if you try to integrate that into a system that's currently going broke?

Mr. RECTOR. Not only transfers from the resources from the young to the old, but it also transfers resources from affluent to the non-affluent, so when you bring in for example, someone with an eighth grade education, although we will always hear oh, they put some money into social security, they get vastly more back out of it than they put in.

It's obvious. And plus you can't just look at Social Security in isolation because these individuals are also taking all these other resources so that they effectively are usually receiving, going to receive over their lifetimes, about \$3 of government expenditures for every dollar of taxes they put in. And again, I'm very comprehensive in the way I count the taxes they pay.

You don't pay much income tax, but they do pay a lot of sales tax, things like that at the local level. But it's only here in Washington that you would actually think that someone that has an eighth grade education is going to put more into government in taxes than they take back out and benefits. It doesn't matter whether that person is born in Tennessee or born in Guatemala.

If you bring in people with a very low education levels, they will access the welfare benefits system. That's clearly what the National Academy of Sciences shows, and then they impose massive long-term tax burdens on the taxpayer. Illegals currently, I would say, are going to cost the country just trillions and trillions of dollars in net.

You have to bring in higher skilled people, individuals who have a college education, do pay more in taxes than they receive in benefits. Those who do not, do exactly the opposite.

Senator BRAUN. And I think that just shows how difficult the problem is because we hear it from all, from the entire spectrum in terms of what we need to do, but if it's not based upon a secure border that we were starting to put in place, we even exacerbate the problem for those that want to come into the country, and for how they're going to make a life here once they get here.

And look at what was working, secure the border, roll up our sleeves, fix the problem. Thank you Mr. Chairman.

Senator PADILLA. Senator Braun, before turning to Senator Luján, I appreciate Mr. Rector's knowledge of the perspectives on the answer to your question and other methodologies. Let me ask Mr. Bier if he might chime in here on the question. Social Security was a specific example, and the impact of immigrants on the economy.

Mr. BIER. Oh look, the fundamental problem with Social Security is there are not enough workers paying into the system to support the retirees, and that problem is going to get worse. More workers would benefit, that's what the Social Security trustees say. The Congressional Budget Office agrees with that perspective.

I fundamentally do agree that there needs to be other reforms to the system to make it financially sound, but we have the analysis to show that more workers is going to increase the number of taxes going in, and improve the fiscal situation. On the whole, if you look at all of the taxes, all the benefits, you know, we've done it.

We have this huge, huge report right here that you can read, that looks into this, and the biggest set of taxes that Mr. Rector is not including in his analysis is the taxes that business pay on capital when they hire workers. So every time you hire workers you almost always are investing more capital in the business, and that is the biggest affect, trillions of dollars increase in capital as a result of immigration.

Senator BRAUN. And do you believe a secure border has to be something that you have to have in place to then go after what you're looking at?

Mr. BIER. Well I think legal immigration is critical to having a secure border. When I talk to Border Patrol officials they say look, we don't want these people who are coming for peaceful purposes to be crossing here. We should have a legal process for them to come.

Senator PADILLA. Thank you. Senator Luján?

#### STATEMENT OF SENATOR LUJÁN

Senator LUJÁN. Thank you Mr. Chairman, and thanks to everyone for being with us today. Thank you for the panel for making time to be here. I believe immigration is a fundamental part of our country. Immigrants not only enhance the culture of our communities, but they come to the U.S. looking to work hard to make things better, to create opportunities.

For those that have started businesses here, and you know, the line of questioning that I just heard, and one of the responses, we have a workforce shortage in America, especially in the agricultural communities, and in places that are packaging produce, and poultry, and pork and beef. I want to see more people come to the United States that have the opportunity to go through apprenticeship programs, or go to college, but there's a lot of people that do very well that work in all these other spaces.

When I traveled to every country in the union, and I speak to people where there's a shortage, they tell me about the needs they have. It takes people from all backgrounds. Now my father was a welder. He was an iron worker. He did not have a college degree.

He became the Speaker of the House in the State of New Mexico, the longest serving speaker in our state. When he was Speaker, he was the only blue collar serving speaker in the country. He had a lot to offer America, and a lot to offer New Mexico. I hope we just step back, and we understand the needs that exist in our country, and find a way to get there.

I appreciate the question that was asked by my colleague, Mr. Braun, about border security. One of the stats that I am astonished with is that less than 10 percent of vehicles that come into the United States on the southern border are screened. It takes money to make investments and bring technology so that we get 100 percent vehicles screened.

And not just coming into the United States, but leaving the United States, so that we can get our hands on all the bad stuff coming in and all the guns going out. But it takes investment. It takes money, and we have to get there in that place. So as we have this comprehensive conversation about border security, I certainly

hope that there's a willingness to make investments so that we're able to see everything coming in and going out.

And it's not just the southern border. The rates of bad things coming into the United States from Canada is horrific. The stuff that comes in from the water ports is just as bad in these big shipping containers that travel around the world. Why aren't we screening those? And why are we helping allied countries around the world, who also send goods to the United States, to screen them, their incoming and their outgoing?

I'm just beside myself with some of this, but to the point today, Dr. Glennon, is it true that the Center for American Progress analyzed that providing a pathway to citizenship for undocumented immigrants to U.S. would bolster the United States GDP over the years, and create over 400,000 new jobs?

Dr. GLENNON. That's my understanding. There's an important complementarity between low wage workers and higher wage workers in particular. So for example, we have a shortage of childcare providers, right, and there's work showing that when you allow more undocumented immigrants, or more lower skilled immigrants then it actually allows women to enter the workforce because they no longer are restrained in their ability to do so.

Senator LUJÁN. I appreciate that Dr. Glennon, and I had some constituents come visit with me today from southern New Mexico, who were sharing with me the problem with trying to find healthcare staff right now, or sorry, childcare staff. They built new facilities, but it's hard for them to get them staffed up, so I appreciate what you focused in on there.

I'm reminded, Mr. Chairman, as my time expires, that—(audio dropped). That it had a positive score for what it would do to strengthen the GDP in America, with all the challenges that we have, maybe we start by dusting that one off, and get that one passed. And let's move from there and see if we can find a path forward.

But I certainly appreciate this important hearing, the testimony that's been provided. The testimony that will still be submitted. I have a lot of questions, I'll make sure that I get them in, so I can be respectful of my colleagues, but thank you, Mr. Chairman, for holding this important hearing, and for everyone coming in today.

Senator WHITEHOUSE. Thank you Senator, and now we will turn to Senator Graham, who I said at the outset when he was not here, is such an important figure in the bipartisan conversations that we've had on immigration over many years. Senator Graham.

#### **STATEMENT OF SENATOR GRAHAM**

Senator GRAHAM. Well thank you, Mr. Chairman. This is a really good topic. Let's see if we can find some common ground. To the panel, how many of you believe that the southern border is secure? How many of you believe it's not secure? 4 out of 5. What about you Mr. Hira?

Dr. HIRA. I don't know enough about how that would be defined to pass judgement.

Senator GRAHAM. Well we've had over 5 million people come in illegally, so anyway. I think it's insecure, and we need to make it secure. Now let's talk about immigration. What percentage of agri-

cultural workers, the people that go harvest the crops, and do all the agriculture stuff are undocumented, illegal immigrants? Does anybody know?

Mr. BIER. 50 percent.

Senator GRAHAM. Okay. Does anybody doubt what he said? All right. If those 50 percent went away tomorrow what would happen?

Mr. BIER. A lot of farms would go bankrupt. There would be a massive shift in trade practices, so we'd start importing a lot more food from abroad.

Senator GRAHAM. Does anybody disagree with that?

Mr. RECTOR. Yeah. Farm labor is unique in its reliance on immigration, but if you look at all the other sectors of the economy, types of occupations.

Senator GRAHAM. Well let's just stick with farm labor right now.

Mr. RECTOR. Okay.

Senator GRAHAM. Do you agree that I think it's closer to 70 percent. Do you agree that a substantial percentage of people in the agricultural business, workers in the field are undocumented illegal immigrants?

Mr. RECTOR. They're certainly immigrants, and probably a lot of them are illegal.

Senator GRAHAM. Yes. So I guess here's my point. That's just one industry. There are a bunch of others, meat packing. Have you ever been into a meat packing plant? Has anybody ever been to a meat packing plant? You ought to go. I don't think you will stay. Most people working in a meat packing plant are immigrants.

My point is let's make this a win/win. Stop illegal immigration. Let's go to merit-based immigration. Do you agree with that Mr. Rector?

Mr. RECTOR. I think that the problem is the issue here that I would say is we used to have this rhetoric that there are jobs that Americans won't do, and you've isolated two of them.

Senator GRAHAM. Do you believe there are jobs Americans won't do, or is that just rhetoric?

Mr. RECTOR. I think the two that you isolated are, that's probably about right. But all the other jobs that Americans allegedly won't do, more than half the workers are actually U.S. born citizens, and the wages in those industries have remained basically flat for decades.

Senator GRAHAM. Because people are paying illegal immigrants under the table.

Mr. RECTOR. Partly, and it's also we always talk about these labor shortages, but if you look at the below median income in the United States, it really hasn't gone up in constant dollars for decades. That is not an indication of a chronic labor shortage.

Senator GRAHAM. Well if you have a business, you're having a hard time getting workers. Restaurants, every restaurant in South Carolina's number one issue I can't find people to work. Part of it is we pay people too much not to work, and the other part is people sort of moved on in the economy. Mr. Hira, you're the H-1B advocate here.

Dr. HIRA. I'm not sure I would call myself an advocate.

Senator GRAHAM. Do you want more H-1B visas?

Dr. HIRA. No.

Senator GRAHAM. Do you want less?

Dr. HIRA. I've argued for a better system. Right now, just to give you an example, we had 750,000 applications submitted for 85,000 spots this year. And instead of picking the best of that 750,000, picking the 85,000 top ones, they chose to pick them randomly, by random.

Senator GRAHAM. I am with you.

Dr. HIRA. That doesn't make any sense. It's irrational.

Senator GRAHAM. Okay. Do you think we should have more visas available in this space?

Dr. HIRA. No. Not under the current system. It has to be reformed.

Senator GRAHAM. Well let's say you reform the system.

Dr. HIRA. Well it's a hypothetical. It depends on what reforms.

Senator GRAHAM. Could we do it better?

Dr. HIRA. Yes.

Senator GRAHAM. My question is are we generating enough workers in our own country to fill these jobs?

Dr. HIRA. Absolutely.

Senator GRAHAM. Okay. Well why do we need the visa program?

Dr. HIRA. We don't need one as it's currently constructed.

Senator GRAHAM. Well are you arguing that we don't need an H-1 visa program at all?

Dr. HIRA. I think we should favor integration over guest worker programs. I think we've ended up relying on——

Senator GRAHAM. You know, I don't mean—wait, I'm asking you fairly simple question. In this space employers tell me that without immigration they'd have a hard time filling the workforce because people are not graduating in our colleges with a skillset at the levels necessary. Is that a false statement they're giving me?

Dr. HIRA. I think it's a misleading one, yeah.

Senator GRAHAM. Okay.

Dr. HIRA. If you want to look at whether there's a shortage in STEM, and you could look at even in software development, what would you look at? We have a market. You look at the price, the wages, and wages have been flat. They haven't gone up, so there isn't any shortage.

Senator GRAHAM. Mr. Bier, do you agree with that?

Mr. BIER. No. I don't agree with it at all. Unemployment in software development is below 2 percent. We've seen massive increases in the number of U.S. born workers, 150 percent increase since 2006 in a U.S. born software developer worker population in the United States. So there hasn't been any displacement. There's unemployment, the numbers are going up, there's just not enough workers all around.

Senator GRAHAM. I'll end on this, and thank you for indulging me. I've been following this for decades. We don't have a rational legal immigration system. Our population is declining, it is not growing. If you know anything about the American economy, the number one problem most employers have is finding reliable workers.

If you deported all illegal immigrants in the agricultural space, we'd all starve. That doesn't justify illegal immigration, it means we need to reform the system to make it a win/win. When it comes



to the H-1B world, I am convinced our education system is not producing enough in this area, and you need immigration to fill in the gap, but it needs to be what Dr. Hira says, rational and merit-based.

So you'll never convince me that our immigration system is working because it's not, and the problem is that we need to bring people into our country, Mr. Chairman, from all over this world based on merit, and if we don't get a hold of this, the population decline, the number of people affected by drugs, and inability to work is going up.

We have a recruiting problem in the military because most people of a military service age are not able to serve. So to deny that immigration is not going to be the life blood of the future economy is a mistake. To say the current system works is an equal mistake. Thank you for having this hearing.

Chairman WHITEHOUSE. Thank you very much Senator Graham. Senator Scott is our final witness of this hearing, unless someone else arrives at the hearing, just general notice to anybody who plans to attend that it will wrap with Senator Scott, and you have his five minutes to get here. Senator Scott, please proceed.

#### STATEMENT OF SENATOR SCOTT

Senator SCOTT. Thank you Chairman. Thanks for holding the hearing. Mr. Rector, how in the last two years, how many people—first of all I come from an immigration state. I come from Florida, so we have a lot of primarily Latin America, but some Eastern Europe, but a lot from Latin America. So, and our economy is over the last, you know, especially 50 years, a lot of it has been developed based on legal immigration from Cuba, Venezuela, and of course American citizens have come from places like Puerto Rico.

So in the last two years how many people have come into our country legally, and how many people have come in illegally?

Mr. RECTOR. Equal. I know illegally it's been 5 million people. We know that by looking at the encounters that result in admission to the country. It's absolutely unprecedented. And this discussion is a little distorted because we talk about needing STEM engineers and things. They're not STEM engineers, or Ph.D.s with electronics engineering coming across the border here.

All of that immigration historically is very, very low educated, and it is not going to produce technological change or anything. Many of these people have an eighth grade education. And what they actually do in my perspective is to push out the lowest skilled American workers, particularly minority workers, right out of the workforce. And there's a massive literature that indicates that.

Senator SCOTT. So you think in the last two years about 5 million legal and 5 million illegal?

Mr. RECTOR. I believe so. I know the illegals.

Senator SCOTT. Does anybody know the legal number of people who have come here legally in the last two years?

Mr. BIER. In the last two years?

Senator SCOTT. Yeah.

Mr. BIER. We've awarded about 2.1 million green cards for two years, so about—

Senator SCOTT. For two years?

Mr. BIER. Okay. So 2.1 have come here legal, and 5 million illegally.

Senator SCOTT. So if you come here legally, what benefits does the government give you versus if you come here illegally? Does anybody know? Mr. Rector?

Mr. RECTOR. Yeah. The legal immigrants after five years are eligible for the welfare system. 90 different means tested programs. They also are eligible for Social Security and Medicare, but that's a little illusory because the welfare programs primarily have eligibility through children, and illegal immigrants have children they get in the welfare state.

And basically, we're promising amnesty, which most of the members of Congress, or at least on the left side, want amnesty. That would give the illegals eligibility to absolutely everything.

Senator SCOTT. Let's go back. So if you come here legally.

Mr. RECTOR. Yeah.

Senator SCOTT. Is there a cost to other taxpayers?

Mr. RECTOR. Absolutely. Again, the simplest thing to understand—

Senator SCOTT. Just on the legal. What would be the average cost to an American citizens if somebody comes here legally?

Mr. RECTOR. It's a couple, \$10,000 a year, depending upon the education level. Again, the simplest thing to understand is if you bring in someone with a college education, they're going to pay more in taxes than they take out in benefits. If you bring in somebody with a tenth grade education, it's exactly the opposite.

Over the course of a lifetime they're going to take out about \$3.00 of benefits for every dollar of taxes they pay.

Senator SCOTT. So if you come here legally, right now. If you come here legally, the 2.1 million people who came here legally, let's just take them, they come here. They come here legally. They get their green card. Do they cost us money?

Mr. RECTOR. Yes.

Senator SCOTT. Are they productive citizens day one?

Mr. RECTOR. The welfare system is designed to support people who work, okay? So they in fact do work, but they also receive enormous amounts of benefits. That's the nature of the welfare state.

Senator SCOTT. Do the people that come here illegally get more than benefits?

Mr. RECTOR. No. They get slightly less, so they're actually slightly less expensive to the taxpayer, but the bottom line is a person with a tenth grade education, eleventh grade education, we redistribute income to that person very strongly whether they're born in Kentucky, or whether they are here from abroad.

Senator SCOTT. Well let me ask you a question. So what you see in the news is places like New York. They're saying that all these illegal immigrants have come up there, and now there's housing in hotels, and they're giving food vouchers and things like that. So a legal citizen—if somebody comes here with a green card doesn't get that.

Mr. RECTOR. Absolutely not. New York City is a little extreme because they have a right to shelter there. But the bottom line is again, I've studied the welfare system in what I call the broader

transfer system for my entire career. If you have people that are less skilled, we support them. We don't require them to pay much in taxes. We give them lots of benefits from welfare, Social Security, education of the kids, all of which is free.

All of which has to be paid for by the U.S. taxpayer. And when you bring in that type of individual from either illegal, or legal immigration, it puts enormous fiscal pressures on the rest of the taxpayers.

Senator SCOTT. Okay. So okay, so nobody knows the number. If you came here legally what it costs us versus if somebody came here illegally, and nobody knows that number. There's never been a study?

Mr. RECTOR. Yes. I can give you that number. I've done that study.

Senator SCOTT. Okay.

Mr. RECTOR. And it's about 50 percent higher if you're legally holding education constant, okay, because the illegals do not get mean assisted welfare to the same degree.

Senator SCOTT. Have you ever seen anything on this? Has anybody ever done a study on like take the 2.1 million people.

Senator WHITEHOUSE. I think the witnesses are better positioned to answer the question.

Mr. RECTOR. Yes. Senator I have done it.

Senator SCOTT. You have. Okay. I'd like to see it.

Mr. RECTOR. Absolutely.

Senator SCOTT. Here's the way I look at it. It's not fair to the person that comes here legally, right? It's completely unfair to someone who comes through the legal process, because first of all it's not free. It costs them money. My office does a lot of this in Florida as you would expect.

And we help a lot of people go through the process that have a right to be here. They have a right to be here, but they don't know how the process works. And then the lawyers, it's shocking how much these people are paying, so that's one thing.

But I'd like to see a study of that, but first off, I think it's completely unfair if somebody comes through the process, then somebody comes here illegally. Second, it would be nice to know what the cost of the shelter and all this stuff is because that does cost us, and all of us are going to pay this in taxes.

And then the other question I have is it has to impact, and I don't know where the number—where you limit it, but it has to impact jobs. I mean if there's way more people in the job market.

Mr. RECTOR. There is a very extensive literature on the impact of low skill immigration on low skill American workers, particularly male, low skill, black male workers, okay. And I know of 80—I think it's 83 studies of that that I have read.

Senator SCOTT. Do the rest of you agree with that? Do you guys agree with that? You don't think that—

Mr. RECTOR. But the bottom line is 9 out of 10 of those studies show that there's a significant wage loss effect when you bring in low skilled immigrant workers to compete with those low skill American workers. It's just the literature is overwhelming, it's just overwhelming, and it's common sense. It's what economics tells us.

Chairman WHITEHOUSE. We are beyond the Senator's time, but I did see Mr. Bier reaching for his microphone, and he was spoken over by Mr. Rector. So let me give him a chance to add his response to the general question asked by Senator Scott.

Mr. BIER. If you look at when we saw the greatest wage growth in the United States for the non-college educated population, it was from the 1950s through the 1970s. When the labor force growth for that population was three times what it is now. And since the 1980s. So the idea that we're seeing more labor force growth, more labor force competition for this population, is totally untrue.

In fact, that population is in decline. And we need workers to fill these types of jobs. We talked about manufacturing, talked about meat processing, talked about farm workers, there are jobs. And in fact, there are far more job openings than there are unemployed people in the United States right now.

If you want a job I can find you a job, no problem.

Senator SCOTT. Well logically you would say that if there's more workers it's going to impact my ability to get the job. A kid growing up in a poor family in a poor neighborhood. That's what you would say, right? I think that's logical now. There might be other factors that are going to grow your economy faster, but I think the other thing we're dealing with is the fact that we have now a labor participation rate, and we've got 100 million people in our country that are of working age, that are now not working.

And all these things, it's not like just one thing we're going to fix. We've got to fix immigration, and we've got to fix, we've got to get people back to work because it's not going to work if we don't.

Chairman WHITEHOUSE. Again, I saw Mr. Bier trying to respond. If you don't mind letting him talk.

Mr. BIER. But just the logical point, yes. When more people come in they increase the supply of labor, but they also increase the demand for labor. So if I can hire a worker on my farm, I'm buying equipment that worker is going to use, and that's increasing demand for workers in manufacturing.

I could give you countless examples. The H-2B visa lottery when the losers who don't get the visas, don't create more jobs for Americans, the ones who win the lottery create more jobs for Americans.

Senator SCOTT. So I'm pro-immigration.

Chairman WHITEHOUSE. Okay.

Mr. BIER. I know.

Senator SCOTT. I just think we've got to figure out. I think we have to do two things. We have to get Americans back to work, and two, we have to figure out how we incentivize, create a system where we get people that want to come here to work, and not be dependent. Because I mean I think we have to do both of those things, and there has to be limits. I mean you just can't say 100 million people.

If all of Guatemala comes tomorrow, they might be wonderful people, but we couldn't afford that.

Mr. RECTOR. If I could give it another historical example.

Chairman WHITEHOUSE. Thank you. Let me wrap up at this point. We're five and a half minutes over the Senator's time. I think if there's one thing that this hearing demonstrates there is plenty to disagree over on the broad issue of immigration and bor-

der security. But it does seem that as Senator Graham said, there is also common ground within that broad range.

We easily achieved common ground on the notion that Mr. Van Beek's situation contributes zero value to our country, and should be fixed. And I did not hear any rebuttal of the numbers we've been operating under, which is that a low immigration future runs us to a 33 trillion dollar economy by 2050.

A high immigration economy runs us to a \$47 trillion economy by 2050, and our current trajectory is \$37 trillion. So we're not trending towards the stronger economy, we're trending towards the weaker, low immigration economy. And put against that is the estimation that—well China's economy always may blow up a bit, but the current trend they're headed toward a \$50 trillion economy.

So if you take the competition with China seriously, we're not—we're just a close second to them if we do our best work on this. So what I hope is that we can work off that, what I hope is a rock solid base of common ground that expanding lawful immigration, which I would argue means including law abiding undocumented workers, will yield enormous, enormous economic rewards for our country, which will benefit as I said, rising tide lifts all boats.

If the Ranking Member, or Senator Lee appear they'll be offered the chance to offer a closing remark as well. Them not being here, I'll offer Senator Padilla a chance for a closing remark. If anybody, my co-chair, much appreciation for his work on this. If there are pending questions—if anybody has questions they'd like to ask the witnesses by way of questions for the record, we'll want them in by noon tomorrow.

And if the witnesses would indulge us by responding promptly to those, so we can get responses back, I would be grateful, or staff will be pursuing that with you to make sure that that is done. I'm grateful to you all, and I will let Senator Padilla close us out. Thank you.

Senator PADILLA. I just want to take a moment to once again, thank Chairman Whitehouse, Ranking Member Grassley and all the staff who made today's hearing possible, and to thank the witnesses once again for being here today. Today's hearing was critically important, not just to help members further understand the deep, economic benefits of immigration in the United States of America.

But for Americans at home to understand the fundamental difference between the headlines they see each and every day, and the reality of what immigrants mean to our nation. Dozens and dozens of empirical studies have found that immigration benefits our economy. Immigration benefits not just immigrant workers, immigration benefits American workers.

It would be smart to listen to the economists, and business leaders, who are sounding the alarm on our labor shortage, and it's astonishing to hear some of my Republican colleagues say that their primary objective is to get Americans back to work. We have historic record low unemployment, and we still have significant workforce shortages in a number of sectors.

In addition to that, we have a decline in our population growth rate. As I mentioned before, meaningful immigration reform could

lead to 3.2 million new jobs in America over the next decade and 1 trillion dollars added to our economy. Who wouldn't want that?

From healthcare, to business, STEM, to agriculture, immigrants have been, and remain key to our national security and economic prosperity. That's right. Economic prosperity and national security. By refusing to act on immigration reform, solutions we know we need. By refusing to have constructive conversations about the border while also trying to improve legal pathways to immigration, Republicans are holding our economy back, and threatening our global standing.

Their unwillingness to work with us means our competitors will continue to gain an advantage on us. And it means that we're losing out on the talent that could be coming to America to create jobs due to next world changing startup, to discover the next lifesaving medication, or even just to become the next great Little League coach, or neighbor who contributes to the community.

There are many steps we could take right now to start to chip away at this outdated system. Solutions like passing the America's Children Act to keep the children of long-term visa holders, like Laurens, at home here in America where they belong. By expanding the supply of green cards, and eliminating per country visa caps to help reduce wait times and backlogs, and reuniting families, and fostering more innovation and growth in America at the same time.

We could make sure that international, and undocumented students can access and complete higher education in the United States, and enter our workforce, not pushing them out to take their talents and skills and education elsewhere. We can, and should update the existing registry cut-off date for the first time in almost 40 years, so that millions of immigrants who are already living here, already working here, already contributing to the success of the United States, can live freely without fear of an uncertain future.

And we can make progress by passing my bill, the Citizenship for Essential Workers Act, to create a pathway to citizenship. Not automatic, but a pathway to citizenship for the workers that the United States government deemed essential during the COVID-19 pandemic.

I would argue they were essential before the pandemic, and will continue to be essential long after the pandemic is officially over, who worked so hard to keep us safe, healthy and fed every day. Mr. Chairman, at some other opportunity I'd engage with these witnesses or other experts, with the question of what the impact would be on our food supply chain, the cost of fruits and vegetables if we do not have the immigrants that we do at the agricultural sector.

Chairman WHITEHOUSE. We actually had some testimony on that during an exchange between Senator Graham and Mr. Bier.

Senator PADILLA. Excellent. I'm sorry I missed it, but will replay the tape. But at the end of the day we need to look past the partisan games, and understand that no one wins when we continue to fail to reform our immigration system. The future of our economy, for those who come here for a better life, and for American

citizens, depends on our ability to come together to fix this out-dated and broken system.

I look forward to working with my colleagues to do exactly that. Thank you again, Mr. Chair.

Chairman WHITEHOUSE. Thank you very much Senator Padilla. The hearing is adjourned. I am grateful to the witnesses for your participation and your testimony.

[Whereupon, at 11:56 a.m. Wednesday, September 13, 2023, the hearing was adjourned.]

**Opening Statement of Chairman Sheldon Whitehouse  
Senate Committee on the Budget  
“Unlocking America's Potential: How Immigration Fuels Economic Growth and Our  
Competitive Advantage.”  
September 13, 2023**

Co-Chairman Padilla, Ranking Member Grassley, Senator Lee and members of the committee, distinguished witnesses, and guests: This morning, we discuss the role that immigration plays in driving our economic growth and strengthening our global competitive advantage.

Ahead of this year’s House-driven default crisis, Ranking Member Grassley called on both parties to “get serious about the budget, deficits and debt.” As this committee has repeatedly shown, we have levers at our disposal to reduce the deficit and, more importantly, to reduce the debt-to-GDP ratio. For example, we can increase revenues by fixing our corrupted tax code, and we can avoid future increased expenditures and decreased revenues by investing now in climate change mitigation. Showering tax cuts on the wealthy, on big mega-donors, and on Big Oil are in my view not serious pathways to fiscal responsibility.

Today’s hearing discusses a powerful tool in our toolkit: immigration. Economists and experts agree that expanding lawful immigration pathways to the U.S. will grow our workforce, our productivity, and our economy.

Reforming our decades-old immigration laws is long overdue. Congress has been trying to reform the system for the entire time that I’ve been in the U.S. Senate. In the 11 years since creating the DACA program, we have not yet passed permanent protections for DREAMers, whose fate now lies with the Supreme Court.

Real, human consequences to this delay play out in the lives of immigrants, their families, employers and communities. People are frightened, and people are suffering. This includes people seeking refuge and safety; this includes our essential workers; and as one of our witnesses today will testify, this includes people who grew up here, built a life here, and then had to give it all up when our immigration laws failed them.

There are also serious economic consequences. In a landmark study on the economics of immigration by the National Academy of Sciences, researchers found, unequivocally, that immigration is integral to America’s economic growth.

At all skill levels and at all education levels, immigrants boost our economy. Immigrants are about 80 percent more likely to start a business than those born in the U.S., and immigrant entrepreneurs create jobs for U.S.-born workers. More than 1 in 5 small businesses in the U.S. is immigrant-owned, and more than 40% of Fortune 500 companies were founded by an immigrant or the child of an immigrant.

Immigrants are also more likely to hold patents and fuel innovation nationwide. Notably, innovation accelerates among U.S.-born and immigrant workers alike when immigration increases.



Further, undocumented workers help fuel our economy. Providing pathways to lawful immigration and citizenship is not only a moral imperative, it is an economic one. An estimated three-quarters of all undocumented immigrants were essential workers during the pandemic—in other words, heroes. Their economic contributions would be even greater—and their risks of exploitation and labor abuse greatly reduced—if lawful status was available to them.

The Center for American Progress estimated that creating pathways to citizenship for DREAMers, TPS-holders, farmworkers, and essential workers would boost GDP by \$1.7 trillion over 10 years and would create over 400,000 new jobs. Providing lawful status to undocumented workers also benefits U.S.-born workers' by increasing worker power and reducing wage exploitation.

A rising tide lifts all boats.

Economic growth is a product of labor force growth and productivity growth. Immigrants are important to both, and they have become essential to meeting existing labor needs—and to the continued health of our social insurance programs, as the CBO Director testified in July.

If 2 million more immigrants came to the U.S. each year, we could reverse our predicted population and productivity decline, and we could nearly double GDP to \$47 trillion by 2050, compared to a GDP of only \$33 trillion in a low immigration scenario. If we're serious about a global competition with China, then we need to welcome immigrants.

U.S. immigration hurdles are motivating businesses to hire workers in facilities abroad instead of in their U.S. facilities. The talent pool is global, and we need to attract global talent to the U.S. Experts have warned that "without boosting legal immigration significantly now, the U.S. will sacrifice its position as the world's largest economy by 2030."

Our outdated and broken immigration system is harming people, and it's also harming our economy. Repairing it will expand our economic potential and strengthen our global competitiveness. We can fix this, and we should try.

Now I turn it over to Ranking Member Grassley, then Senator Padilla, then Senator Lee.



UNITED STATES SENATE  
**BUDGET COMMITTEE**  
 RANKING MEMBER CHUCK GRASSLEY

Opening Statement by Senator Chuck Grassley of Iowa  
 Ranking Member, Senate Budget Committee  
 Hearing on “Unlocking America’s Potential: How Immigration Fuels Economic Growth and  
 Our Competitive Advantage”  
 Wednesday, September 13, 2023

[VIDEO](#)

Over the August break, I completed my annual tour of Iowa. For the 43<sup>rd</sup> straight year, I held at least one town hall style meeting in each of Iowa’s 99 counties. These meetings allow me to hear directly from my fellow Iowans about what’s on their minds.

As an example of listening to what’s on their minds, [Mr. Van Beek](#), who’s here as a witness, came to my Columbus Junction meeting, maybe about two or three years ago, and talked about the very same issue that I presume [he] will speak to us about today...

Immigration is an issue on the minds of many Iowans. Specifically, illegal immigration and securing our nation’s borders. And when our borders are not secured, I think the sovereignty of any nation is compromised.

Every night on our TVs, we see immigrants wading across the Rio Grande. We see immigrants sleeping on the streets of New York City and reports of similar situations in Chicago and Los Angeles.

As he criticized the Biden administration, the Democrat mayor of New York City recently said this crisis will cost New York \$12 billion and destroy the city. In fact, just this Saturday, the New York mayor warned all city agencies could see their budgets cut by 15 percent due to the increased costs of the migrant crisis. So, even Democrats, who have to actually deal with the crisis, admit illegal immigration is a huge cost to taxpayers and society. [more](#)

President Biden’s lax immigration enforcement has contributed to rising crime in communities across the country. Gangs at the southwest border recruit migrants to bring drugs into the U.S. Those on the terrorism watch list have been apprehended at the border – and who knows how many have evaded apprehension.

In Iowa, Sarah Root was killed in 2016 by an undocumented immigrant driving drunk. The New York City budget cuts could result in no overtime for the city’s police and put public safety even more at risk.

No one can place a cost on the lives and families that have been destroyed by criminals entering our country illegally. These are very real reasons the Biden administration needs to step up and control our borders.

Iowans tell me they are sick and tired of President Biden and the administration not enforcing our immigration laws. We need real reform and consistent enforcement of our existing immigration laws.

President Biden took an oath to enforce our nation’s laws, and yet, he’s not doing so on immigration.

We are a nation of immigrants. We're the most liberal on this issue of any nation on the face of our globe,

America welcomed roughly 1.5 million legal immigrants in the year of 2022. These folks followed our immigration laws to their benefit and to our benefit.

Businesses and our economy benefit from a stable and legal workforce. Our communities benefit from the economic contributions of legal immigrants. And immigrants benefit from the opportunities and protections offered when they're here legally.

We all benefit when state, federal and local resources are not drained dealing with people entering our country illegally.

No one benefits from mismanaged borders, policies that incentivize illegal immigration, and poor implementation of legal immigration programs.

My Democratic colleagues argue we need to increase immigration to address a labor shortage. Well, one reason we have a labor shortage is this administration's anti-work agenda. A recent study by the Foundation for Government Accountability found President Biden's expansion of government program benefits has caused 2.4 million Americans to leave work. We need to bring Americans back into the workforce and reform existing programs before we expand immigration.

This morning we'll hear from Mr. Robert Rector. He's tracked the costs of illegal immigration for many years. He'll discuss how the Biden administration's mismanagement of our immigration system has imposed significant financial costs upon our towns, states and the federal government. His testimony will make it clear that relaxing our immigration requirements is unsustainable and the wrong direction to take.

We'll also hear from Dr. Ron Hira about the fraud and abuse of the current H-1B visa program. His message will be: we know the steps needed to improve our current legal immigration programs. And, we must take those steps to protect American workers and foreign-born workers, as well as our economy.

During this past year, Senator Durbin and I re-introduced the bipartisan [H-1B and L-1 Visa Reform Act](#) to reform and close loopholes in the H-1B and L-1 visa programs.

The H-1B and L-1 visa programs create a pathway for U.S. companies to recruit highly skilled non-citizens when there is a shortage of qualified workers in the country.

Unfortunately, these programs are being abused and mismanaged by a number of companies who displace U.S. workers.

Our legislation, meaning Grassley-Durbin legislation, would reduce fraud and abuse in our immigration system, provide American workers protections against being displaced, and protect foreign workers from being subjected to artificially depressed wages and poor working conditions. Before we entertain any increases in these programs, they have to be fixed.

Thank you, Mr. Chairman.



**Senator Padilla Opening Statement: “Unlocking America’s Potential: How  
Immigration Fuels Economic Growth and Our Competitive Advantage”  
Senate Committee on the Budget  
September 13, 2023**

Thank you Chairman Whitehouse and Ranking Member Grassley for inviting me to be here to co-chair this hearing on the role that immigration plays in driving economic growth and ensuring that our nation stays competitive on the global stage.

I’m glad to be here today to learn more about the economic challenges caused by our outdated and broken immigration system, and the steps we might take to make our system — and our country — stronger moving forward.

Even in 2023, it’s no exaggeration to say that America remains a shining “city upon a hill” to countless people around the world who dream of a better life.

But make no mistake: it isn’t just immigrants who rely on *America* for a better future, it’s *America* that relies on immigrants.

Our nation’s storybook is written *by immigrants*.

Our cultural fabric is more vibrant *because of immigrants*.

And our economic success will continue to *depend on immigrants* and all that they contribute to our nation.

Yet, for all that they provide, Congress has failed to pass significant immigration legislation to update our outdated immigration system in over three decades.

As the senator from the state with the most immigrants, and the proud son of immigrants from Mexico, I know personally the benefits that immigrants bring to our country.

And as chair of the Senate Judiciary Subcommittee on Immigration, I’ve now chaired six hearings examining the vital roles that immigrants play in our communities — from members of the military, to essential workers on the frontlines of the pandemic, to entrepreneurs.

But over the course of those hearings, too many times I've heard the devastating impacts our outdated laws and growing visa backlogs have on families, students, and workers attempting to immigrate to the United States.

This includes U.S. citizen family members who are separated or kept apart from loved ones because of our outdated immigration system.

Here's what I've learned:

Every day that we fail to reform our immigration system is another day we hold back our economy — and another day our economic competitors rise.

According to Forward-dot-U-S, meaningful immigration reform could bring 3.2 million new jobs to the U.S. over the next decade, and add one trillion dollars to our economy.

As we'll hear today, part of that reform means facilitating immigration of health care providers like physicians and nurses.

Today, the United States is facing dire health care workforce shortages, including a projected shortage of up to 124,000 physicians by 2034.

But luckily, we know that immigrant health care workers can help fill this gap — in large part because they already are.

Immigrants write our prescriptions, they care for us at our bedsides, and they're often the cornerstone for rural and low-income communities.

Yet backlogs in processing green cards along with annual caps to employment-based visas mean we can't meet the high demand for health care workers in the United States.

We can't meet it, that is, unless we act.

Strengthening our economy also means helping the immigrants who hope to make a career for themselves here in the STEM fields, filling a desperately needed gap in our workforce.

It means helping potential entrepreneurs and business owners, who whether because of restrictive student or employment-based visas, are forced to leave the country, or never get a chance to contribute to our economy.

And it means passing a pathway to citizenship for long term undocumented individuals like Dreamers and DACA recipients — hundreds of thousands of young people who are already home in America, but who can't pursue the same opportunities as their peers who have citizenship.

How can we live up to our full economic potential when all these people are denied a secure place in America?

But I want to make clear: the need for immigrants in our economy stretches far beyond the health care or STEM fields, and into every essential industry — from agriculture to education, construction to food processing.

In fact, during the COVID-19 pandemic, nearly one in five jobs deemed essential by the U.S. government was held by an immigrant.

Yet these same workers deemed essential to keeping our country running are denied any permanent protections, left to live in limbo.

That's not just a moral failure — it's a national economic weakness, too.

And yet, it's indicative of a larger problem that we'll square off with today: we have the solutions to grow our economy and compete on the world stage.

Time and again, the solutions are there — but politics blind Congress from taking action.

Too often we hear from the other side of the aisle that they are unwilling to move forward on bipartisan immigration proposals that would benefit our communities and our economy because of the southern border.

We should be able to walk and chew gum at the same time.

We can have constructive conversations about the border while also trying to improve legal pathways to immigration that we desperately need to strengthen our economy and keep us on track to remaining the strongest economy in the world.

To fail to act would not just cause the United States to fall behind here at home, we would be losing our competitive edge globally, as well.

I believe Americans have had enough of Republican fearmongering and legislative roadblocks on immigration.

We must come to the table and work to bring justice and dignity back to the immigration system, provide stability for immigrants living in America, and invest in the future of our economy.

Now, after thirty years of inaction, that may seem like a lot.

But I challenge all of my colleagues here today to listen to the testimony of our witnesses, look past the talking points and partisan rifts, and get to work.

Thank you.

###



09.13.23

Senate Budget Committee Hearing – “Unlocking America’s Potential: How immigration Fuels Economic Growth and Our Comparative Advantage”

### SENATOR LEE OPENING STATEMENT

- I want to thank the Chairman and the Ranking Member for the opportunity to address the Committee with a few opening remarks on the topic of today’s hearing.
- America is a generous country, welcoming to immigrants – it always has been and I hope it always will be. My home state of Utah is an excellent example of that generosity and welcoming spirit that has come to typify America. Tragically, as much as we would love to, America cannot be the safe harbor for every destitute and wandering soul in the world. Under this administration, the bounds of American generosity have been more than tested—they have been assaulted. The costs of an unsecured border and unprecedented, illegal immigration have been both stunning and debilitating.
- The costs of the current border crisis is impacting every American. It isn’t just placing unprecedented strain on our federal budget or the budgets of border states: Governors across America and mayors of cities large and small are feeling the burden of an unprecedented 3,000,000 people entering this country illegally and relying almost exclusively in many instances on tax-payer resources for their support.
- But, first and foremost, we must acknowledge the *human costs* of our unwillingness to close our border or enforce our laws: People are dying in cargo containers. Children—babies—are being trafficked as commodities, as the price of admission into our country. Women are being violated. Violent drug cartels are becoming enriched and increasingly powerful as they traffic untold amounts of fentanyl into our country.
- Over 100,000 people have died from fentanyl overdoses during the last year. There is no dispute about where the fentanyl is entering the country—it is through our porous southern border. An estimated 196 Americans are dying each day from fentanyl—as the Washington Post pointed out—that is the equivalent of a fully-loaded Boeing 757-200 crashing and killing everyone on board *every day*. If Secretary Mayorkas and President Biden had a 757 crashing every day in American airspace,

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*Senate Budget Committee Hearing – “Unlocking America’s Potential: How immigration Fuels Economic Growth and Our Comparative Advantage”*

**everyone would be understandably outraged, calling for his resignation. Not only the fentanyl streaming through our border costing American lives, it is placing an unsustainable burden on our healthcare system.**

- **Now, while the human costs are the most significant, they are not the only costs of our porous border. We are also experiencing unprecedented strain on our federal, state, and local resources.**
  - **One border town, Yuma, Arizona spent more than \$26 million to provide medical care for immigrants crossing into the United States just last year alone. About 27% of the patients come to deliver their babies in America.**
    - **According to a news reports, one doctor at Yuma Regional Medical Center said, “[T]he population of Yuma is 100,000. We’ve had 300,000 people cross the border in the past year, and we are the only hospital they come to. I don’t know how anybody can look at that and say this is a fair setup.” He says the medical facility will never be able to financially recover.**
    - **Not only does this crisis drive up costs for the only paying patients—American citizens and Yuma residents—but it has also depleted the hospital’s resources and ability to care for its own residents. The doctor mused: “Migrant patients are receiving free care that they have no ability to pay, we have no ability to bill anyone, we don’t know their final destination, we don’t know anything about them. We cannot provide completely free care to the residents of our community, so the situation is simply not fair and concerning to them.”**
    - **In El Paso, CNN reports, “about 2,300 [illegal aliens] are living on the streets around two shelters downtown.” What happens to the citizens of El Paso when they need a helping hand? I guess you have to get in line behind the 2,300 immigrants.**
- **But it is not only the border towns that are suffering from this deluge of illegal immigrants—democratic mayors across the country are declaring states of emergency because of the record number of dependent immigrants flooding into their cities. Two of America’s three largest cities**

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*Senate Budget Committee Hearing – “Unlocking America's Potential: How immigration Fuels Economic Growth and Our Comparative Advantage”*

**– New York City and Chicago – are now experiencing a small fraction of the unsustainable situation that border states and cities deal with every day, and their elected officials aren’t holding back their complaints.**

- **Illegal immigration has occurred in the United States well before the Biden Administration, but make no mistake: the unprecedented surge in illegal border crossings and the ongoing crisis of the last 2.5 years is now being felt all across the country. This is not an accident. It is the result of non-enforcement of our immigration laws, unconstitutional uses of parole, and our unwillingness to correct perverse incentives built into our immigration laws. I have introduced the Stopping Border Surges Act which would go a long way to closing these loopholes, but following the laws currently on the books would be the first step in the right direction.**
- **All Americans want America to be a place of refuge, but Americans of all different political leanings recognize that the ongoing crisis at the southern border is threatening our ability not only to give relief to true asylum seekers but also to take care of our own.**
- **It is my hope that the Biden Administration will reverse course on an unacceptably abysmal record of border enforcement and start enforcing the law to bring an end to this crisis. The costs of the Biden/Manafort border policies are just too high for us to pay.**

Testimony of  
Dr. Britta Glennon, PhD  
Assistant Professor of Management  
at  
The Wharton School of the University of Pennsylvania  
before  
The U.S. Senate Committee on the Budget

Wednesday September 13, 2023

Hearing: “Unlocking America’s Potential: How Immigration Fuels Economic Growth and Our  
Competitive Advantage”

The existing academic research strongly indicates that immigration leads to large gains in productivity, innovation, and business and economic growth. As a result, the current, outdated U.S. immigration system is putting the U.S. at a competitive disadvantage. When we restrict immigration, we lose... and other countries gain instead.

Our restrictive immigration policies have already motivated companies to move jobs and investment out of the U.S. For example, my work<sup>i</sup> shows that the 2004 reduction in the H-1B visa cap led U.S. multinational companies to move tens of thousands of jobs to the subsidiaries that they operate abroad – both at existing subsidiaries and by opening brand new ones! In other words, the U.S.'s restrictive immigration policies sent jobs and investment to other countries—especially China, India, and Canada—instead. On the other hand, evidence also shows that welcoming migrants can increase domestic investment. For instance, William Olney and Dario Pozzoli found that an influx of refugees led to firm-level *onshoring* of investment<sup>ii</sup>. In short, policymakers should consider that restrictive immigration policies implemented to protect U.S. jobs are actually likely to have the unintended consequence of pushing U.S. business investment abroad.

But our failure to reform outdated immigration laws is not only causing us to lose workers. We are also losing start-ups. As one example, my work with Saerom Lee<sup>iii</sup> has documented that immigrant would-be entrepreneurs in the U.S. are going to Canada instead to form their start-ups because there is no start-up visa in the U.S. and thus no clear legal path for immigrants to found a business here<sup>iv</sup>. The loss of immigrant entrepreneurship to other countries is especially significant since recent work<sup>v</sup> has found that immigrants—of all skill levels—were 80% more likely than U.S.-born citizens to start a business in the U.S. Moreover, immigrants were more likely to start a business at every business size, from small mom-and-pop shops all the way to high-growth start-ups. And these immigrant-founded companies created 42% more jobs than U.S. citizen-founded companies. So, if immigrants originally destined for the U.S. instead choose to go to Canada—for example—they end up creating new jobs for Canadians, rather than for Americans.

Immigrants also disproportionately positively contribute to innovation, which has historically given the U.S. a competitive edge relative to countries that do not attract or permit immigrants. A recent study<sup>vii</sup> found that immigrants, who account for 14% of the U.S. population, are responsible for 36% of aggregate innovation in the U.S. Not only do immigrants patent more than U.S.-born workers, but they also increase U.S.-born workers' productivity by 13 percentage points due to increased collaboration between U.S.-born and immigrant workers and the recombination of diverse knowledge and ideas. Another recent study<sup>viii</sup> finds that inflows of immigrants since 1965 contributed to an additional 8% growth in per capita innovation and 5% growth in local wages and per capita output in the U.S. Indeed, a recent review in the *Journal of Economic Perspectives*<sup>ix</sup> of the toolkit available to policymakers for boosting innovation points to immigration policy as one of the most effective and highest net benefit tools available. Yet another study<sup>x</sup> turns to history for a clear example of what happens to American innovation when immigration flows are restricted: immigration quotas in the 1920s caused a 68% decline in patenting, in large part because Americans were less innovative without immigrants around. We risk repeating that history.

Finally, my own work<sup>xi</sup> with Francisco Morales, Seth Camahan, and Exequiel Hernandez shows that businesses based in countries with more restrictive immigration laws are at a competitive disadvantage. They perform worse on average than firms in countries with more open immigration systems, both because they get less talent and because of the lost collaboration between U.S.-born and immigrant workers. But I am not the only one to show that access to immigrants affects business performance. For instance, other research focused on start-ups<sup>xixii</sup> has shown that winning the H-1B lottery improves the likelihood of receiving venture capital funding and successfully going public. Similarly, Michael Clemens

and Ethan Lewis find that the ability to obtain seasonal immigrant workers increased firm revenue and investment with no decline in U.S.-born worker employment<sup>xiv</sup>. In short, the ability to hire immigrants of all skill levels matters a lot for firm performance and innovation.

The implications of the empirical evidence are clear. When we choose to not reform our outdated and restrictive immigration system, we put our companies at a competitive disadvantage relative to companies in other countries. Start-ups in particular are more likely to fail when they cannot hire immigrants. The U.S.'s outdated immigration laws hurt our competitiveness and economic dynamism, sending jobs, start-ups, investment, and innovation to countries that do recognize the economic benefits that immigrants bring.

<sup>i</sup> Glennon, Britta. (2023) "How Do Restrictions on High-Skilled Immigration Affect Offshoring? Evidence from the H-1B Program." *Management Science*. <https://pubsonline.informs.org/doi/full/10.1287/mnsc.2023.4715>

<sup>ii</sup> Olney, W. W., & Pozzoli, D. (2021). The impact of immigration on firm-level offshoring. *Review of Economics and Statistics*, 103(1), 177-195. <https://direct.mit.edu/rest/article-abstract/103/1/177/97762>

<sup>iii</sup> Lee, Saerom, and Britta Glennon. (2023) "The Effect of Immigration Policy on Founding Location Choice: Evidence from Canada's Start-up Visa Program." No. w31634. National Bureau of Economic Research. <https://www.nber.org/papers/w31634>

<sup>iv</sup> Agarwal, R., Ganco, M., & Raffee, J. (2022). "Immigrant entrepreneurship: the effect of early career immigration constraints on new venture formation." *Organization Science*, 33(4), 1372-1395. <https://dl.acm.org/doi/abs/10.1287/orsc.2021.1485>

<sup>v</sup> Kerr, S. P., & Kerr, W. R. (2022). "Immigration Policy Levers for US Innovation and Start-Ups." *Innovation and Public Policy*, 85.

<sup>vi</sup> Azoulay, Pierre, Benjamin F. Jones, J. Daniel Kim, and Javier Miranda. (2022) "Immigration and Entrepreneurship in the United States." *American Economic Review: Insights*, 4 (1): 71-88. <https://www.aeaweb.org/articles?id=10.1257/aeri.20200588>

<sup>vii</sup> Bernstein, S., Diamond, R., Jiranaphawiboon, A., McQuade, T., & Pousada, B. (2022). "The contribution of high-skilled immigrants to innovation in the United States." No. w30797. National Bureau of Economic Research. <https://www.nber.org/papers/w30797>

<sup>viii</sup> Burchardi, K. B., Chaney, T., Hassan, T. A., Tarquinio, L., & Terry, S. J. (2020). "Immigration, Innovation, and Growth" No. w27075. National Bureau of Economic Research. <https://www.nber.org/papers/w27075>

<sup>ix</sup> Bloom, Nicholas, John Van Reenen, and Heidi Williams. (2019). "A Toolkit of Policies to Promote Innovation." *Journal of Economic Perspectives*, 33 (3): 163-84. <https://www.aeaweb.org/articles?id=10.1257/jep.33.3.163>

<sup>x</sup> Moser, Petra and San, Shmuel. (2020) "Immigration, Science, and Invention. Lessons from the Quota Acts." <https://ssrn.com/abstract=3558718>

<sup>xi</sup> Glennon, B., Morales, F., Carnahan, S., & Hernandez, E. (2021). "Does employing skilled immigrants enhance competitive performance? Evidence from European football clubs." *Management Science*, accepted. <https://www.nber.org/papers/w29446>

<sup>xii</sup> Chen, J., Hsieh, S., & Zhang, F. (2021). "The role of high-skilled foreign labor in startup performance: Evidence from two natural experiments." *Journal of Financial Economics*, 142(1), 430-452. <https://www.sciencedirect.com/science/article/abs/pii/S0304405X2100235X?dgcid>

<sup>xiii</sup> Dimmock, S. G., Huang, J., & Weisbenner, S. J. (2022). "Give me your tired, your poor, your high-skilled labor: H-1b lottery outcomes and entrepreneurial success." *Management Science*, 68(9), 6950-6970. <https://pubsonline.informs.org/doi/abs/10.1287/mnsc.2021.4152>

<sup>xiv</sup> Clemens, M. A., & Lewis, E. G. (2022). "The effect of low-skill immigration restrictions on US firms and workers: Evidence from a randomized lottery" No. w30589. National Bureau of Economic Research. <https://www.nber.org/papers/w30589>

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### How Do Restrictions on High-Skilled Immigration Affect Offshoring? Evidence from the H-1B Program

Britta Glennon

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## How Do Restrictions on High-Skilled Immigration Affect Offshoring? Evidence from the H-1B Program

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**Abstract.** Highly skilled workers are not only a crucial and relatively scarce input into firms' productive and innovative processes, but are also a critical resource determining competitive advantage. An increasingly high proportion of these workers in the United States were born abroad and permitted to work on skilled worker visas. How do multinational firms respond when artificial constraints, namely, policies restricting skilled immigration, are placed on their ability to hire scarce human capital? This paper combines visa microdata and comprehensive data on U.S. multinational firm activity to demonstrate that firms respond to restrictions on H-1B immigration by increasing foreign affiliate employment at the intensive and extensive margins, particularly in China, India, and Canada. The most impacted jobs were R&D-intensive ones, but there is some evidence that non-R&D employment was also affected. The paper highlights a means by which firms can circumvent constraining policies and mitigate country-level risk, and it also suggests that, for the average multinational company (MNC), this means is imperfect; for every visa rejection, they hire 0.4 employees abroad. The most globalized MNCs are the most likely to respond to these restrictions by offshoring, highlighting that firm capabilities—in the form of prior internationalization—shape the decision and ability to offshore in response to skilled immigration restrictions; indeed, these firms hire 0.9 employees abroad for every visa rejection. More broadly, the paper provides evidence of a push factor for internationalizing knowledge activity: artificial constraints on resources result in firms circumventing restrictive policies in ways that may not be anticipated by policy makers.

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### 1. Introduction

Access to talent is a critical resource determining firm competitive advantage (e.g., Hatch and Dyer 2004, Campbell et al. 2012, Mayer et al. 2012), and that talent is not constrained by country borders; indeed, the relevant talent pool is global. In the United States, firms tend to meet demand for top talent by importing foreign labor using skilled worker visas. However, government-imposed restrictions on skilled immigration constrain the ability of firms to import such foreign talent.<sup>1</sup> This paper examines the extent to which U.S. firms circumvent such constraining policies and mitigate country-level risk through increasing foreign affiliate employment.

Although there is an extensive body of literature documenting the impact of skilled immigration on native

labor market outcomes, there is surprisingly little focus on how skilled immigration shapes firm decision making and outcomes (Kerr et al. 2015a). Fortunately, in recent years, a series of careful empirical papers began to address this gap, examining the impact of skilled immigration on a range of firm outcomes, such as innovation (Ashraf and Ray 2017, Wu 2017, Laursen et al. 2020), firm structure and employment (Kerr et al. 2015b, Mayda et al. 2018, Doran et al. 2022), stock market valuation (Bahar et al. 2020), venture capital funding (Li 2020, Dimmock et al. 2022), and performance (Ghosh et al. 2015, Hernandez and Kulchina 2020, Mayda et al. 2020, Glennon et al. 2021). Although these studies significantly contribute to our understanding of the impact of hiring skilled foreign labor on some firm outcomes, we



know very little about how restrictions on firm ability to hire skilled foreign labor in the home country shape the strategic global expansion decisions of multinational firms.

Knowledge—and the human capital in whom knowledge resides—is a key source of sustained competitive advantage for firms (Kogut and Zander 1992). Multinational companies (MNCs) in particular are posited to exist because they have an advantage over external mechanisms in creating and transferring knowledge across borders, and knowledge is a critical source of advantage that MNCs seek to exploit or obtain when expanding abroad (Kogut and Zander 1993). However, although MNCs are able to transfer knowledge across borders better than other actors, there are strong reasons to concentrate knowledge activities and knowledge workers in the home country. First, because knowledge contains both explicit and tacit components (Polanyi 1958) and distance creates challenges for the transfer of tacit knowledge (Szulanski 1996, Gupta and Govindarajan 2000), transferring knowledge across borders is costly even within an MNC (Teece 1977). Second, R&D activities are subject to economies of scale and scope, making it less effective to have R&D in multiple locations. Finally, because of the strategic importance of knowledge as a core capability of the firm, firms may wish to keep it close to the core of the company to control strategic information and minimize external technology diffusion. For these reasons, MNCs typically prefer to keep their most important knowledge workers and R&D activity near headquarters—according to the Bureau of Economic Analysis (BEA), 85% of global R&D expenditures by U.S. MNCs are in the United States<sup>2</sup>—unless other factors push or pull them to locate such activities abroad.

Prior work considers many such pull factors. Firms may choose to conduct R&D abroad in order to support local manufacturing operations and adapt products to large local markets (Mansfield et al. 1979, Hirschey and Caves 1981) or because of cheaper input costs (Kumar 2001, Athukorala and Kohpaiboon 2010) or fiscal and tax incentives (Hines 1995, Hall and Van Reenen 2000). Some MNCs conduct R&D abroad in order to gain competitive advantage by tapping into, harnessing, and recombining different sources of expertise and knowledge around the world (Cantwell 1995, Florida 1997, Kuemmerle 1997, Chung and Alcácer 2002).

In this paper, I introduce an important but overlooked push factor that could drive MNCs to expand their knowledge activity and employment abroad: domestic restrictions on the ability to bring skilled knowledge workers from abroad. As described above, skilled workers are crucial and relatively scarce inputs into firms' productive and innovative processes and are a critical resource determining competitive advantage. Because an increasingly large proportion of these workers are

born abroad, multinational firms need to obtain visas for them to work at headquarters. When home country immigration regimes become more restrictive and obtaining visas is no longer a consistent option, it is plausible that MNCs respond to such restrictions on skilled immigration by offshoring employment to their foreign affiliates. Examining that possibility is the focus of this paper.

Determining the causal impact of skilled visa restrictions on offshoring is a difficult exercise as unobserved factors may simultaneously affect a firm's choice to hire skilled immigrants and to expand its foreign activity. Two exogenous shocks to high-skilled immigration make it possible to empirically control for such confounding factors: (1) a 70% drop in permitted H-1B visa issuance in the United States and (2) random rationing of visas in the 2007 and 2008 H-1B visa lotteries. Although the two shocks are different in nature, the results are consistent, suggesting that there is an underlying empirical regularity in firms' responses.

The empirical regularity is identified by linking three different data sets that make it possible to measure each MNC's constraints and reactions to constraints on foreign hiring. First, they provide information on each firm's requested visas (demand) and issued visas (realized supply). Second, they measure each firm's response in terms of the expansion or contraction of foreign affiliate employment in each country. The demand and supply data are derived from H-1B visa microdata obtained from Labor Condition Applications (LCA) and by Freedom of Information Act (FOIA) request, respectively.<sup>3</sup> Detailed microdata on the financial and operating characteristics of both the U.S. parent companies and their foreign affiliates are obtained from the BEA annual surveys on the U.S. Direct Investment Abroad (USDIA) database.

I find that foreign labor supply restrictions caused increases in foreign affiliate activity at both the intensive margin (U.S. multinationals employed more people at their existing foreign affiliates) and the extensive margin (U.S. multinationals opened foreign affiliates in new countries). On the intensive margin, the effect is concentrated on R&D foreign affiliate employment, but when the intensive and extensive margins are considered jointly, both R&D and non-R&D employment increase in response to foreign labor supply restrictions, suggesting that complementarities between production and R&D may magnify the effect of the immigration restrictions and lead to the offshoring of both skilled and unskilled labor and their respective activities. The expansion of foreign affiliate employment is especially concentrated in three countries—China, India, and Canada—suggesting that the expansion of foreign affiliate activity might operate through both direct (direct access to raw human capital) and indirect (indirect access to skilled immigrants in a less restrictive environment) channels. Finally, more globalized MNCs are the most likely to

respond to these restrictions, and their growth is the least constrained by the restrictions, highlighting that firm capabilities—in the form of prior internationalization—shape the decision and ability to offshore in response to skilled immigration restrictions. These results imply that immigration restrictions serve as an important push factor for internationalizing knowledge workers and activity; firms prefer to have key knowledge workers at headquarters, but skilled immigration restrictions push them to locate said workers abroad instead.

Five aspects of this paper are novel. First, it provides causal empirical evidence that restrictions on high-skilled immigration cause the offshoring of skilled jobs, highlighting a new and important but previously overlooked explanation for the global expansion of MNCs and the geographic location of their foreign affiliates. Whereas high-profile anecdotal cases<sup>4</sup> suggest that restricting skilled immigration flows could lead to the offshoring of jobs, the degree to which these anecdotal examples can be viewed as a systematic response to skilled immigration restrictions—or foreign supply shocks of any kind—was previously unknown. Second, it documents which job types are most affected by this push factor: whereas R&D foreign affiliate jobs are the most affected, non-R&D foreign affiliate jobs are also impacted. Third, it documents that prior internationalization is an important moderator of the impact of skilled immigration restrictions on offshoring employment and firm-specific capabilities influence the rate of such offshoring. Fourth, to the best of my knowledge, it is the first paper to use a matched firm-level data set of H-1B visas and multinational firm activity and to show how such a data set can be used to answer previously unanswered questions about the link between immigration and multinational firm activity. And, fifth, it contributes to a growing but still small body of evidence showing that immigration influences firm behavior as well as providing insights into the connections between the fields of immigration and (global) strategy.

## 2. Multinational Firms and the Search for Global Talent

The resource-based view of the firm explains sustained differences in firm performance through access to valuable and rare resources (e.g., Barney 1986, Conner 1991, Mahoney and Pandian 1992, Peteraf 1993). In particular, access to talent is a critical resource determining firm advantage (e.g., Hatch and Dyer 2004, Campbell et al. 2012, Mayer et al. 2012). But companies face growing global competition for the scarcity of talented people in the world (e.g., Collings et al. 2019). Bartlett and Ghoshal (2002) argue that the scarcity of talented people, in fact, is the key constraining resource companies face.

The relevant talent pool is no longer a local one, but instead spans the globe. The global distribution of science and engineering university degrees provides some

suggestive evidence of the global nature of the relevant talent pool; 10% of these degrees went to students in the United States, whereas 25%, 22%, and 12%, respectively, went to students in India, China, and the European Union (National Science Foundation 2020). Kerr et al. (2017) describe a global distribution of talent, whereas Arora and Gambardella (2005) document the abundant supply of engineering and technology graduates in emerging economies. Branstetter et al. (2021) argue that multinational firms that are able to plug into the large and growing pool of scientists and engineers in the developing world may have a productivity advantage.

U.S. firms—and especially those in knowledge-based industries such as information technology (IT)—have relied heavily on the H-1B program to access foreign talent, particularly foreign talent educated at U.S. universities. Bound et al. (2015) document the increase in high-skilled foreign-born IT workers in parallel to the rising importance of IT in the United States and note that foreign-born IT workers are more likely to hold advanced degrees than their U.S. counterparts. According to the 2015 Silicon Valley Competitiveness and Innovation Report, 56% of STEM workers and 70% of software engineers in Silicon Valley were foreign-born. The preference of U.S. firms to import foreign talent to meet demand for top talent at their U.S. offices is well-documented and explained as a consequence of agglomeration economies by Kerr et al. (2017).

However, government-imposed restrictions on skilled immigration visas restrict the ability of U.S. firms to import such foreign talent. Furthermore, these restrictions differentially constrain the ability of firms located in the restrictive policy-affected country to access top talent relative to firms located in other parts of the world. The inability to access the top talent, therefore, constrains the affected firms' ability to sustain their competitive advantage and provides an advantage to firms located in other parts of the world unless they can find another solution. In this paper, I suggest that one such solution is to hire such talent at their foreign affiliates instead although my results suggest that this solution may be an imperfect one.

## 3. Firm Capabilities and the Relationship Between Offshoring and Immigration

Although some recent research has begun to incorporate immigration and offshoring as interconnected decisions in the same general equilibrium framework (Olney 2012, Ottaviano et al. 2013, Peters 2017, Morales 2019, Mehra and Shen 2022), there is limited empirical evidence about how they are interconnected, particularly when the focus is on high-skilled immigration. The expected sign and magnitude of the effects, if any, of high-skilled immigration restrictions on MNC foreign affiliate employment are theoretically ambiguous, and furthermore, there is

very little causal evidence of the effect of skilled migration on firm offshoring decisions.

There are four broad reasons to expect complementarities between immigrants and foreign direct investment (FDI) and trade. The first is through consumer preferences/tastes; diasporas may increase demand for import of “nostalgia” goods (Bronnenberg et al. 2012, Atkin 2013). A second is through an information channel; immigrants may have superior knowledge about the host country that can be leveraged by the firm to overcome the distances that give rise to liability of foreignness (Zaheer 1995, Saxenian 2002, Marino et al. 2020). A third is through the provision of social capital to enforce contracts when courts do not work well (Greif 1993, Besley and Coate 1995). Finally, migrants may make the destination and origin more “similar” in terms of skill endowments. The implication is that a reduction in immigration could actually reduce foreign affiliate employment and activity because setting up new foreign affiliates would be more difficult without the diaspora networks. There is some empirical support for this view; Caliendo et al. (2021), Gould (1994), Hiller (2013), Iranzo and Peri (2009), and Murat and Pistori (2009) establish a positive link between immigration and trade, whereas Buch et al. (2006), Burchardi et al. (2019), Cuadros et al. (2018), Foley and Kerr (2013), Hernandez (2014), Javorcik et al. (2011), Kugler and Rapoport (2011), and Morales (2019) find a positive link between FDI and immigration.

However, a few recent papers and books find some evidence of substitutability between immigrants and offshore workers. Lewin et al. (2009) and Branstetter et al. (2018) argue that shortages of technical talent is an important driver of offshoring innovation using survey data and descriptive evidence. Ottaviano et al. (2018) find that immigrants may substitute for imported intermediate inputs in the UK services sector. And Olney and Pozzoli (2021) find that an influx of refugees into Denmark reduced offshoring as measured by import data. The latter two papers, although they take a causal approach, are unable to measure the direct substitution of immigrants and foreign affiliate labor because of data constraints, instead capturing offshoring with import data.

Much of this literature focuses on unskilled immigration and offshoring with a few exceptions (Lewin et al. 2009, Ottaviano et al. 2018, Mehra and Shen 2022), but the discussion is more nuanced when the focus is on skilled immigration and the decision to offshore innovative activity. There are strong potential benefits to conducting R&D or other skilled activities abroad as well as significant potential costs. Different firms are likely to weigh this trade-off differently; only some firms have the capabilities to—and want to—overcome such costs to leverage the potential opportunities of global R&D. In the following paragraphs, I lay out the determinants of R&D offshoring and discuss how firm capabilities might affect the weighing of the inherent trade-offs.

The first potential benefit to conducting R&D or other skilled activities abroad comes from a market access motive: firms may wish to support local manufacturing operations and tap into growth opportunities through R&D activities related to adapting products or technology to host country conditions (Mansfield et al. 1979, Hirschey and Caves 1981). MNCs may want to seize the opportunity to arbitrage on international cost differences (Athukorala and Kohpaiboon 2010), fiscal and tax incentives (Hines 1995, Hall and Van Reenen 2000), or other different policy environments (e.g., Zhao 2006).

A more recent but important motivator is the desire to gain competitive advantage by tapping into, harnessing, and recombining different sources of expertise and knowledge around the world. Because knowledge spillovers do not pass easily across national borders (Jaffe et al. 1993, Audretsch and Feldman 1996), countries have different knowledge profiles (Furman et al. 2002, Alcácer and Chung 2007). Conducting R&D abroad, thus, provides an opportunity to access and recombine diverse knowledge to create new innovation. A related reason, of course, is the search for global talent discussed in more detail in Section 2. Global R&D networks then provide an opportunity for economies of specialization and an international division of innovative labor within the firm. Firms might leverage specialized skills and human capital from different parts of their network to engage in larger projects; any single location will eventually be constrained by limits in resources or specialized knowledge. Alternatively, the firm might reshape the organization of R&D such that some locations specialize in less technologically intensive R&D activities, whereas others specialize in more technologically intensive R&D activities. Indeed, these types of motivations could have significant implications for firm growth; those firms able to leverage this kind of international division of innovative labor within the firm might see substantial benefits from global R&D (Branstetter et al. 2021).

Hence, pursuing R&D opportunities abroad can be an important source of competitive advantage but not for every firm. Unlike production activities, knowledge—and skilled human capital—is a critical source of competitive advantage for the firm (Kogut and Zander 1992, Alcácer 2006), and as a result, there are strong reasons to keep it close to home. Because knowledge is strategically important, firms may want to keep knowledge and the human capital in which it resides close to the core of the company to maintain control and reduce knowledge spillovers. In addition, because tacit knowledge is not easily transferred across borders, even within an MNC (Polanyi 1966, Teece 1977, Szulanski 1996, Gupta and Govindarajan 2000), it may be more efficient to concentrate knowledge activities and workers in one location. Finally, skilled workers are not easily substitutable. In short, the costs of transferring knowledge internally are nontrivial and vary substantially across firms.

Only some firms can overcome—and are interested in overcoming—these challenges. In particular, one might expect that firms with more prior international experience would be best positioned to respond to skilled immigration restrictions by offshoring and the least likely to have their growth constrained by such restrictions. These firms have already had time to develop and learn the optimal strategies<sup>5</sup> for overcoming many of the challenges inherent in operating skilled activities. They also have already invested in the fixed costs involved in opening up skilled activity in new locations. Less internationalized MNCs may be at a disadvantage because they have had less time to develop the skills and capabilities for conducting R&D abroad and, thus, may be less responsive to immigrant restrictions or, if forced to respond, may find it more harmful.

However, drawing on insights around multinationality and operational flexibility, one might also expect more internationalized MNCs to be less likely to respond to immigration restrictions by hiring more abroad. Multinationality gives firms real options and the managerial capabilities to respond flexibly to external shocks, which less globalized firms lack (Kogut and Kulatilaka 1994, Lee and Makhija 2009, Chang et al. 2016). As a result, more global firms may have complementary resources that allow them to respond along dimensions besides offshoring, whereas offshoring may be one of the few options available to less internationalized MNCs. For instance, perhaps more global MNCs can rely on relationships with other firms via alliances or outsourcing, or perhaps they have the flexibility to adjust their geographic division of tasks rather than individuals. In short, more globalized MNCs might respond to immigration restrictions by using other organization choices to substitute for skilled labor rather than by offshoring. These choices, of course, imply quite constrained firm growth regardless of the previous internationalization of the firm. In short, ex ante, it is unclear how one might expect firm capabilities in the form of prior internationalization to shape the substitutability of skilled immigrants and foreign affiliate skilled workers within the firm.

Finally, this discussion assumes that restrictions on skilled immigration only affect skilled labor and activities abroad. And yet there is evidence in the literature of a synergistic relationship between the production and R&D functions of the firm (Cohen and Zysman 1987, Naghavi and Ottaviano 2009, Pisano and Shih 2012, Fort et al. 2020); the process of developing an idea from a concept into a marketable product or service may require continuous collaboration and knowledge transfer between R&D and production personnel (Schumpeter 1939). But, because the complementarities between R&D and production are likely to depend on the nature of the R&D being undertaken and the goods being manufactured and because it is unclear whether skilled immigration restrictions affect both the intensive and extensive

margin, it is not clear ex ante whether non-R&D foreign affiliate employment is also affected by skilled immigration restrictions.

## 4. Research Design and Data

### 4.1. Overview of the H-1B Program

There are multiple ways in which firms can hire foreign high-skilled workers: the H-1B, L-1, O, OPT, and TN visas are just a few examples.<sup>6</sup> The first is the most widely used and is the focus of this paper, but I provide some discussion of the alternatives (especially the L-1, which permits overseas branches or subsidiaries of MNCs to transfer foreign workers within the company) in the online appendix. Although the H-1B visa is the focus of this paper—only painting a partial picture of immigration restrictions—it is worth noting that multinational firms are probably less constrained than other firms because they have the L-1 option. As such, one might imagine that the estimates in this paper are lower bounds.

The H-1B visa is a nonimmigrant visa that enables firms to hire foreign workers in the United States for a three-year period, renewable once for a total of six years. They are called “nonimmigrant” visas because they allow those with H-1Bs to stay in the United States only temporarily. However, they are also “dual intent” visas, which means that workers can reside in the United States with a nonimmigrant status while simultaneously applying for permanent residency. H-1B visas make up about 50% of temporary work visas and are used to employ foreign workers in “specialty occupations.”<sup>7</sup> Firm interviews conducted with the author suggest that U.S. firms typically use H-1B visas to hire international students at domestic universities.

There are five aspects of the H-1B program that are important in the context of this paper. First, H-1B visa applications are tied to the firm, so it is possible to directly infer firm hiring responses to quantity constraints. Firms—not foreign workers—determine demand for H-1B visas. Legal and application fees are substantial; depending on the size of the company, the H-1B filing fee alone in 2017 was between \$1,710 and \$6,460, not including the attorney fees.

Second, the H-1B application is a two-stage process. In the first stage, firms must file an LCA with the Department of Labor (DOL) Employment and Training Administration. This first stage measures demand. There is no limit—beyond cost—on the number of LCAs that a firm can file, so demand is measured independent of whether an H-1B is ultimately issued or not. In the second stage, after LCA approval, the firm must file an I-129 petition with U.S. Citizenship and Immigration Services (USCIS), which makes the ultimate determination about the visa application. H-1B cap constraints are imposed in the second stage, in which the final decision is made, so this



stage measures realized supply. The two-stage structure of the H-1B application process allows measurement of exactly how constrained each firm was as the cap grew more restrictive over time by comparing LCA requests (demand) and issued H-1B visas (realized supply).

Third, variations in the cap on H-1B visa supply provide a source of exogenous variation. The number of new H-1B visas that can be issued to private sector businesses has been subject to a cap since their inception in the Immigration Act of 1990. Online Figure A8-1 plots the cap on the number of H-1B visas by fiscal year. This cap is set by Congress and the President and only applies to new H-1B visas issued to private sector businesses.<sup>8</sup>

There are three discrete phases of interest in terms of hiring constraints over time. The first phase is one in which the hiring constraint was not binding; throughout most of the 1990s, the cap was set at 65,000 visas, and applications rarely outstripped supply.<sup>9</sup> Phase 2 began in 1998–2000, when the cap was increased to 195,000 by the American Competitiveness and Workforce Improvement Act of 1998 and the American Competitiveness in the Twenty-First Century Act of 2000. During this period, the cap limits were never reached. Phase 3 occurred when trends in increasing visa availability reversed in 2004, and the cap reverted to 65,000 visas although 20,000 additional visas were granted to applicants with a graduate degree in 2006 (for a total of 85,000). Since then, the cap has not changed, and it has been (increasingly) binding in every year since 2004. Because of data constraints, this paper focuses on Phases 2 and 3.

The fourth relevant characteristic of the H-1B program is the random variation introduced by the process by which H-1B visas are distributed. H-1B petitions are distributed in a first-come, first-served fashion or by lottery in especially high demand years. The process is

illustrated in Online Figure A8-2. On the first business day of each April, USCIS begins accepting H-1B applications from firms seeking permits that count toward the following fiscal year. Because the H-1B visa program operates on a first-come, first-served basis, petitions are accepted until the cap hits, at which point no more petitions are processed. The end of the application period is demarcated by the “final receipt date,” which is the date on which they receive enough applications to fill the remaining available permits under the cap. Any cap-subject petitions submitted after the final receipt date are automatically rejected. This date is announced by USCIS in a press release, and it varies every year as shown in Table 1. On the date(s) that the available permits are exhausted, a computer-generated random selection process selects the petitions that will be processed. The dates of the lottery are not announced in advance and are, in fact, unknown in advance; they are determined by the number of applications received on different dates. These dates are only made known to firms after the cap is reached. In April 2007 and 2008 (as well as several other years, demarcated by a star in Table 1), USCIS received so many petitions within the first week that all cap-subject petitions were distributed by lottery for fiscal years 2008 and 2009. The lottery generated a random negative shock in the supply of foreign-born skilled workers to firms; the second empirical approach exploits the lottery-generated randomized variation from the H-1B visa lotteries in those two years, which allows for a causal interpretation of the effect of constrained foreign-born skilled worker supply on the offshoring of skilled jobs.

The final relevant characteristic is significant for measuring demand. The timing of petitions can be used to reveal whether an application is for a cap-subject H-1B

**Table 1.** Final Receipt Dates of the Cap-Subject H-1B Petition Filing Period in Each Fiscal Year

Fiscal year	Final receipt date	Days in filing period	Number of lottery-subject H-1B petitions received during the filing period
2004	February 17, 2004	323	
2005	October 1, 2004	184	
2006	August 10, 2005	132	
2007	May 26, 2006	56	
2008*	April 3, 2007	3	150,000
2009*	April 7, 2008	7	163,000
2010	December 21, 2009	265	
2011	January 26, 2011	301	
2012	November 22, 2011	236	
2013	June 11, 2012	72	
2014*	April 7, 2013	7	124,000
2015*	April 7, 2014	7	172,500
2016*	April 7, 2015	7	233,000
2017*	April 7, 2016	7	236,000
2018*	April 7, 2017	5	199,000
2019*	April 6, 2018	5	190,098

*Note.* Years that are demarcated with an asterisk (\*) indicate years in which USCIS received so many petitions within the first week that all cap-subject petitions were distributed by lottery.

visa. As described, the prerequisite to filing an H-1B petition with USCIS is obtaining an approved LCA from the Department of Labor. An LCA cannot be filed more than six months prior to the start of employment. In order to apply for a visa for the following fiscal year (beginning in October), one expects that firm to file an LCA no earlier than April. Furthermore, an LCA is only valid for three years; the earlier the application is submitted, the fewer months a foreign-born worker is eligible to work. In short, without any restrictions on H-1B supply, one expects all firms to apply for LCAs no earlier than April and probably much later.

However, the rising demand for H-1B visas and the first-come, first-served nature of the distribution process changed firm behavior. Firms that needed cap-subject H-1B visas wanted to submit their petitions as early as possible—and certainly before April—to ensure the submission would be before the final receipt date. Online Figure A8-3 illustrates the change in the timing of LCA applications; as demand for cap-dependent H-1B visas increased, LCA applications were filed earlier. I infer that LCA applications submitted in the first quarter of the calendar year are for cap-dependent H-1B petitions.

#### 4.2. Data

I use three sources of data to generate a unique data set that permits the analysis of the link between MNC hiring decisions and their response to high-skilled immigration constraints. The first data set provides information about multinational activity, including employment and R&D expenditures. The second and third are particularly useful because they provide information about both the demand and the realized supply for foreign workers.

**4.2.1. Multinational Activity Data.** The data used to examine multinational activity are confidential firm-level data from the Bureau of Economic Analysis's annual surveys on U.S. Direct Investment Abroad. BEA is under a congressional mandate<sup>10</sup> to track investment into and out of the United States, and as such, their data comprise the most comprehensive available data on U.S. multinational activity abroad. Of particular importance is that the data includes foreign affiliate employment, which is the primary variable of interest for this paper. In benchmark years (every five years), foreign affiliate employment is further categorized by whether it is R&D employment or not. In parts of the analysis, R&D foreign affiliate employment is used as an imperfect proxy for skilled foreign affiliate employment. An additional—related—variable of interest is R&D expenditures, which is used for distinguishing between foreign affiliates that perform R&D and those that do not. Detailed definitions of R&D employment and expenditures are in the online appendix.

I constructed a panel data set of this activity from 1994 through 2014.<sup>11</sup> Each firm may report on a consolidated

basis for multiple affiliates in the same country under certain conditions,<sup>12</sup> so rather than conducting analysis at the affiliate level, I aggregate all foreign affiliate activity up to the host country level for a given parent firm in a given year. The panel contains 2,263 U.S.-based firms with multinational activity. Importantly, the U.S. MNCs in the BEA data form the basis of the analytical sample, and as such, the sample does not include U.S. domestic firms or foreign multinational firms.

**4.2.2. H-1B Data.** The next two data sets allow measurement of firm-level hiring patterns of foreign-born workers. The information sources are worker-level application records from the U.S. DOL and worker-level approved H-1B petition data from USCIS.

Measures of firm-level demand for H-1B visas come from the DOL LCA data. Before a firm can file a petition with USCIS, it must file an LCA with the DOL. These applications have been made publicly available by the DOL since 2001 and contain information on the employer's name and address, the occupation code of and wage offered to the worker, and the geographic location of the position to be filled by the visa recipient. There is no limit (other than financial constraints) on the number of LCAs that a firm can file. The primary purpose of the LCA is for employers to attest to the employment details of H-1B applicants and affirm that the worker will be employed in accordance with U.S. law.<sup>13</sup> This data set comprises 6.4 million records between 2001 and 2016, which I aggregate by employer-year and then link to the BEA data.

The LCA data do not contain information on which applications are for H-1B visas that would be cap-subject. This does not matter for the first empirical strategy, but for the second strategy, in order to measure excess demand resulting from H-1B cap constraints, I infer whether a given LCA application is for a cap-subject H-1B visa by looking at the date of the LCA application. I assume that any LCA filed between January and April with a work start date five to six months in the future represents demand for a cap-subject H-1B visa for the following fiscal year. Any LCA filed according to a different timeline, thus, represents demand for non-cap-subject H-1B visas.

Measures of realized H-1B labor supply come from I-129 H-1B visa applications, obtained by FOIA request. These data are used in the second identification strategy. The original data set contains I-129 petitions from fiscal years 2004–2014, consisting of about 3.3 million petitions, with information on the final decision regarding each petition, the type of visa being requested, the beneficiary's country of birth, the employer name and location, the job code, and other administrative details. An I-129 form is needed for many types of visas, but for the purpose of this paper, the most relevant is the H-1B visa.

Not all H-1B visas were affected by the cap. To identify the visas that were constrained, I first remove (1) those for nonprofit firms, universities, and research labs; (2) those that are an extension of an existing H-1B visa; (3) those that have an existing H-1B visa and are changing jobs during the period of the existing visa; and (4) citizens of five countries that were effectively exempt from H-1B limits because of bilateral trade agreements (Australia, Canada, Chile, Mexico, and Singapore). Second, I remove petitions that were submitted after April (the month of the lottery); the cap was reached in April. Finally, I focus on petitions submitted for fiscal years 2008 and 2009, the two years of the lottery. The remaining petitions comprise the realized H-1B labor supply among cap-dependent petitions. Excess demand for foreign labor resulting from H-1B restrictions can, thus, be measured by subtracting realized cap-dependent H-1B petitions from cap-dependent LCA applications.

An examination of the heterogeneity of H-1B petition filings by firm and country—shown in Online Appendix A5—provides some intuition regarding where the expansion of foreign affiliate activity might be expected to take place: 85% of H-1B petition filings were for workers from India or China, suggesting one might expect to see large increases in foreign affiliate employment in India and China. Finally, there is significant skewness in H-1B visas across firms; a nonlinear approach may be appropriate.

**4.2.3. Final Data Set.** The final data set is at the firm–country–year level and contains 2,263 multinationals.

Of the 2,263 multinationals, 28% filed at least one LCA in 2001, 29% applied for at least one U.S. Patent and Trademark Office (USPTO) patent, and 15% had both at least one LCA application in 2001 and at least one USPTO patent at some point. Summary statistics are shown in Table 2.

## 5. Empirical Approach and Results

In this section, I empirically examine whether restrictive high-skilled immigration policies caused U.S. multinational companies to hire more foreign labor at their foreign affiliates. My empirical analysis has five parts. In part one, I estimate the impact of constrained skilled immigration supply on the foreign affiliate employment intensive margin (i.e., did foreign affiliate employment at existing foreign affiliates change). A strong identification strategy is necessary to answer this question as many unobserved factors may simultaneously affect skilled immigration and foreign activity expansion, so I use two that are different in nature. The first exploits the 70% drop in permitted H-1B visa issuance in the United States in 2004, whereas the second exploits randomized variation from the H-1B visa lotteries in high demand years. In part two, I estimate the impact on the extensive margin (did multinational firms open more foreign affiliates). In part three, I take a closer look at which jobs and foreign affiliates are most and least affected by restrictions on high-skilled immigration. In part four, I examine geographic location choice, particularly focusing

**Table 2.** Summary Statistics

Summary statistics of MNCs in 2001					
	<i>N</i>	Mean	Standard deviation	10th percentile	90th percentile
Reporter employment	2,263	7,785.2	29,915.7		
Ratio of LCA applications to U.S. employment in percentage point units	2,263	0.176	0.812	0	0.2835
Number of countries active in	2,263	2.831	5.646		
Number of LCA applications	2,263	11.87	79.85		
Summary statistics of MNCs in 2013					
	<i>N</i>	Mean	Standard deviation		
Reporter employment	2,263	6,300.6	35,868.7		
Number of countries active in	2,263	2.422	5.992		
Summary statistics of existing foreign affiliates in 2001					
	<i>N</i>	Mean	Standard deviation		
FA employment	6,407	1,151.0	3,964.3		
FA R&D expenditure	6,407	2,765.6	26,276.7		
Summary statistics of still-existing foreign affiliates in 2013					
	<i>N</i>	Mean	Standard deviation		
FA employment	5,482	1,559.4	8,307.1		
FA R&D expenditure	5,482	5,741.0	37,289.6		

*Note.* The 10th and 90th percentiles are based on an average of firms centered on that percentile.

on differences between countries that possess the necessary raw human capital (such as India or China, the primary source of H-1B applicants) versus countries with less restrictive skilled immigration policies (such as Canada).<sup>14</sup> Finally, in part five, I examine whether firm capabilities—in the form of prior internationalization—shape the decision to offshore in response to skilled immigration restrictions.

### 5.1. Part One: The Intensive Margin

I begin by estimating the impact of constrained skilled immigration supply on the foreign affiliate employment intensive margin. In this part, the dependent variable is total foreign affiliate employment; I break down the effects on R&D and non-R&D foreign affiliate employment in part three. In addition, this part concentrates on country-level foreign affiliate activity that existed prior to the policy changes. The effects measured in this part do not capture new foreign affiliates in new countries that appear as a result of immigration restrictions; I examine the effect on new foreign affiliates in part two. It does, however, capture new entries into any country in which the MNC has already entered. Finally, I use two identification strategies in this part. The first exploits the 2004 drop in the H-1B visa cap, whereas the second exploits randomized variation from the H-1B visa lotteries in high demand years. The robustness of the results to both shocks—which are quite different in nature—is reassuring and suggests that there is an underlying empirical regularity in firms' responses.

**5.1.1. Identification Strategy 1: Exploiting the 2004 Policy Change.** The identification in this strategy is based on a plausibly exogenous shock to high-skilled immigration supply: the sharp reduction in the annual H-1B cap in fiscal year 2004. As described in the "Overview of the H-1B Visa Program" section, the cap was not binding in the years leading up to the reduction (1998–2004) but has been binding in every year since 2004.

My empirical specification can be interpreted as a difference-in-difference estimator—similar to that used in Ashraf and Ray (2017), Ghosh et al. (2015), Kerr and Lincoln (2010), and Xu (2016)—in which the treatment and control groups are categories of firms with different levels of H-1B dependency in 2001 (when the cap was not binding) and the treatment is the reduction in the annual H-1B cap in 2004. In other words, the difference-in-differences approach relies on preexisting variation in demand for foreign-born skilled workers to identify how exogenous constraints in supply affected foreign affiliate employment. Accordingly, the regression compares the change in foreign affiliate employment before and after the policy change across multinationals within the same firm and country that were more dependent on H-1B visas prior to the policy change (the "treatment" group) relative to less dependent on H-1B visas prior to

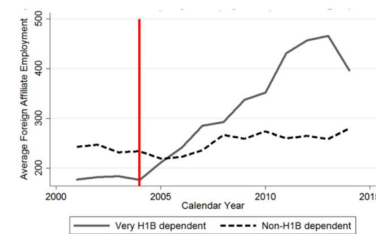
the policy change (the "control" group). Figure 1 provides a graphic version of the strategy and shows that, whereas foreign affiliate employment growth for non-H-1B dependent firms remained fairly flat after the policy change, extremely H-1B dependent firms experienced rapid growth in foreign affiliate employment after the policy change. Furthermore, the trajectory of foreign affiliate employment growth of both types of firms remained parallel and quite flat prior to the policy change. The regression results confirm the associations in the raw data presented in Figure 1.<sup>15</sup>

In the baseline specifications,  $H1BDep_i$  is defined as the total LCA applications for a given multinational divided by that multinational's U.S. employment in 2001 as in Kerr and Lincoln (2010) and Xu (2016). The dependency measure is calculated in a prepolicy year to help address the problem of reverse causality. The dependency measure is my preferred metric because it measures demand for H-1B visas, and it is measured independently of whether an H-1B visa is ultimately issued or not. Furthermore, because of the high cost of application, the dependency measure can be seen as reflecting real measured demand. Finally, the dependency measure closely mirrors the DOL's own measure of H-1B dependency, namely, "The determination as to whether an employer is H-1B dependent is a function of the number of H-1B nonimmigrants employed as a proportion of the total number of full-time equivalent employees employed in the United States."<sup>16</sup> The regression specification is as follows:

$$\ln(FAemp_{ikt}) = \alpha_c + \alpha_i + \alpha_t + \beta_1 H1BDep_i * policy_t + \epsilon_{ikt} \quad (1)$$

where  $i$  indexes the firm,  $c$  indexes the country, and  $t$  indexes the year. Country, firm, and year fixed effects

**Figure 1.** (Color online) Average Foreign Affiliate Employment by H-1B Dependency



Notes. Non-H-1B dependent firms had zero LCA applications in 2001, whereas very H-1B dependent firms were in the top category of H-1B dependency in 2001. The solid vertical line demarcates the year of the 2004 policy change.



are captured by  $\alpha_c$ ,  $\alpha_i$ , and  $\alpha_t$ , respectively. *FAemp* is foreign affiliate employment. *Policy* is a dummy variable equal to one for all years after and encompassing 2004 and zero otherwise. This is interacted with *H1BDep*, which is defined in one of two ways. The first is the continuous version of H-1B dependency described earlier, in which the number of LCA applications (the measure of H-1B demand) by firm *i* in prepolicy year 2001 is normalized by a multinational's employment in the United States in prepolicy year 2001, whereas the second is a new variable equal to one if the firm was in the top group of H-1B dependency in 2001 and zero if the firm had zero LCA applications in 2001. All standard errors are clustered at the firm level, but results are also robust to clustering at other levels, shown in the online appendix. I expect  $\beta_1$  to be positive; after the 2004 reduction in the H-1B cap, firms that were ex ante more dependent on H-1B visas should be more affected by the policy change and, therefore, more likely to expand their

foreign affiliate activity. Column (1) of Table 3 shows the results of the continuous version, whereas column (2) shows the results of the binary version. Both are statistically and economically significant. The coefficient in the binary version tells us that the 2004 policy change caused highly H-1B dependent firms to increase their foreign affiliate employment by 27% more than a non-H-1B dependent firm. An additional advantage of this specification is that, unlike the long-differences version (shown next), it ensures a consistent sample of firms throughout.

A modification of this specification that interacts year fixed effects with the treatment allows observation of time-varying effects and answers the question: was the firm response to the cap change a one-off effect, or did the effect grow over time as firms felt more constrained? The results are shown in column (3) and provide evidence that firms accelerated offshoring over time as constraints tightened.

**Table 3.** Effect on Foreign Affiliate Employment for All Firms, 1994–2014

	(1) ln( <i>FA emp</i> )	(2) ln( <i>FA emp</i> )	(3) ln( <i>FA emp</i> )
<i>Continuous treatment</i>	0.0615*** (0.0176)		
<i>Binary treatment</i>		0.274*** (0.0906)	
<i>Year = 2004 # continuous treatment</i>			0.0249 (0.0164)
<i>Year = 2005 # continuous treatment</i>			0.0432** (0.0216)
<i>Year = 2006 # continuous treatment</i>			0.0408* (0.0230)
<i>Year = 2007 # continuous treatment</i>			0.0477* (0.0245)
<i>Year = 2008 # continuous treatment</i>			0.0562*** (0.0171)
<i>Year = 2009 # continuous treatment</i>			0.0720*** (0.0208)
<i>Year = 2010 # continuous treatment</i>			0.0522*** (0.0192)
<i>Year = 2011 # continuous treatment</i>			0.0713*** (0.0179)
<i>Year = 2012 # continuous treatment</i>			0.0848*** (0.0172)
<i>Year = 2013 # continuous treatment</i>			0.103*** (0.0179)
<i>Year = 2014 # continuous treatment</i>			0.132*** (0.0222)
Country fixed effects	Yes	Yes	Yes
Firm fixed effects	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes
Observations	137,459	57,984	137,459
R <sup>2</sup>	0.429	0.429	0.429

*Notes.* Treatment is constructed as the interaction between a dummy variable equal to one in 2004 onward and zero before and a measure of H-1B dependency. In the continuous case, H-1B dependency is measured as the total number of LCA applications for a given multinational divided by that multinational's U.S. employment in 2001. In the binary case, it is a new variable equal to one if the firm was in the top group of H-1B dependency in 2001 and zero if the firm had zero LCA applications in 2001. Firm-clustered standard errors in parentheses.

\* $p < 0.1$ ; \*\* $p < 0.05$ ; \*\*\* $p < 0.01$ .

An alternative to the more traditional differences-in-differences regression approach is a series of cross-sectional long-differenced regression specifications, as follows:

$$\Delta \ln(FA\_emp_{i,c,t-2001}) = \alpha_j + \alpha_c + \beta_1 \left( \frac{LCAapps}{US\_emp} \right)_i^{2001} + \Delta \epsilon_{i,c,t-2001} \quad (2)$$

where  $i$  indexes the firm,  $j$  indexes the industry,  $c$  indexes the country, and  $t$  is a postpolicy year. As before,  $FA\_emp$  is foreign affiliate employment in country  $c$  by firm  $i$ ,  $LCAapps$  is the measure of demand (the number of LCA applications) by firm  $i$  in prepolicy year 2001,  $US\_emp$  is a multinational's employment in the United States in prepolicy year 2001, and  $\alpha_j$  and  $\alpha_c$  capture industry (North American Industry Classification System (NAICS) four-digit level) and country time trends, respectively. The dependent variable is the logged differenced foreign affiliate employment of firm  $i$  in country  $c$  between year  $t$  and a prepolicy year (2001). I expect  $\beta_1$  to be positive in postpolicy change years (2005–2014) and null in prepolicy change years (2002–2003). After the 2004 reduction in the H-1B cap, firms that were more dependent on H-1B visas should be more affected by the policy change and, therefore, more likely to expand their foreign affiliate activity. Before the 2004 cap change, any preexisting variation in demand for foreign-born skilled workers, as measured by H-1B dependency, should not be correlated with foreign affiliate employment growth. The main advantage of this specification is that I can control for industry time trends or other trends among sets of firms.

The results are shown in Table 4, in which each column represents a long difference between 2001 and a later year. The results provide evidence that there were no existing pretrends in the differences in foreign affiliate employment growth that correspond with the measure of H-1B dependency;  $\beta_1$  is not statistically significant until 2005, after the policy change.<sup>17</sup> The results also show that firms that were one percentage point more H-1B dependent than average saw a 3%–8% larger increase in foreign affiliate employment than average as a result of increased immigration restrictions resulting from the 2004 cap drop. Because the average foreign affiliate in 2001 had 1,151 employees, the estimated effect at the mean is, thus, an increase of 35–90 employees at every foreign affiliate.

As with the differences-in-differences specification, the approach requires that pretreatment trends in foreign affiliate employment were the same for the treatment and control groups (the parallel trends assumption). If one looks simply at how the level of foreign affiliate activity differed between our treatment and control groups, it is apparent that firms that filed more LCAs in 2001 were not identical to firms with fewer LCAs. For example, firms that filed large numbers of LCAs tend to do more

**Table 4.** Effect on Growth in Foreign Affiliate Employment for All Firms, 2001 Base Year

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
H-1B dependency	0.0098 (0.0103)	0.0053 (0.0122)	0.0113 (0.0153)	0.0287* (0.0172)	0.0375** (0.0185)	0.0492* (0.0260)	0.0466** (0.0205)	0.0443* (0.0235)	0.0329* (0.0200)	0.0602*** (0.0229)	0.0679*** (0.0259)	0.0724*** (0.0258)	0.0547 (0.0419)
Industry fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Country fixed effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	5,619	5,277	4,657	4,418	4,343	4,122	3,798	4,160	3,687	3,449	3,237	3,130	3,277
R <sup>2</sup>	0.052	0.062	0.085	0.085	0.091	0.134	0.143	0.147	0.162	0.181	0.196	0.208	0.198

Notes: Each column represents a long difference in logged foreign affiliate employment between 2001 and a later year. H-1B dependency is defined as the total number of LCA applications for a given multinational divided by that multinational's U.S. employment in 2001. The differences in observations in each year are driven by the fact that the dependent variable is logged; hence, any observations equal to zero are dropped. Thus, this regression only measures the effect on the intensive margin. Firm-clustered standard errors in parentheses.

\* $p < 0.1$ ; \*\* $p < 0.05$ ; \*\*\* $p < 0.01$ .

R&D abroad but have fewer employees abroad. However, the difference in levels is not in itself problematic for my specification; the threat to identification is if my measure of H-1B dependency were correlated with pretreatment changes in foreign affiliate employment.

To test for this possibility, I include the 1994–1999 pretrend in the baseline specification. These results are shown in column (2) of Table 5 with the baseline results shown in column (1) for the purpose of comparison. The coefficient of interest gets slightly smaller but remains positive and statistically significant, hence lessening any concerns about endogeneity. Note that I only report the results for the 2013–2001 long difference; they are robust to choosing any post-2004 year, but because of space constraints and constraints from the use of confidential data, I only report the 2013 results here.

Another concern might be that results are driven by systematic growth rate differences across firms of different size, internationalization, or innovativeness to begin with. If, for instance high-patenting firms naturally expand their activity abroad more quickly than nonpatenting firms, then my results could reflect that correlation rather than the effect of the policy change. I, therefore, test whether the coefficient of interest changes when including controls for the size or type of firm in terms of their 2001 employment, 2001 sales, 2001 R&D spending, 2001 total patenting, and number of foreign affiliates in 2001 quantiles. These controls are included as

group fixed effects. The identification in these regressions, once various controls are added, is now based on the comparison of trajectories within the same industry and the same category of employment, sales, or R&D size or patenting amount or degree of internationalization, depending on the control. Column (3) of Table 5 presents the results of a specification containing indicators for each firm's 2001 patenting quantile. The other results are in the online appendix and show that the main results remain qualitatively unaffected. The robustness of the results to a variety of firm characteristics is reassuring; results do not appear to be driven by systematic growth rate differences across firm characteristics other than H-1B dependency.

Of course, the relationship between growth in multinational foreign affiliate employment and the share of H-1B workers might be nonlinear as suggested by the skewness in applications. I use a nonparametric approach to examine this possibility: I divide multinationals into groups according to their H-1B dependence in 2001. I create seven categories of multinationals, in which the base category is all multinationals with zero LCA applications, and the remainder are divided into five quantiles with the top category divided into two groups. Again, I expect positive coefficients with especially large coefficients on high-dependency multinationals, and column (4) of Table 5 shows exactly that pattern. In particular, I find large, positive, and statistically significant

**Table 5.** Effect on Growth in Foreign Affiliate Employment for All Firms, 2001–2013

	(1) Baseline	(2) Controlling for pretrend	(3) Base year patent control	(4) Nonlinear specification
<i>H-1B dependency</i>	0.0724*** (0.0258)	0.0687** (0.0283)	0.0876*** (0.0294)	
<i>Change in ln(FA emp), 1994–1999</i>		–0.0822** (0.0326)		
<i>Second quantile of H-1B dependency</i>				0.0509 (0.108)
<i>Third quantile of H-1B dependency</i>				–0.00229 (0.118)
<i>Fourth quantile of H-1B dependency</i>				–0.0518 (0.0990)
<i>Fifth quantile of H-1B dependency</i>				–0.0792 (0.135)
<i>Sixth quantile of H-1B dependency</i>				–0.129 (0.154)
<i>Top quantile of H-1B dependency</i>				0.462** (0.209)
Industry fixed effects	Yes	Yes	Yes	Yes
Country fixed effects	Yes	Yes	Yes	Yes
Patent group fixed effects			Yes	
Observations	3,130	1,913	3,130	3,130
R <sup>2</sup>	0.208	0.247	0.211	0.209

Notes. The dependent variable in every column is the long difference in logged foreign affiliate employment between 2001 and 2013. H-1B dependency is defined as the total number of LCA applications for a given MNC divided by that MNC's U.S. employment in 2001. Results are robust to the choice of any post-2004 year, but I only show 2013 results here because of space constraints and because of the confidentiality of the data. Firm-clustered standard errors in parentheses.

\* $p < 0.1$ ; \*\* $p < 0.05$ ; \*\*\* $p < 0.01$ .

coefficients for the top bracket (with an LCA application–U.S. employment ratio of at least 0.0158 in 2001). In other brackets, there is no statistical significance. These estimates suggest that the positive effect of H-1B restrictions on foreign affiliate employment is being driven by the heaviest users of H-1B visas. This result may raise concerns that the effects are driven by just a handful of firms, but results are robust to dropping the top 50 greatest users of H-1B visas.

I implement a number of additional robustness checks. First, I use 2002 as the base year instead of 2001 to ensure that any oddities about the year 2001 are not driving the results. Second, instead of normalizing applications by U.S. employment as the H-1B dependency measure, I use the count of applications. A third robustness check addresses the concern that LCAs are an imperfect measure of demand for skilled H-1B visas. In particular, we know that some firms continuously file LCA applications and only utilize some of them. In addition, some of these applications are for continuing and transfer H-1B visa applications. A robustness check that measures H-1B dependency in 2001—our treatment measure—using H-1B petitions to USCIS in 2001 rather than LCA applications to DOL in 2001 can be found in the online appendix (Table A4-2, column (1)) and confirms that the results are not driven by the imperfectness of LCAs as a measure of demand. The online appendix (Table A4-2, column (2)) also includes a version of the baseline differences-in-differences that combines the extensive and intensive margins by using the inverse hyperbolic sine of foreign affiliate employment as the dependent variable rather than the natural log. One might be concerned that different countries experience different and nonlinear trends in foreign affiliate growth; India and China both experienced a sharp increase in FDI during this time period. Hence, I also test robustness to country-year interacted fixed effects (column (1) of Online Table A4-3). One might also be concerned that changes in foreign trade barriers are driving the results; if they occur at the same time as the immigration restrictions, they could be the omitted variable driving FDI. The results are robust to including a control for tariff rates (column (2) of Online Table A4-3). I test robustness to standard errors clustered at a variety of different levels shown in Online Table A4-3. Finally, I show robustness to using the pseudo-Poisson maximum likelihood estimator approach suggested by Santos Silva and Tenreiro (2006) in column (8) of Online Table A4-3. The results are robust to all of these tests.

The main threat to identification comes from any shocks correlated with both the timing of the H-1B policy and its effects across firms. In particular, the tech bubble in the late 1990s and early 2000s may have been correlated with increases in the cap. After the bubble burst, the H-1B visa cap was higher than average, and the economy experienced a downturn. To the extent that

the recession particularly affected H-1B dependent firms, the estimates could be biased. The direction, however, is unclear. They may have been more likely to increase foreign affiliate activity to escape the recession in the United States, which would lead to upward bias, or they may have been more likely to shrink their firms, which would lead to a downward bias. However, the robustness of the results to the inclusion of industry time trends in all regressions suggests that this is not problematic; any unobserved demand shocks for highly skilled workers would need to vary across firms within the same industry for there to be any bias.

To address remaining concerns about omitted variable bias that may not have been addressed by the robustness checks, I also implement a matching approach, also shown in the online appendix (Table A4-4). I cannot implement a standard propensity score matching difference-in-difference specification (Heckman et al. 1997) because the treatment in question is continuous rather than binary, so I instead take two variants on this approach. In the first, I follow the generalized propensity score method introduced by Hirano and Imbens (2005). In the second, I flexibly control for observables—with indicator variables for each quantile of the number of foreign affiliates, employees, sales, and R&D spending in 2001—following the classic Rosenbaum and Rubin (1983) proof that shows propensity score matching is equivalent to including flexible controls.

A separate concern surrounds the parallel trends assumption and any anticipation of the cap decline, namely, did firms behave differently leading up to the policy change in anticipation of soon experiencing immigration constraints, and did these behavioral differences correlate with my constructed measures of H-1B dependency? Figure 1 does not show any clear change in trends prior to 2004, and more rigorous tests, shown in Tables 3–5 and in the online appendix, further support the case that firms did not change behavior in advance. These concerns are further ameliorated by the results of a second strategy, which does not suffer from the same sources of potential bias and yet produces consistent results.

#### 5.1.2. Identification Strategy 2: Utilizing the Random Lottery Feature of the H-1B Application Process.

The difference-in-differences approach relies on preexisting variation in demand for foreign-born skilled workers to identify how constraints in supply—induced by a change in the cap—affected foreign affiliate employment. It is unable, however, to measure the precise constraints firms faced as the cap grew more restrictive. I, therefore, also take another approach that measures how constrained each firm was as the cap grew more restrictive over time by comparing LCA requests (demand) and issued H-1B visas (realized supply) at the firm level. The lottery feature of the H-1B allocation system allows for a

causal interpretation of the effect of constrained foreign-born skilled worker supply on the offshoring of jobs.

The identification in this strategy exploits random variation in the allocation of H-1B workers across U.S. multinational firms resulting from the H-1B lotteries of 2007 and 2008. In both of those years, the number of cap-dependent H-1B visa petitions submitted within the first month of the filing period far exceeded the annual limit of available permits in those years as shown in Table 1. In those years, all petitions received by the final receipt date (April 3 and 8, respectively) were put through a computer-generated random selection process that selected which petitions would be processed. This produced a random shock to the supply of H-1B workers; some firms were successful in the lottery, whereas others were not. The data support the random nature of the lottery; the mean win rates for the multinational firms in the sample are 0.46 and 0.53 in the 2007 and 2008 lotteries, respectively, with standard deviations of 0.37 and 0.38. My approach exploits this random H-1B variation.

The dependent variable in this approach is the same as the differences-in-differences approach: the change in foreign affiliate employment. However, instead of regressing the change in foreign affiliate employment on a measure of the firm's pre-policy change H-1B dependency, I regress it on a measure of excess demand for foreign labor that is driven by exogenous supply shocks. Following Peri et al. (2015), I calculate excess demand as the difference between the firm-level demand for new H-1B workers (LCA applications that were filed early) and the firm-level capped supply of H-1B workers (the lottery allocation of permits). I scale this absolute measure of excess demand by the firm's U.S.-based employment in 2007. There are two mechanisms at work in this approach, both generating variation in normalized excess demand across firms. The first is the same mechanism at work in the differences-in-differences approach: firms that are more H-1B-dependent feel the effects of H-1B

supply constraints more acutely than those that do not hire many H-1B workers. The second is the unexpected supply shock coming from the lottery.

I regress the change in foreign affiliate employment growth between a prelottery (2005) and a postlottery year (2010–2014) on the firm-level excess demand in the two lottery years combined (2007 and 2008) as shown in the following specification:

$$\Delta \ln(FA\_emp_{ic,t-2005}) = \alpha_j + \alpha_c + \beta_1 \left( \frac{ExcessDemand_i^{2007+2008}}{US\_emp_i^{2007}} \right) + \beta_2 LCA_i^{07+08} + \Delta \epsilon_{ic,t-2005} \quad (3)$$

where, as before,  $i$  indexes the firm,  $j$  indexes the industry,  $c$  indexes the country, and  $t$  is a postlottery year.  $FA\_emp$  is foreign affiliate employment in country  $c$  by firm  $i$ ,  $ExcessDemand$  is the measure of excess demand (the number of LCA applications minus the number of H-1B permits received) by firm  $i$  in lottery years 2007 and 2008 combined,  $US\_emp$  is a multinational's employment in the United States in 2007,  $LCA_i^{07+08}$  controls for the number of LCA applications a given firm submitted, and  $\alpha_j$  and  $\alpha_c$  capture industry (NAICS four-digit level) and country time trends, respectively. Results are robust to the exclusion or inclusion of the control for number of LCA applications. The dependent variable is the logged differenced foreign affiliate employment of firm  $i$  in country  $c$  between a postlottery year ( $t$ ) and a prelottery year (2005). I expect  $\beta_1$  to be positive; firms that lost a larger share of their H-1B petitions should be more likely to expand their foreign affiliate activity. All standard errors are clustered at the firm level.

Table 6 shows that  $\beta_1$  is indeed significantly positive. The columns display foreign affiliate employment growth one, two, three, four, and five years after the lottery and illustrate a persistent positive effect. The results show that a random negative shock to H-1B supply equal

**Table 6.** Effect on Growth in Foreign Affiliate Employment for All Firms, 2005 Base Year

	(1) 2010	(2) 2011	(3) 2012	(4) 2013	(5) 2014
Adjusted excess demand in 2007–2008	0.0484 (0.0334)	0.137*** (0.0496)	0.121** (0.0499)	0.161** (0.0681)	0.142* (0.0836)
Number of LCAs in 2007–2008	−0.0000969 (0.000113)	−0.000342** (0.000139)	−0.000205 (0.000157)	−0.000358* (0.000185)	−0.000295 (0.000216)
Industry fixed effects	Yes	Yes	Yes	Yes	Yes
Country fixed effects	Yes	Yes	Yes	Yes	Yes
Observations	4,308	4,029	3,776	3,685	3,834
R <sup>2</sup>	0.140	0.162	0.172	0.190	0.179

Notes. Each column represents a long difference in logged foreign affiliate employment between 2005 and a postlottery year (2010–2014). Adjusted excess demand is defined as the total number of cap-subject LCA applications minus cap-subject H-1B petitions issued for a given multinational in 2007 and 2008, divided by that multinational's U.S. employment in 2007. This number is multiplied by 100 for purposes of interpretation. Firm-clustered standard errors in parentheses.

\* $p < 0.1$ ; \*\* $p < 0.05$ ; \*\*\* $p < 0.01$ .



to one percentage point of initial employment caused an increase in the foreign affiliate growth rate of between 12% and 16%.

Translating these coefficients into the number of jobs offshored, I find that about 0.42 foreign affiliate jobs were created for every unfilled H-1B position. Additional details of this calculation can be found in Online Appendix A6. This 0.42 estimate of substitution could be considered a lower bound for several reasons. First, it relies on calculations on the intensive margin and does not consider increased foreign affiliate employment on the extensive margin. Second, there are likely at least some firms that did not submit their petition(s) in time to be considered for the lottery, which means that their behavior is not captured in the analysis. Third, this estimate only captures how existing firms modified their strategy; new firms born into the visa-restrictive world may have incorporated offshoring into their strategy from the beginning. Finally, the estimate does not include foreign multinational company behavior, and one expects that foreign MNCs would be even more likely to substitute foreign-born U.S.-based skilled workers for foreign-born skilled workers at headquarters or other foreign affiliates. In short, it is possible that the true effect is larger than 0.42, but it is still unlikely to be close to one.

If the true effect is indeed less than one, it implies a constraint on firm growth. A simple example illustrates; imagine an MNC applies for 10 H-1B visas with the goal of hiring 10 skilled immigrants domestically, but only five of those applications wins the lottery. The 0.42 estimate of substitution then suggests that the MNC will expand foreign affiliate employment by two, whereas the null results on U.S. employment (Online Appendix A3) suggests zero change in domestic native employment. Thus, the MNC grows by only seven employees rather than the original planned 10 employees. In short, this back-of-the-envelope calculation suggests that the MNC does not grow employment as much as it might have preferred although it does not provide a precise measure of the change in firm growth. This is perhaps not surprising; if a global firm's first best strategy were to hire abroad rather than applying for H-1B visas, they would not appear in the sample. Much more can and should be done in future research to understand the impacts of this and similar constraining policies on firm growth.

One might be concerned that some firms anticipated the lottery and increased their submitted applications to improve their chances of winning the lottery. The two lottery years in the empirical analysis were selected precisely to address this concern; these were the first two years in which a lottery was held to distribute all H-1B visas. To further address this concern, Online Table A4-5 duplicates the same analysis but with only the 2007 lottery and finds the same qualitative result: that a random negative shock to H-1B supply caused an increase in the

foreign affiliate growth rate. One might also be concerned that the error term is correlated with a firm's U.S.-based employment and the number of LCA applications. Online Table A4-6 duplicates the analysis but without the LCA control and without normalizing the independent variable and also finds the same qualitative result.

Overall, the positive effect from the lottery approach is consistent with the results from the differences-in-differences approach<sup>18</sup> and provides further, reassuring, support for the hypothesis that restrictions on high-skilled immigration cause increased offshoring of high-skilled jobs.

## 5.2. Part Two: The Extensive Margin

The results, thus, far show the effect of immigration restrictions on foreign affiliate employment at the intensive margin; because foreign affiliate employment was logged in all regressions to this point, regressions so far have only captured the change in employment within countries in which a firm is active in both 2001 and the later postpolicy period. It does not capture the effect of any foreign affiliates that were opened in a new country after the policy change in response to the policy. In short, it captures expansion within a country but not expansion into new countries. Both effects are of interest here, and in fact, any impact on the extensive margin represents a much stronger strategic response by firms—and a larger long-term impact—than an impact on the intensive margin.

To measure the extensive margin effect, I use the long-differenced regression specification, but I change the dependent variable to a binary variable equal to one if the firm has a foreign affiliate in a given country by the postpolicy year and zero otherwise. I use a linear probability model so that I can include time trends, but the results are robust to a logit model. The results are shown in Table 7 and illustrate a statistically significant and consistent response on the extensive margin in all years after—not before—the H-1B cap change in 2004.

An important caveat to the results must be made here: as noted in the data section, each firm may report on a consolidated basis for multiple affiliates in the same country under certain conditions,<sup>19</sup> so I aggregate all foreign affiliate activity up to the host country level for a given parent firm for a given year. This implies that effects on the extensive margin are only observed when a firm enters a new country; the extensive margin results do not, for example, reflect a firm opening a foreign affiliate in Vancouver if it already has a foreign affiliate in Toronto. The paper is, thus, estimating the impact of immigration restrictions on the country-level extensive margin of foreign direct investment. The coefficients as a result are somewhat small, but in the next section, I show that they become larger when restricting for R&D-performing foreign affiliates.

**Table 7.** Effect of H-1B Policy Restriction on the Likelihood of a U.S. MNC Entering a New Country

	(1) 2002	(2) 2003	(3) 2004	(4) 2005	(5) 2006	(6) 2007	(7) 2008	(8) 2009	(9) 2010	(10) 2011	(11) 2012	(12) 2013	(13) 2014
<i>H-1B dependency</i>	0.000132 (0.000175)	0.000330 (0.000222)	0.00130*** (0.000428)	0.00175*** (0.000404)	0.00225*** (0.000426)	0.00340*** (0.000445)	0.00326*** (0.000455)	0.00443*** (0.000512)	0.00314*** (0.000478)	0.00307*** (0.000478)	0.00336*** (0.000480)	0.00327*** (0.000484)	0.00347*** (0.000529)
<i>Constant</i>	0.00217*** (0.000145)	0.00350*** (0.000185)	0.0132*** (0.000357)	0.0115*** (0.000336)	0.0123*** (0.000355)	0.0139*** (0.000371)	0.0146*** (0.000379)	0.0183*** (0.000426)	0.0162*** (0.000397)	0.0162*** (0.000398)	0.0163*** (0.000400)	0.0166*** (0.000403)	0.0200*** (0.000440)
<i>Industry FE</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Country FE</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>N</i>	108,623	108,623	108,623	108,623	108,623	108,623	108,623	108,623	108,623	108,623	108,623	108,623	108,623
<i>R<sup>2</sup></i>	0.001	0.002	0.005	0.004	0.005	0.006	0.006	0.008	0.008	0.008	0.008	0.008	0.010

Notes. The dependent variable here is a binary variable equal to one if the firm had opened operations in a new country by a postpolicy year (that they did not have in 2001) and equal to zero otherwise. The model is a linear probability model. H-1B dependency is defined as the total number of LCA applications for a given multinational divided by that multinational's U.S. operations in 2001. Firm-clustered standard errors in parentheses.

\* $p < 0.1$ ; \*\* $p < 0.05$ ; \*\*\* $p < 0.01$ .

### 5.3. Part Three: Were R&D-Intensive Jobs and Foreign Affiliates Disproportionately Impacted?

The results thus far are estimated using aggregate employment, and yet one would expect skilled (here, proxied as R&D) employment to be disproportionately affected because the restrictions target skilled migrants. It is less clear whether non-R&D employment is affected; existing research documents complementarities between R&D activities and production (Naghavi and Ottaviano 2009, Pisano and Shih 2012). I, therefore, estimate the baseline specification from Equation (1), in which the dependent variable is one of two variables: foreign affiliate R&D employment or foreign affiliate non-R&D employment, and foreign affiliate non-R&D employment is the difference between total foreign affiliate employment and foreign affiliate R&D employment. An important caveat is that aggregate foreign affiliate employment is not broken into more disaggregated pieces in most years, so foreign affiliate R&D employment is only reported in benchmark years, which are every five years. In this sample, the benchmark surveys are 1994, 1999, 2004, 2009, and 2014. Therefore, these specifications are also restricted to that sample.

Table 8 shows the results, in which the dependent variable is logged in columns (1) and (2) and it is transformed using the inverse hyperbolic sine transformation in columns (3) and (4). Columns (1) and (2) show the effect of skilled immigration restrictions on foreign affiliate R&D and non-R&D employment at the intensive margin because the dependent variable is logged; in other words, they only capture the change in R&D and non-R&D employment in countries where there were R&D and non-R&D employees from the beginning. The sample in column (2) is restricted to be the same sample as column (1) to make coefficients comparable. The results show that, on the intensive margin, the substitution is entirely driven by R&D employment.

Columns (3) and (4), by using the inverse hyperbolic sine transformation, show the effect on both the intensive and extensive margin, capturing both within-country employment expansion and entry into new countries. Interestingly, there is evidence of complementarities between R&D and non-R&D employment in these results; both foreign R&D and non-R&D employment increase. The results suggest that when high-skilled immigration restrictions are implemented, any new foreign affiliates in new countries that open in response to said restrictions contain both types of employees. Complementarities between production and R&D may magnify the effect of the immigration restrictions and lead to the offshoring of both skilled and unskilled labor and their respective activities.

Next, Table 9 drills slightly deeper into the extensive margin results using 2013 with an eye toward heterogeneity along R&D-intensity. Column (1) shows that that

**Table 8.** Effect on Foreign Affiliate Employment for All Firms by Type of Employment, Benchmark Years in 1994–2014

	(1) ln(R&D emp)	(2) ln(non-R&D emp)	(3) ihs(R&D emp)	(4) ihs(non-R&D emp)
<i>Continuous treatment</i>	0.0536*** (0.0149)	–0.000521 (0.0199)	0.0953*** (0.0324)	0.145** (0.0624)
<i>Constant</i>	2.756*** (0.00629)	6.280*** (0.00840)	0.225*** (0.00532)	2.503*** (0.0102)
Country fixed effects	Yes	Yes	Yes	Yes
Firm fixed effects	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes
Observations	6,507	6,507	97,570	97,570
R <sup>2</sup>	0.405	0.547	0.193	0.271

Notes. Continuous treatment is constructed as the interaction between a dummy variable equal to one in 2004 onward and zero before and a measure of H-1B dependency in 2001. The sample is benchmark years only: 1994, 1999, 2004, 2009, and 2014. The coefficient on continuous treatment is statistically different between columns (1) and (2) ( $p = 0.002$ ) but not between columns (3) and (4) ( $p = 0.34$ ). Firm-clustered standard errors in parentheses.

\* $p < 0.1$ ; \*\* $p < 0.05$ ; \*\*\* $p < 0.01$ .

the 2004 cap decline made a one percentage point more H-1B dependent firm 0.3% more likely to open a foreign affiliate in a new country than the average firm by 2013. Column (2) examines the likelihood of a multinational initiating R&D activity abroad. Here, the coefficient is slightly larger (although not statistically significantly larger) as expected because one would expect skilled immigration restrictions to affect the opening of an R&D laboratory but not necessarily to affect the opening of a new manufacturing facility.

The coefficients in columns (1) and (2) are fairly small even if they are statistically significant. This is in large part because of the measurement issue described earlier as well as the preponderance of zeros in the data; the average U.S. multinational firm in the BEA data are active in about two countries, whereas the data set

includes 48 countries.<sup>20</sup> To counteract this noise, column (3) shows the same regression but for a subset of the 25 countries with the most activity in the data and with the binary version of the independent variable. As expected, the coefficients become substantially larger. The results show that the 2004 cap decline made highly H-1B dependent firms 5% more likely to open a foreign affiliate in a new country and 10% more likely to start conducting R&D in a new country than a non-H-1B-dependent firm.

#### 5.4. Part Four: Geographic Location Choice

In this section, I begin by examining host country heterogeneity and then move into firm heterogeneity. The largest countries of origin for H-1B visa holders are China and India (85% of H-1B petition filings), whereas many of the prominent examples of companies opening

**Table 9.** Effect on the Extensive Margin, Exploring Heterogeneity

	(1) DV: New FA by 2013 Sample of 48 countries	(2) DV: New R&D by 2013 Sample of 48 countries	(3) DV: New FA by 2013 Subsample of 25 countries	(4) DV: New R&D by 2013 Subsample of 25 countries
<i>Continuous form of H-1B dependency</i>	0.00327*** (0.000484)	0.00421*** (0.000352)		
<i>Binary form of H-1B dependency</i>			0.0532*** (0.0121)	0.0967*** (0.00915)
<i>Constant</i>	0.0166*** (0.000403)	0.00826*** (0.000292)	0.0762*** (0.00305)	0.0366*** (0.00230)
Industry fixed effects	Yes	Yes	Yes	Yes
Country fixed effects	Yes	Yes	Yes	Yes
Observations	108,623	108,623	8,305	8,305
R <sup>2</sup>	0.008	0.010	0.042	0.034

Notes. The dependent variable in columns (1) and (3) is a binary variable equal to one if the firm had opened new operations in a given country by 2013 (that they did not have in 2001) and equal to zero otherwise. In columns (2) and (4), it is a binary variable equal to one if the firm has initiated R&D activity abroad in a given country by 2013 (that they did not have in 2001) and equal to zero otherwise. I use a linear probability model, but the results are robust to a logit model. The continuous form of H-1B dependency is defined as the total number of LCA applications for a given multinational divided by that multinational's U.S. employment in 2001. The binary version of H-1B dependency compares the top quantile to the bottom quantile. Results are robust to the choice of any post-2004 year, but I only show 2013 results here because of space constraints and because of the confidentiality of the data. The coefficient on H-1B dependency in columns (1) and (2) are not statistically different ( $p = 0.51$ ), but they are statistically different between columns (3) and (4) ( $p = 0.04$ ). Firm-clustered standard errors in parentheses.

\* $p < 0.1$ ; \*\* $p < 0.05$ ; \*\*\* $p < 0.01$ .



foreign affiliates abroad in response to H-1B restrictions are concentrated in Canada.<sup>21</sup> Canada is a special case for U.S. firms; Canada is geographically close to the United States, and in addition, it has much less restrictive high-skilled immigration policies than the United States. These characteristics mean that the fixed costs of offshoring are relatively low. These facts suggest that the expansion of foreign affiliate activity could operate through two channels: (1) a direct channel, whereby multinationals expand foreign affiliate activity in countries where the human capital they need is located (e.g., India or China), or (2) an indirect channel, whereby multinationals expand foreign affiliate activity in countries such as Canada, where it is easy to open foreign affiliates housing immigrants from other countries. These facts also suggest that, whereas U.S. firms are likely using offshoring to hire Chinese and Indian talent in China and India, they are—for the most part—not using offshoring to hire Canadian talent in Canada. Instead, they may often be hiring the same skilled (non-Canadian) immigrants in Canada that they had originally sought to hire in the United States under the H-1B system.

To test the relative effects, I construct two samples—one of foreign affiliates in China and India (the “raw human capital” countries) and one of foreign affiliates in Canada—and run the baseline differences-in-differences regression model on these different samples, shown in columns (2) and (3) of Table 10. This approach is an imperfect way of measuring direct and indirect flows, but it does provide some sense of the possible operational channels. The effects are statistically significant, positive, and larger than the base sample for both subsets, suggesting that a lot of the expansion was concentrated in these three countries. However, a fourth regression—shown in column (4)—that excludes Canada, India, and China shows that these three countries are not the only ones

impacted. The coefficient is smaller when the three countries are excluded, but it is still economically and statistically significant. Hence, whereas expansion in response to immigration restrictions was concentrated in Canada, China, and India, they were not the only countries affected.

These results suggest that host country immigration policy regimes may be an important factor influencing MNC geographic location choice. Although this analysis does not explicitly examine host country immigration policies as a factor influencing geographic location choice, the concentration of the offshoring to Canada in response to restrictive skilled immigration policies is suggestive of its role.

### 5.5. Part Five: Firm Heterogeneity

Next, I turn to firm heterogeneity: what firm capabilities might serve as a moderator of the impact of skilled immigration restrictions on offshoring. As described in Section 3, one might expect firm capabilities in the form of international experience to impact the decision of whether to offshore workers in response to skilled immigration restrictions. To operationalize a firm’s international presence, for each MNC, I compute the number of countries in which they are active in 2001 prior to the policy change. I then interact this count with the treatment variable. The specification utilizes the inverse hyperbolic sine transformation of foreign affiliate employment as the dependent variable in order to capture both intensive and extensive margin expansion. Column (5) of Table 10 displays the results and shows that firms with activity in more countries are more likely to offshore when a restrictive immigration policy is in place than firms with activity in fewer countries. In other words, the more global a firm is when the policy hits (if it is H-1B dependent), the more likely it is to respond by offshoring.

**Table 10.** Exploring Country- and Firm-Level Heterogeneity in Growth in Foreign Affiliate Employment for All Firms

	(1) Baseline	(2) Canada	(3) China and India	(4) Excluding Canada, China, and India	(5) <i>lns(FA emp)</i>
<i>Continuous treatment</i>	0.0615*** (0.0176)	0.105** (0.0424)	0.223*** (0.0319)	0.0483*** (0.0173)	−0.0209 (0.0554)
<i>Continuous treatment</i> × <i>Number of countries in 2001</i>					0.00540** (0.00269)
Country fixed effects	Yes	No	No	Yes	Yes
Firm fixed effects	Yes	Yes	Yes	Yes	Yes
Year fixed effects	Yes	Yes	Yes	Yes	Yes
Observations	137,459	12,220	5,704	119,207	409,794
R <sup>2</sup>	0.429	0.840	0.676	0.420	0.285

*Notes.* The first four columns show the same regression as column (1) of Table 3 but with different country subsamples, whereas before, the dependent variable is logged foreign affiliate employment and continuous treatment is constructed by multiplying H-1B dependency in 2001 by a post-2004 indicator variable. The coefficient on continuous treatment is weakly statistically different between columns (2) and (4) ( $p = 0.14$ ) and strongly statistically different between columns (3) and (4) ( $p = 0.00$ ). The fifth column has a change in the dependent variable (inverse hyperbolic sine of foreign affiliate employment instead of logged) and adds an interaction with the number of countries in which the MNC is active in 2001. Firm-clustered standard errors in parentheses.

\* $p < 0.1$ ; \*\* $p < 0.05$ ; \*\*\* $p < 0.01$ .

Indeed, a recalculation of the substitution between hiring H-1B workers and hiring workers abroad for just the most internationalized firms (those present in at least 15 countries—the 90th percentile) indicates not only that these firms are more likely to offshore, but also that their growth is much less constrained by the policy. Their substitution ratio is considerably larger than for the entire sample; for the most internationalized firms, an H-1B rejection increases foreign affiliate employment by 0.93.<sup>22</sup> This suggests that, whereas both less and more global firms are at least somewhat constrained in their employment growth, less global firms are especially constrained. In addition to being less likely to offshore, they are also less likely to have the types of complementary resources and operational flexibility discussed in Section 3 for responding to immigration restrictions, so they are in a particularly difficult position. In contrast, the most global firms are the best positioned to respond to these restrictions by offshoring; they have already invested the fixed costs in creating many foreign affiliates abroad, and they have developed the necessary managerial capabilities and strategies for managing knowledge workers abroad. Indeed, they appear to be able to almost perfectly substitute foreign workers for H-1B workers.

## 6. Discussion and Conclusion

This study finds causal evidence that U.S. MNCs respond to restrictive skilled immigration policies by expanding foreign affiliate employment at existing foreign affiliates and by adding new foreign affiliates. It also finds some evidence that this solution is imperfect from the average firm's perspective: for every visa rejection, firms hire 0.42 employees abroad. However, firm capabilities in the form of previous internationalization are shown to be an important moderator of the impact of skilled immigration on offshoring: for every visa rejection, the most internationalized firms hire 0.93 employees abroad.

The study also finds that expansion of foreign affiliate employment has been significantly—but not exclusively—concentrated in three countries: China, India, and Canada. These location choices suggest that the expansion of foreign affiliate activity could operate through two channels: (1) a direct channel, in which raw human capital is the motive (e.g., India or China), or (2) an indirect channel, in which the ability to hire immigrants from elsewhere under a more relaxed regime is the motive (e.g., Canada).

The results illustrate the importance of skilled human capital to firms, the global nature of the relevant labor pool, and the lengths to which firms will go to obtain the human capital they need. At the same time, they show that, whereas multinational firms can leverage their cross-border presence to obtain such human capital, they are still somewhat constrained by country-level

policies, and these policies can be costly. Indeed, firms based in countries without such restrictions may have a competitive advantage over those based in countries with immigration restrictions.

### 6.1. Welfare/Policy Implications

The results from this paper may help to explain the existing mixed empirical evidence on the impact of skilled immigration on the labor market outcomes of the native-born. Whereas some papers find negligible effects on the wages and employment of natives (Mithas and Lucas 2010, Ottaviano et al. 2013, Kerr et al. 2015b, Peri et al. 2015, Mayda et al. 2018), others find some evidence of substitution or downward pressure on wages (Borjas 2005, Bound et al. 2017, Turner 2022, Doran et al. 2022). The data used in this paper permit an examination of a third avenue available to firms: hiring the skilled employees they need at their foreign affiliates instead of at home. Whereas the estimation of the impact on native-born outcomes is not the focus of this paper, this paper's results do suggest that the existing immigration literature's focus on the substitution between native-born and foreign workers within the country may be incomplete. Indeed, policymakers should consider that restrictive immigration policies implemented to protect native jobs are likely to have the unintended consequence of offshoring. More broadly, this paper provides new evidence on how firms, particularly multinational firms, respond to policy changes in ways that may run completely counter to policymakers' intentions. The results also underline the fact that firms, managers, and policymakers live in a complex and globalized world that limits the policy autonomy of nations. Indeed, policymakers—and researchers studying inference within domestic borders—should recognize that responses to constraining domestic policies may have impacts that extend beyond their own borders.

The finding that skilled foreign-born workers are hired at foreign affiliates rather than in the United States also may have important implications for the innovative capacity of the United States. If skilled foreign-born workers are at a U.S. firm's foreign affiliate instead of in the United States, the innovative spillovers that they generate will go to another country instead. Furthermore, the finding that immigrants often are not equally innovative outside the United States (Kahn and Macgarvie 2016) has even wider welfare implications. In short, restrictive H-1B policies could not only be exporting more jobs and businesses to countries such as Canada, but they also could be causing the United States's innovative capacity to fall behind. Indeed, restrictive immigration policies may be doing more to enhance Canadian competitiveness than American competitiveness. Establishing the impact on the innovative capacity of the United States—and countries such as Canada who have

likely benefited from these policies—is a worthy topic for future research.

## 6.2. Management Implications and Future Work

The results have a number of potential implications for managers and for management research, some of which reinforce observations from previous work and some of which raise questions for future research. First, the results in this paper reinforce existing work on the synergies between R&D and production. Although the offshoring described in this paper is concentrated in R&D foreign affiliate employment, it is not exclusive to R&D employment, suggesting that complementarities between production and R&D may have magnified the effect of the H-1B visa restrictions, pushing not just skilled, but also unskilled employment abroad. These results resonate with the literature studying the innovative implications of the geographic separation of R&D and production (Cohen and Zysman 1987, Fuchs and Kirchain 2010, Pisano and Shih 2012, Fort et al. 2020, Branstetter et al. 2021), some—but not all—of which argues that the synergistic relationship between the manufacturing and R&D functions of the firm means that geographic separation could undermine the innovative capacity of the firm. From a firm capabilities and organizational design perspective (e.g., Teece 1997, Eisenhardt and Martin 2000, DeSanctis et al. 2002, Winter 2003, Alexy et al. 2021), this synergy has profound implications for how multinational firms structure their activities in different geographies; firms may not be able to separate knowledge and production capabilities fully to yield value from their R&D spending.

Second, the results underline the arbitraging of international differences as a strategic choice for MNCs under substantial constraints (Ghemawat 2003). Indeed, the fact that Canada appears to be an important destination for offshoring in this study suggests that host country immigration policy regimes may be an important factor influencing MNC geographic location choice. In the face of immigration restrictions at home, MNCs can arbitrage international differences in immigration policy to access human capital that domestic firms cannot easily access. More generally, skilled immigration restrictions serve as an important, counterintuitive, and previously overlooked push factor for internationalizing knowledge activity. Skilled immigration restrictions create constraints on the ability to hire from a global talent pool, but multinational firms can—at least partially—circumvent such restrictions and mitigate country-level risk by hiring foreign talent at their foreign affiliates instead. The arbitrage described in this study is likely not limited to immigration; multinational firms are likely to be able to respond to artificial institutional constraints on many types of resources by leveraging their cross-border presence.

Third, this paper represents a first step toward better understanding the ways in which firms can strategically respond to government-imposed constraints on scarce resources and the extent to which they are able to avoid costs entirely or continue to be at least partially constrained. This paper documents one area—restrictions on foreign human capital in the form of visa restrictions—but the boundary conditions are as yet unclear. The result that the average firm hires 0.42 employees abroad for every visa rejection suggests that there may be a portfolio of responses available to firms beyond the response commonly described in the immigration literature (i.e., substitution for domestic workers) and the response highlighted in this paper (offshoring). Future work should expand the set of responses, the trade-offs involved in each, and which firms are best positioned to act on each.

In addition to examining the range of responses, future work should push further to understand better the costs of circumventing such constraints and how those costs vary across firms and responses. The business decision of where to place knowledge activities and workers is a deliberate and strategic choice, weighing the centripetal forces compelling R&D to stay near headquarters, such as economies of scale and reduced transfer and control costs, against the centrifugal forces that pull R&D to specific host countries, such as cost considerations, market access, and location-specific talents or knowledge (Hirschey and Caves 1981, Pearce 1999). If, under an open immigration system, the firm decides that the optimal location for employing key knowledge workers is at headquarters, then policies that block the firm's ability to do so come at a cost. The partial (0.42), rather than 1:1, substitution identified in this paper reflects that cost. However, the paper also finds that some firms are able to come much closer to fully substituting foreign workers for lost H-1B visas; for every visa rejection, the most internationalized MNCs hire 0.93 employees abroad. This result speaks to the organizational flexibility that multinationality brings (Kogut and Kulatilaka 1994) and suggests that managers of very global firms can respond to immigration restrictions by offshoring without much cost to their growth, whereas managers of less global firms may struggle to fully substitute foreign affiliate workers for skilled immigrants at home. Future research could examine the implications for the concentration of skilled labor; it appears more international firms are better able to respond to these restrictions with skilled labor in other parts of the world, putting them at an advantage relative to smaller, less internationalized firms.

Whereas, in this paper, I speculate that the difference in responses is due to firm capabilities related to internationalization, there are other potential firm-specific capabilities that might also serve as moderators. For example,

prior research shows the importance of within-firm diasporas in facilitating FDI (e.g., Foley and Kerr 2013); perhaps MNCs with greater diasporas are better able to efficiently offshore in response to immigration restrictions. More generally, much more can and should be done in future research to understand the ways in which firms can strategically respond to government-imposed constraints on scarce resources, the costs they incur in responding to such constraints, and the extent to which they are able to avoid costs entirely or continue to be at least partially constrained.

Finally, I see an exciting opportunity for researchers to examine how policies affecting the mobility of human capital shape the global geography of innovation. My findings suggest that host country immigration policy regimes may be an important factor influencing MNC geographic location choice. Although this analysis does not explicitly examine host country immigration policies as a factor influencing geographic location choice, the concentration of the offshoring to countries such as Canada with more open immigration policies in response to restrictive skilled immigration policies is suggestive of its role. Future work could more deeply analyze to what degree host country immigration policy regimes influence MNC geographic location choice for skilled and unskilled activities. Indeed, recent work by Bahar et al. (2022) starts down this path by investigating how host country immigration policy regimes affect MNC patenting through inventor mobility.

Whereas this paper does not explicitly examine the impact of immigration restrictions on the location or direction of innovation, a large literature links the geographic location of skilled immigrants to innovative spillovers (e.g., Moser et al. 2014, Hunt et al. 2017), suggesting that employing skilled foreign workers elsewhere is likely to correspond with doing innovation elsewhere. In addition, because innovative spillovers are geographically localized (Marshall 1890, Jaffe 1986, Jaffe et al. 1993), such impact is likely to extend beyond the innovation done by the MNC, potentially shaping host country innovative ecosystems. The degree to which this occurs is likely to correspond—at least partially—with how exactly MNCs rearrange their global innovative activities. Future work should examine the implications of this paper's findings for the organization of innovative work within MNCs as well as for how resultant spillovers affect the host country.

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### Endnotes

<sup>1</sup> Restrictive immigration policies have become increasingly common in recent years around the world with two notable recent examples being the Trump Administration's "Buy American, Hire American" policies and Brexit. Leaders such as Turkey's Recep Tayyip Erdogan, Hungary's Viktor Orbán, French National Front leader Marine Le Pen, and Brazil's Jair Bolsonaro also rose to prominence using anti-immigration rhetoric.

<sup>2</sup> This number is based on a ratio of R&D performed by U.S. parents divided by R&D performed by U.S. parents and their majority-owned affiliates in 2018, calculated using BEA USDIA public data: <https://www.bea.gov/international/di1usdop>.

<sup>3</sup> LCAs are the first step toward H-1B visas for skilled foreign-born workers in the United States. They are described in more detail later in the paper.

<sup>4</sup> For one example, see "Microsoft opens Canada center in response to US immigration problems," <http://workpermit.com/news/microsoft-opens-canada-center-response-us-immigration-problems-20070710>.

<sup>5</sup> Such mechanisms might include—but are not limited to—modularity (Zhao 2006), personnel mobility (e.g., Almeida and Kogut 1999, Rosenkopf and Almeida 2003), alliances (e.g., Zaheer and Hernandez 2011), manufacturing integration (Berry 2014), immigrant employees or managers (e.g., Foley and Kerr 2013, Hernandez and Kulchina 2020), and others.

<sup>6</sup> I provide some discussion of other high-skilled visa alternatives in the online appendix. Yoaple (2019) provides a comprehensive discussion of the differences between L-1 and H-1B visas.

<sup>7</sup> According to USCIS, "to qualify as a specialty occupation, the position must meet one of the following requirements: (1) a bachelor's or higher degree or its equivalent is normally the minimum entry requirement for the position; (2) the degree requirement is common to the industry in parallel positions among similar organizations or, in the alternative, the position is so complex or unique that it can be performed only by an individual with a degree; (3) the employer normally requires a degree or its equivalent for the



position; or (4) the nature of the specific duties is so specialized and complex that the knowledge required to perform the duties is usually associated with attainment of a bachelor's or higher degree."

<sup>8</sup> There is no cap for the following categories: (1) those for nonprofit firms, universities, and research labs; (2) those that are an extension of an existing H-1B visa; (3) those that have an existing H-1B visa and are changing jobs during the period of the existing visa; and (4) citizens of countries with whom the United States has a relevant free-trade agreement.

<sup>9</sup> Fiscal years 1997 and 1998 were the lone instances when the cap was reached.

<sup>10</sup> This is by the International Investment and Trade in Services Survey Act. The act specifies that the survey data may only be used for statistical and analytical purposes.

<sup>11</sup> The most extensive data are collected in benchmark years: 1994, 1999, 2004, 2009, and 2014. The reporting requirement threshold varies by year, size of the affiliate, and the parent's ownership stake. The BEA estimates values of some variables of some affiliates in nonbenchmark years in order to estimate a consistent universe across years. I only use the reported data in this paper.

<sup>12</sup> These conditions are that the affiliates operate in the same country and same industry classification or are integral parts of the same business operation.

<sup>13</sup> There are four main labor conditions that they are required to meet: (1) recipients of the visa must receive the same or better wages and benefits as other similar company employees and as similar employees in the geographic area; (2) working conditions must be similar for all employees; (3) there must not be a "strike, lockout, or work stoppage" at the employment location when the LCA is signed and submitted; and (4) any employee bargaining representatives must be notified of every application submitted.

<sup>14</sup> Much has been made anecdotally of Canada as a destination for firms struggling with immigration constraints in the United States. See, for example, the Envoy 2019 Immigration Trends Report, in which 38% of surveyed firms were thinking about expanding to Canada because their immigration policy is more favorable, and 21% already had at least one office there.

<sup>15</sup> The apparent drop in the growth of average foreign affiliate employment among the top quintile in 2014 is due at least in part to the improved coverage in the 2014 USDIA Benchmark Survey, which increased the number of firms for that survey. More detail can be found at <https://www.bea.gov/sites/default/files/2018-04/MNE%2014-R%20Improvements%20in%20Coverage.pdf>.

<sup>16</sup> See the Labor Condition Application for Nonimmigrant Workers ETA Form 9045CP – General Instructions for the 9035 and 9035E, U.S. Department of Labor: [https://tcert.doleta.gov/library/ETA\\_Form\\_9035CP\\_2009\\_Revised\\_03.18.09.pdf](https://tcert.doleta.gov/library/ETA_Form_9035CP_2009_Revised_03.18.09.pdf).

<sup>17</sup> The number of observations is different in each column because effects are measured at the intensive margin; the foreign affiliate must have existed in both 2001 and the later year to appear in the sample. These results are robust to dropping firms that went out of business entirely during this time frame as well as to using a balanced panel. Table 3 is also run on a balanced panel.

<sup>18</sup> The coefficients are not directly comparable. The two approaches have different samples (the first is much bigger because it includes multinationals that have never applied for an H-1B, whereas the second only includes the subset of multinationals applying for LCAs in one of those two years). Furthermore, the key regressor is measured differently.

<sup>19</sup> These conditions are that the affiliates operate in the same country and same industry classification or are integral parts of the same business operation.

<sup>20</sup> These 48 countries account for more than 99.5% of foreign R&D and 95% of foreign sales and employment.

<sup>21</sup> See, for example, <http://www.talentecconomy.io/2017/06/19/tighter-immigration-policy-pushes-firms-open-foreign-satellite-offices/>.

<sup>22</sup> This is calculated using the same method described in Online Appendix A6.

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Testimony of

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before the

Committee on the Budget  
United States Senate

September 13, 2023

**“Unlocking America's Potential: How Immigration Fuels Economic Growth and Our  
Competitive Advantage”**



Chairman Whitehouse, Ranking Member Grassley, and distinguished members of the Committee, thank you for the opportunity to testify.

My name is David Bier. I am the Associate Director of Immigration Studies at the Cato Institute, a nonpartisan public policy research organization in Washington, D.C. For nearly half a century, the Cato Institute has produced original immigration research showing that a freer, more orderly, and more lawful immigration system benefits Americans.

Our view is simple: people are the ultimate resource. New people are not threats to suppress but assets to celebrate. We need people to transform natural resources into human resources, and in a free country, people seek to do just that. Immigrants are no different. Immigrants are workers, inventors, investors, and entrepreneurs.

Immigrants increase the supply of labor, which increases the supply of goods and services that people need; their consumption, entrepreneurship, and investment also increases the demand for labor, creating better-paying jobs for Americans elsewhere in the economy. Fundamentally, immigrants aren't competitors. They are collaborators. Unfortunately, America's immigration system fails to recognize this fact, leading to catastrophic consequences.

#### **Immigrants can save the United States from population decline.**

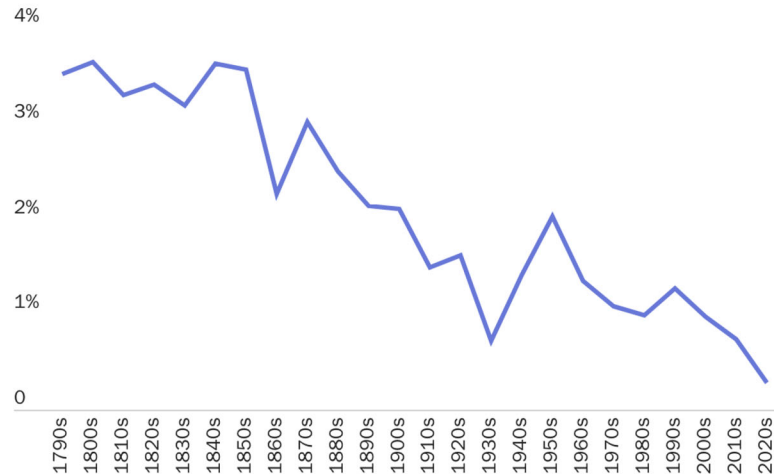
The most critical challenge facing the United States today is its declining population growth rate. The U.S. population is growing slower than at any point in its history. Moreover, in 2022, international migration accounted for 80 percent of the meager 0.4 percent population growth.<sup>1</sup> Without immigration, the U.S. population will start to decline by the 2030s. Already in 2022, about half of all the counties in the United States saw declining populations.<sup>2</sup>

People are necessary to maintain the infrastructure that the remaining population relies on. With a declining population, businesses, schools, and hospitals have too few customers to afford to stay open, and buildings and roads decay. This population death spiral has afflicted both urban and rural counties. Rural America saw a decrease in population for the first time in U.S. history in the last decade.<sup>3</sup> Population aging or decline will reduce tax revenue per capita in nearly every state by 2030.<sup>4</sup>

The country has already seen how population decline will manifest in the future. Major cities saw significant outmigration in the 1960s and 1970s before they stabilized and rebounded in the 1990s and 2000s, largely thanks to new immigrants.<sup>5</sup> The outmigration led to housing vacancies and job losses, which contributed to increased crime, and the in-migration went hand in hand with lower crime and more business creation. Immigration has already created or preserved \$3.7 trillion in housing wealth for U.S. households.<sup>6</sup> Immigrants do this primarily by preventing declines in housing values in the lowest-cost areas in a city. Every 1,000 new immigrants to a county have created economic opportunities for 270 additional U.S. residents, helping draw areas out of decline.

### Annual average U.S. population growth by decade

1790–2022



Sources: U.S. Census Bureau, Decennial Censuses, 1790–2020; "Vintage 2022," 2023.

### Immigrants can save America from labor force decline.

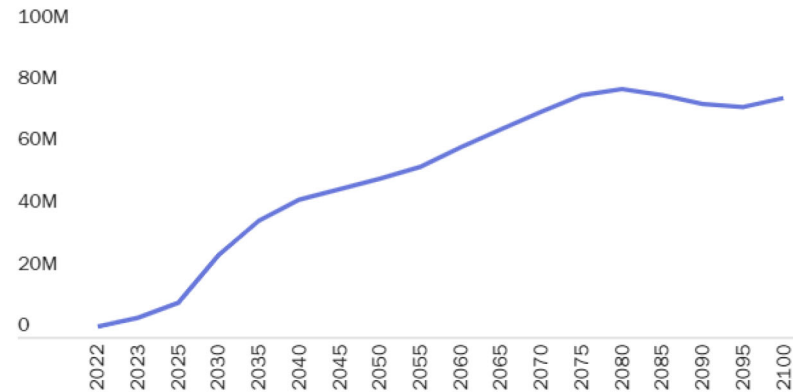
With slower population growth, labor force growth in the United States has also declined for decades. Workforce growth has fallen by 65 percent from the 1960s to the most recent decade.<sup>7</sup> It fell faster among those workers without a college degree. From 1995 to 2022, immigrants and their children accounted for 70 percent of labor force growth, and over the last two years, immigrants accounted for 100 percent of the increase in the working-age population.<sup>8</sup> Without immigrants, the working-age population will fall by about 6 million in the next two decades.<sup>9</sup> The total U.S. population would decline without any immigration by 2040.<sup>10</sup>

The costs of this decline are huge. The ratio of workers to retirees has plummeted since the 1960s, and the Social Security Trustees now estimate that Social Security will be short nearly 35 million workers to fund the system in the 2030s.<sup>11</sup> It will have to cut benefits by at least 23 percent in 2034, if not earlier. The situation will not improve after that with benefit cuts reaching 30 percent and the shortfall in workers hitting 80 million by 2080.

The present value cost of this worker shortage to U.S. retirees is about \$24 trillion. Of course, the underlying dynamics of Social Security need reforms regardless, but this shortfall highlights the magnitude of America's workforce issues. The Federal Reserve Board of Governors expects that the decline in population growth will cause economic growth to decline throughout OECD member countries, including the United States, increasing the burden of the U.S. debt.<sup>12</sup>

### Projected shortfall in workers needed to fund Social Security

2022-2100



Sources: "The 2023 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds," Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, March 31, 2023, <https://www.ssa.gov/OACT/TR/2023/tr2023.pdf>.

Immigrants improve the U.S. fiscal situation. According to a Cato Institute update of a National Academy of Sciences report, immigrants generate in inflation-adjusted terms nearly \$1 trillion in state, local, and federal taxes, which is almost \$300 billion more than they receive in government benefits, including cash assistance, entitlements, and public education.<sup>13</sup>

In the long-term, the present value of all the taxes generated minus all the benefits received for an immigrant arriving at age 25 is positive for all education levels, including high school dropouts (Table below). This positive result occurs partly because immigrant workers cause companies to invest more in capital, which results in those companies paying far more in taxes than they would without those workers.<sup>14</sup>

**Net present value fiscal flows: the average immigrant arriving at age 25 and the average U.S.-born person, 2018**

		CBO long-term budget outlook		
		25-year-old only	Descendants	Total Effect
Less than high school	Immigrant	\$203,000	-\$160,000	\$43,000
	U.S.-born	-\$42,000	-\$146,000	-\$188,000
High school	Immigrant	\$354,000	-\$162,000	\$191,000
	U.S.-born	\$170,000	-\$135,000	\$36,000
Some college	Immigrant	\$521,000	-\$157,000	\$365,000
	U.S.-born	\$259,000	-\$120,000	\$139,000
Bachelor's degree	Immigrant	\$908,000	-\$111,000	\$797,000
	U.S.-born	\$592,000	-\$95,000	\$496,000
More than a bachelor's degree	Immigrant	\$1,277,000	-\$110,000	\$1,167,000
	U.S.-born	\$780,000	-\$90,000	\$690,000

Note: Amounts are in 2012 dollars. The total numbers equal the fiscal impact of the individual immigrant plus the fiscal impacts of that individual's descendants. The discount rate used for the net present value calculation is 3 percent. This scenario excludes the costs of public goods under the CBO long-term budget outlook.

Source: See Table 31A in Nowrasteh, Alex, Sarah Eckhardt, and Michael Howard. "The Fiscal Impact of Immigration in the United States," White Paper, Cato Institute, Washington, DC, March 21, 2023.

The Congressional Budget Office (CBO) found in 2013 that comprehensive immigration reform would have "a net savings of about \$175 billion over the 2014–2023 period" and "would decrease federal budget deficits by about \$700 billion (or 0.2 percent of total output) over the 2024–2033 period."<sup>15</sup> The CBO stated that there would be about another \$300 billion in savings from the indirect economic effects of more workers. Unfortunately, this scoring was a rare exception to CBO's normal practice of not considering the increases in employment that occur when immigrants enter the labor force, leading to such anomalies as finding that immigrant PhDs will impose net costs on the federal government.<sup>16</sup>

Tax revenues grow when more is produced, and lower production is the biggest cost of all from an overly restrictive immigration system. Workers allow businesses to increase production, supplying the needs of U.S. consumers. Children and the elderly tend to increase inflation, while workers tend to lower it.<sup>17</sup> This is because children and retirees produce no consumer products but still buy them, while workers lower prices by increasing the production of consumer goods and services. As the U.S. labor force shrinks, this problem will become more acute, driving up costs for seniors and everyone else.

**Immigrants can fill current labor shortages.**

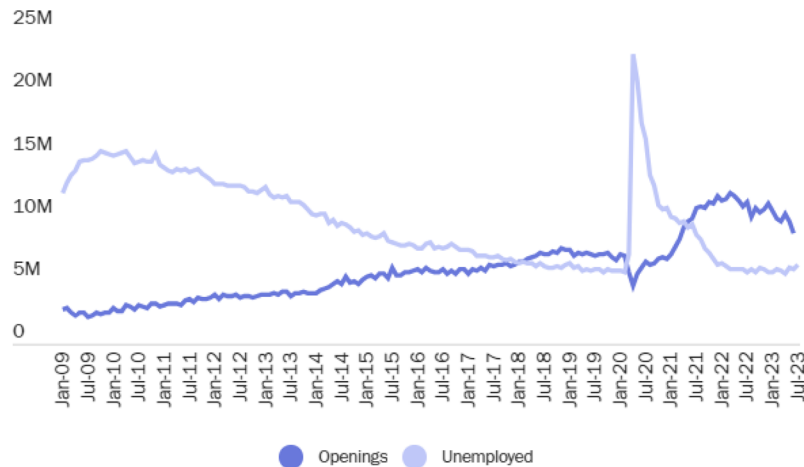
Throughout the current labor shortage, especially in 2021 and 2022, U.S. consumers were acutely aware of the interaction between workforce shortages and higher inflation every time they faced delays and higher prices at restaurants, retailers, and online. Currently, U.S. nonfarm employers

have about 9 million open jobs, and over the last two and a half years, this number has averaged about 10 million. Every single month after January 2021 had more job openings than any month before it, back to the start of the job openings data series in the year 2000.<sup>18</sup>

Filling these jobs would have increased U.S. gross domestic product by about \$2 trillion.<sup>19</sup> This additional production of goods and services that consumers want is the reason that new workers reduce inflation, not because they lower wages. Of course, any individual worker benefits if they alone receive a monopoly over an area of business, but monopolies hurt everyone else, and when applied to the entire economy, this type of economic policy harms everyone, including those who receive “protection.”

#### Job openings and unemployed persons

January 2009–July 2023



Sources: U.S. Bureau of Labor Statistics, Unemployment Level [UNEMPLOY]; U.S. Bureau of Labor Statistics, Job Openings: Total Nonfarm [JTSJOL], June 2023.

#### Immigrants fill labor market niches across the skill spectrum.

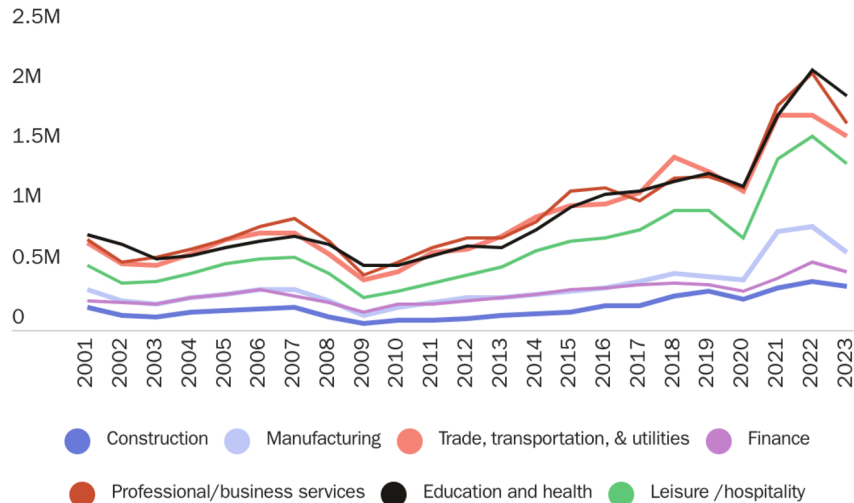
The short- and long-term labor shortfall is not primarily about a skills gap. Labor demand has increased and will increase across the skills spectrum. Everything from construction laborers to web developers has seen unprecedented increases in open jobs. Every single industry averaged more job openings in 2023 than in 2019—which was already at near-record highs.<sup>20</sup>

Construction has averaged 354,000 job openings per month in 2023 while manufacturing has averaged 650,000. A major project—funded partly by U.S. taxpayers—to build a new TSMC microchip manufacturing facility in Arizona is already being delayed because of a shortage of experienced workers in the construction trades.<sup>21</sup> Leisure and hospitality averaged 1.4 million.

Trade, transportation, and utilities had over 1.6 million. Education and health services were nearly 2 million.

### Job openings, select industries

Annual averages 2001-2023



Sources: U.S. Bureau of Labor Statistics, Unemployment Level [UNEMPLOY]; U.S. Bureau of Labor Statistics, Job Openings: Total Nonfarm [JTSJOL], June 2023.

In the long-term, the Bureau of Labor Statistics predicts that most jobs created this decade will not require a college degree, and that nearly 70 percent of jobs in the economy will not require a college degree in 2030.<sup>22</sup> Besides lifting the production of goods and services that U.S. consumers need, immigrant workers in these positions create new opportunities for U.S. workers in other less manually intensive jobs—typically ones that require English language abilities.<sup>23</sup> Immigrants complement Americans. They don't replace them. This is one reason why U.S. worker employment has almost always moved in the same direction as immigrant employment.

With 1 million new jobs, home health aides are projected to see the largest increase in employment of any single occupational category.<sup>24</sup> These aides are critical to provide care for seniors, and they allow many older workers to keep working while caring for an ailing spouse. But without the workers to fill them, the growth in aides may not happen. America has even seen declines in employment in critical areas of elder care, despite record demand. Shockingly, for instance, the number of employees in skilled nursing care facilities has declined from 1.7 million to 1.4 million from 2011 to 2023.<sup>25</sup>

Many nursing homes are closing because they cannot properly staff their operations—particularly in rural areas. In Minnesota alone, 45 facilities have closed.<sup>26</sup> Another 60 have closed in Texas.<sup>27</sup> There were 22 closures in Iowa in the last year alone.<sup>28</sup> In Rhode Island, according to the American Health Care Association, nursing homes have lost 21 percent of their staff since 2019.<sup>29</sup> Five have already closed, and most are at risk of closing.

At open facilities, huge numbers of beds remain empty, with the vacancies nationwide reaching 32 percent.<sup>30</sup> An analysis of nursing homes by researchers from Harvard, MIT, and Rochester showed that “increased immigration significantly raises the staffing levels of nursing homes in the U.S., particularly in full-time positions,” which results in better patient outcomes.<sup>31</sup> The National Council of the State Boards of Nursing has found that 800,000 nurses plan to leave the labor force by 2027.<sup>32</sup>

One reason why Americans are having fewer children is the cost of childcare. The cost of childcare directly reduces the growth in the future labor force and indirectly reduces the growth in the labor force by driving mothers to drop out of the labor force. A majority of mothers with young children are not looking for jobs solely because of childcare or family responsibilities.<sup>33</sup> A staffing crisis has caused massive wait lists for care in states across the country. In Pennsylvania, 7,000 open positions have led to 32,500 kids waiting for care.<sup>34</sup> It’s worse in Michigan, where nearly 54,000 kids are waiting.<sup>35</sup>

Researchers Delia Furtado and Heinrich Hock have found that low-skilled immigrants have “substantially reduced” the costs of having a child.<sup>36</sup> Patricia Cortés and José Tessada similarly find, “low-skilled immigration increases average hours of market work and the probability of working long hours of women at the top quartile of the wage distribution.”<sup>37</sup> Allowing higher-income women to work has important knock-on fiscal and economic benefits because they have above-average productivity.

New home construction—a critical component in family formation—has also suffered from too few workers. Construction employment has reached record highs, while construction unemployment is at near-record lows. Construction industry wages are now higher than the average wage for workers generally.<sup>38</sup> The number of job openings has repeatedly set records for the industry.<sup>39</sup> Yet, thanks to too few workers, it now takes about eight months to build a new home, which is up from four to six months before the pandemic.<sup>40</sup> One home builder in Florida estimated in 2023 that supply chain issues and the labor shortage were adding 20 percent to the cost of a new home in his area.<sup>41</sup>

The United States is also facing critical shortages of skilled workers. For physicians per capita, America ranks far behind Germany, Sweden, Australia, and Switzerland, and it has half the number of physicians per capita as Austria—effectively a difference of nearly 1 million physicians.<sup>42</sup> In rural areas, the shortages are dire. A study in the journal *Health Affairs* has shown that rural patients are far more likely to die because they lack the number of specialists to treat them effectively.<sup>43</sup> This situation would be even worse if not for immigrants, who account for a quarter of all U.S. physicians.<sup>44</sup>

Skilled science, technology, engineering, and math workers are also in short supply. There are about half a million open computer and mathematics jobs in the United States right now,<sup>45</sup> and

the unemployment rate for these jobs is at 2 percent.<sup>46</sup> McKinsey estimates that chip manufacturers will be short 390,000 engineers and skilled technicians by 2030, leading to more production being set up offshore.<sup>47</sup> In 2020, the Defense Department issued a report saying that the shortfall of computer workers “directly threatens U.S. national self-determination in commerce and geopolitics.”

Since 2019, the Department of Labor has certified over 250,000 computer and mathematics jobs as unfillable by any U.S. worker, which is the first step of the employment-based green card process.<sup>48</sup> But most of these workers have entered the green card backlog, and the U.S. immigration system is so poorly designed that engineers from Venezuela have been entering at the U.S. border.<sup>49</sup>

#### **Immigrants can supercharge entrepreneurship and innovation.**

As the U.S. population has aged, the entrepreneurship rate has declined. There has been a 40 percent decline in the rate of new business starts since the 1970s, and the rate of self-employed entrepreneurs has likewise halved.<sup>50</sup> Immigrants can counteract these drags on the economy. Immigrants are 80 percent more likely to start businesses than the U.S.-born population.<sup>51</sup> Over 35 percent of new businesses have at least one immigrant founder, and they or their children founded 45 percent of Fortune 500 companies.<sup>52</sup> Immigrants have founded the majority of businesses valued at more than \$1 billion.<sup>53</sup>

Immigrants also make up a disproportionate 28 percent of brick-and-mortar “main street” businesses nationwide.<sup>54</sup> In many major metropolitan areas, immigrants account for about half of all main street businesses. Immigrants own astounding shares of small businesses in New York City: 90 percent of dry cleaning and laundry services, 84 of grocery stores, 75 percent of child daycares, and 69 percent of restaurants.<sup>55</sup>

Immigrants are key to productivity growth and innovation. Immigrants have founded 65 percent of the leading U.S. artificial intelligence companies.<sup>56</sup> Over 70 percent of \$1 billion U.S. companies employ an immigrant in a key leadership position, such as CEO or chief technology officer.<sup>57</sup> Immigrant-founded companies are also much more likely to have patents.<sup>58</sup> From 1950 to 2000, immigrants with science and engineering degrees had patent rates double the average rate.<sup>59</sup> The best estimate indicates that about 40 percent of total factor productivity growth—growth not from increases in labor or capital—came from immigrant workers in science, technology, engineering, and math degrees.<sup>60</sup>

#### **U.S. law thwarts legal immigration.**

Immigrants are more likely to work than U.S.-born workers overall and at every education level—a difference that grows significantly among the least skilled—and nearly 97 percent of immigrants who looked for jobs in 2022 found them.<sup>61</sup> Immigrant adults without high school degrees are about 20 percentage points more likely to work than comparable U.S.-born adults. The issue is not that immigrants lack the desire to help America. Rather, the issue is that America’s immigration system prevents too many potential immigrants from being able to do so. To briefly review the main permanent immigration options available for immigrants abroad:

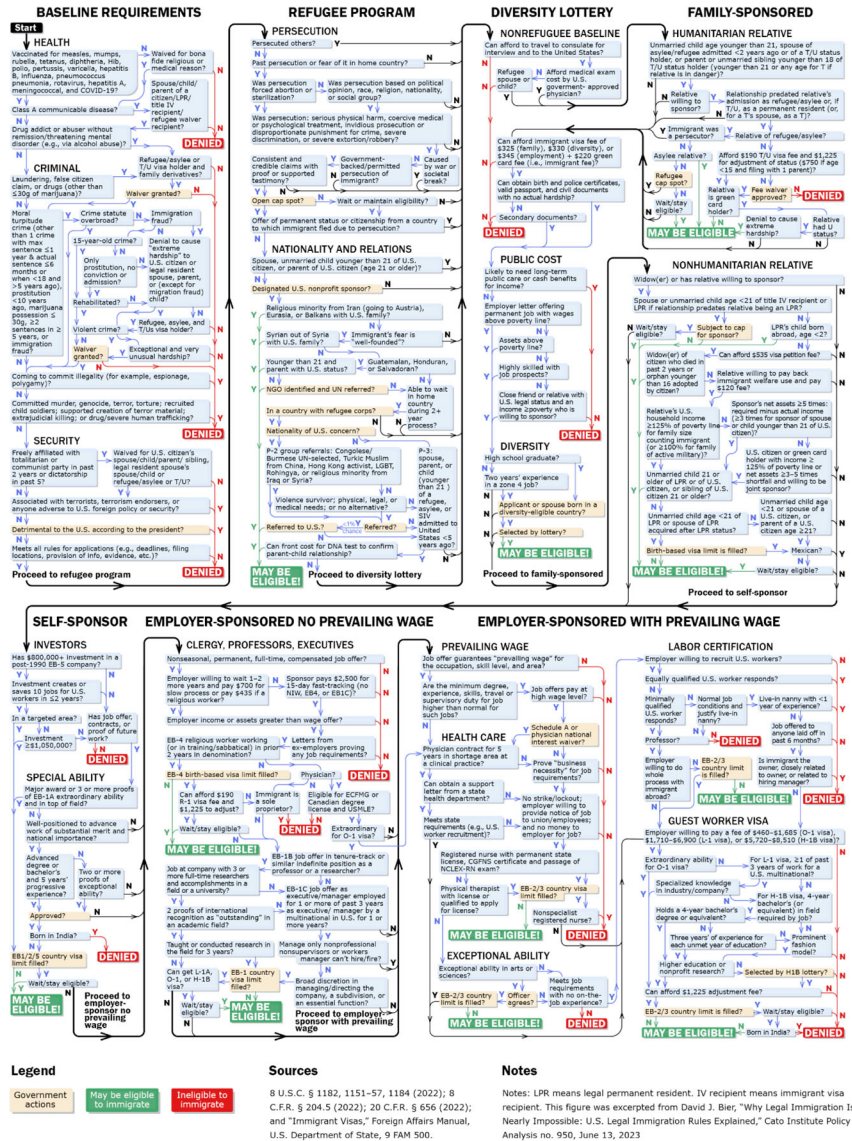


1. **The Refugee Program:** The population of displaced people reached 100 million last year, and the United States accepted barely 25,000 through its refugee program—0.1 percent.<sup>62</sup>
2. **Family-sponsored:** The capped family-sponsored system has a backlog of over 8.3 million,<sup>63</sup> and 1.6 million immigrants currently waiting will be dead before they can receive a green card.<sup>64</sup>
3. **Employer-sponsored:** Employer-sponsored green cards are capped at 140,000 annually and have a backlog of over 1.8 million.<sup>65</sup> The country-based caps mean that wait times for Indian workers with a master's degree will be longer than the average lifespan. Employer-sponsored green cards are close to impossible to obtain for those without very high wage offers and a work visa, and the main work visa—the H-1B—is capped at 25 percent of demand.<sup>66</sup> For those coming temporarily, the H-2B seasonal worker program for nonagricultural jobs is the only path for most U.S. seasonal low-skilled jobs, and it has an annual cap of 66,000. Although Congress temporarily doubled this cap year, that level was only about half the level required to meet the number of positions requested.<sup>67</sup>
4. **Diversity Lottery:** The diversity green card lottery is available to immigrants only if they are *not* from legal immigrants' main origin countries and have a high school degree or experience in a skilled job, and it offers entrants just a 0.2 percent chance of receiving a green card.<sup>68</sup>

Note that there is no option for entrepreneurs. This high-level review does not represent the complexity and restrictiveness of the system. The figure below details the legal requirements to immigrate to the United States in a flow chart. Many aspiring Americans are excluded with each section until nearly everyone loses their chance to immigrate. In 2023, about 34 million people entered a legal process to try to obtain a green card, and barely more than 1 million will receive legal permanent residence.

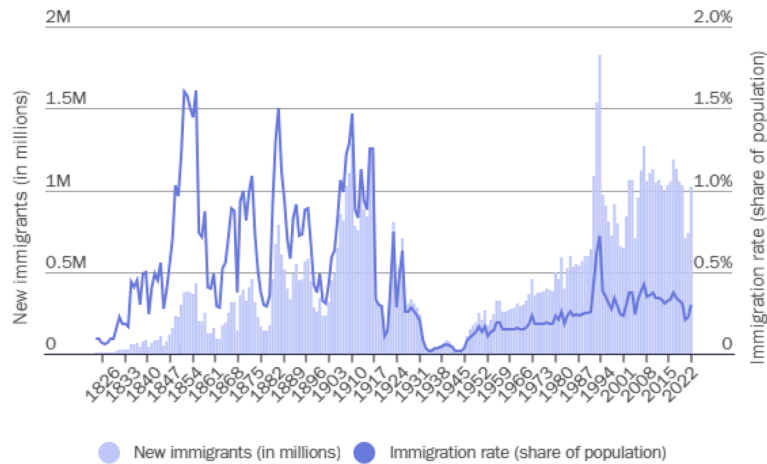
## United States legal requirements for permanent immigrants, applicants from abroad

Legal immigration to the U.S. for immigrants seeking permanent residence with no prior U.S. immigration history and no U.S. government association (starting the process in 2022)



This massive disparity between green cards issued and green cards requested is a consequence of decades of unnecessarily low green card caps, leading millions to have no viable way to enter the U.S. legally. From 1848 to 1914, the annual number of people receiving green cards hit one percent of the U.S. population 22 times. It has never happened since the Immigration Act of 1924, and only once has it even hit half that rate, when Congress waived the caps on behalf of 3 million illegal immigrants in the Immigration Reform and Control Act of 1986. One percent of the U.S. population today would be nearly 3.4 million people.<sup>69</sup> The number of green card recipients in 2022 was just 1 million.<sup>70</sup>

#### Immigrants becoming legal permanent residents, 1820–2022



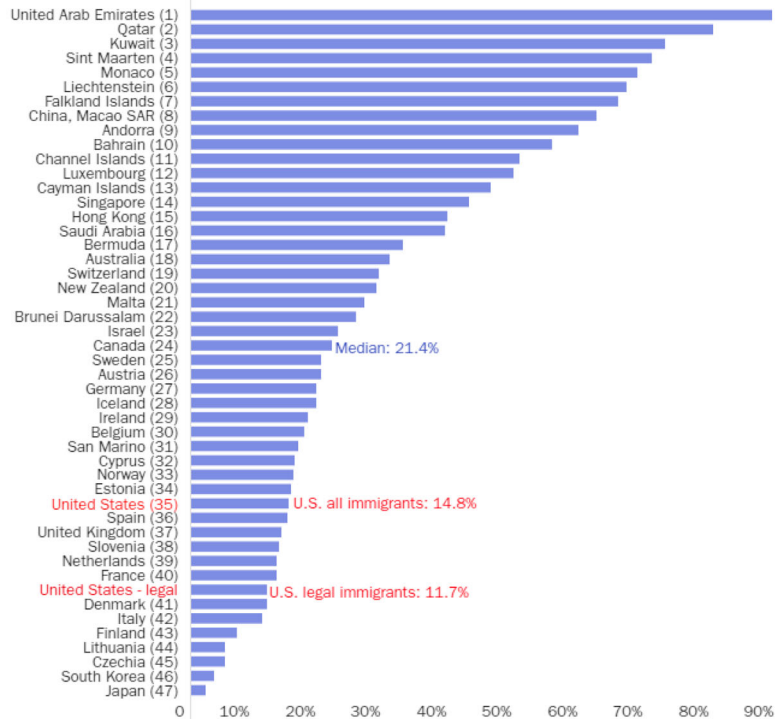
Source: Department of Homeland Security, "Yearbook of Immigration Statistics," 2022.

Immigration policy is also restrictive compared to our peer nations. The United States went from accounting for the majority of the increase in the world immigrant population in the 1990s to accounting for just 7.5 percent of it from 2015 to 2020.<sup>71</sup> This happened both because more immigrants went to other countries and because fewer immigrants went to the United States.

Less than 15 percent of the U.S. population was born outside the United States. This ranks 56<sup>th</sup> highest in the world.<sup>72</sup> It ranks in the bottom third of wealthy countries in the world, and the gaps are massive. To catch up to Canada (21.4 percent), nearly 30 million immigrants would have to arrive this year. To reach the immigrant share in Australia (30.3 percent), the number grows to 76.4 million. To hit Hong Kong's percentage (39.2 percent), it would have to exceed 140 million. These totals are unfathomable, but they illustrate how much flexibility the United States has when it comes to changing its immigration policy and remaining well within the norms for the wealthy world.

### U.S. foreign-born share ranks in the bottom third of wealthy countries

Foreign-born share of population in countries with at least GDP per capita of \$35,000, 2020



Sources: United Nations Population Division, "International migrant stock," 2019; United Nations, "World Population Prospects," 2019; United Nations Statistics Division, "Per capita GDP at current prices," 2019; World Bank, "GDP per capita," 2020; Central Intelligence Agency, "CIA World Factbook," 2021.  
 Note: The UN data include foreign-born people who received citizenship at birth through their parents to allow for cross-country comparisons with different citizenship rules. Also included are people born in the overseas territories of Denmark, the UK, France, the Netherlands, New Zealand and the U.S. (e.g., Puerto Rico). These people were excluded in this analysis because they are not considered "born abroad" for purposes of the home country. These overseas territories were also not treated as separate countries except in cases where immigrants from the parent country are not considered citizens of the overseas territory, such as in the Netherlands' and most UK territories.

The United States also ranks 57<sup>th</sup> globally for refugees and asylum seekers per capita.<sup>73</sup> Other countries are taking in staggering numbers of refugees and asylum seekers: 3.8 million in Turkey, 3.4 million in Iran, 2.3 million in Germany, and 1 million in Poland, which has a population about a tenth of the size of the United States. Seven percent of Jordan and 15 percent of Lebanon are now refugees or asylum seekers.

**Congress should empower the immigrants already here to address economic needs.**

America can and should permit more legal immigration, but it should also reform the system to allow the immigrants who are already here to reach their full economic potential. The fact that

immigrants work at higher rates than U.S.-born Americans is even more remarkable, considering that nearly a quarter of immigrants lack authorization to work legally in this country. The lack of work authorization is particularly problematic for people who have recently crossed the border and have no connections to find a job.

Employment rates for immigrants double between the first and second year that they are in the country, not just because of the time it takes to find a job but also the time to overcome various legal barriers to being able to look for one.<sup>74</sup> For some immigrants, the legal obstacle is that they are in the United States without authorization. For others, the obstacle is that their status does not authorize employment. These statuses include student visa holders and spouses and children under age 21 on some employer-sponsored temporary visas. There is no reason to favor forced unemployment for these people.

Some people with statuses that limit their work opportunities work illegally anyway. However, employment authorization significantly increases their wages and productivity by allowing them to work the best job for their skills.<sup>75</sup> Illegal employment status lowers the wages of identical workers by 13 to 24 percent.<sup>76</sup> Similarly, some immigrants have a temporary status that limits their ability to start businesses or move up in their careers because the status is tied to a particular employer's petition. This reduces their earnings and productivity by a similar amount.<sup>77</sup>

The negative effects on productivity are particularly problematic for immigrants who arrived as children because illegal status provides a major impediment to investments in skills or education. After Deferred Action for Childhood Arrivals (DACA) was implemented, for instance, immigrants affected by the quasi-legalization effort significantly increased their high school attendance and graduation, reducing the citizen-noncitizen graduation gap by nearly 40 percent.<sup>78</sup> Partly as a result, by 2020, DACA recipients had doubled their earnings after receiving DACA.<sup>79</sup> But because DACA is a temporary status, the effect is more limited than a permanent status.<sup>80</sup>

Assuring immigrants can work and contribute to the economy will also help retain this population, blunting further population losses. Retaining immigrants is as important as attracting them and, in cases where the country has invested in their skills, possibly even more important. For instance, children of temporary high-skilled foreign workers can grow up in a temporary dependent status but lose their status at age 21, even if they are already waiting for a green card. These immigrants graduate from U.S. high schools and usually are attending U.S. universities when they lose their dependent status. Rather than losing the investments the United States has made in these workers, Congress should seek to keep them here by creating a path to legal status for the children of workers in this position.

### Conclusion

The most important economic challenge facing the United States right now is the decline in population and labor force growth. Fewer workers mean less production, higher prices, and lower tax revenues. Immigrants stand ready to address this challenge. Congress should focus on increasing legal immigration and assuring that workers already in the country can fully and legally contribute to this country.

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## **Testimony of Laurens van Beek**

**Software Developer, Integrated DNA Technologies**

**Graduate of The University of Iowa, Class of 2019**

**Member of Improve The Dream**

**Before the Senate Budget Committee**

**“Unlocking America's Potential:**

**How Immigration Fuels Economic Growth and Our Competitive Advantage”**

**Wednesday, September 13, 2023**

Chairman Whitehouse, Ranking Member Grassley, Senator Padilla and members of the committee, thank you for the opportunity to share my story. My name is Laurens van Beek. I am a software developer with an Iowa based international company, a University of Iowa graduate and lifelong Iowan. I am also a member of Improve The Dream: one of over 250,000 young immigrants, who face constant barriers in our legal immigration system that forces young people who were brought here legally, who were raised and educated here, to leave the country after turning 21.

I am visiting today from Belgium, as I have already been forced out of my home of nearly two decades. Despite going to great lengths to follow every letter of U.S. immigration law, my ability to build a future in the only country I call home is obscured in red tape. And it has happened both as a child who grew up in this country lawfully and also as an adult trying to navigate the employment based immigration system.

I was born in the Netherlands, and when I was 7 years old, in 2005, I moved to the United States with my parents after rising crime in our area made them decide that the United States would give us a better chance at a safer life. When we moved, Iowa was our desired destination as we'd been visiting there almost annually for fishing trips since I was born and long before. We also

had deep roots in Iowa, with my family history in Iowa dating back to shortly after World War II, when my grandmother, at age 16, started a correspondence with students attending a small farm school in Iowa City, sending Christmas packages across Europe in the aftermath of World War II. This connection grew and when my father and his siblings were born they were named after people she wrote. Later when I was born I was also named after one of those people, who I always referred to as Grandpa Bud. We maintained correspondence with the family ever since, with both my father and my uncle making visits to Iowa to help work on their farm as teenagers. The connection that my grandmother forged with the local community was so apparent that she was invited back to Iowa City on September 9, 1997, when the mayor dedicated the day as “Leny van Beek Day” in her honor.

When we settled in Iowa, my dad got the opportunity to start his own small jewelry business in North Liberty. He poured love into each piece of jewelry he handcrafted and formed a bond with the local community. Having grown up watching my parents provide a service and become welcomed members of the Iowa City community made me know that that is where I wanted to stay.

Growing up on Grandpa Bud’s farm, I have fond memories of feeding horses, riding through the corn fields on a four wheeler, picking sweet corn, and attending the Johnson County Fair with my family.

I attended Mark Twain Elementary, where I was a crossing guard, having to make sure to take down and put up the American flag every afternoon and morning with the respect and care it deserves. I was a boy scout when I attended South East Junior High. Then later at Iowa City High School, I represented my school for several years at the annual Iowa Model United Nations conferences in Cedar Falls as well as assisting with the stage design and construction for the school musicals and plays.

When it came time to choose where I would want to go to college, I knew the answer long before I needed to: The University of Iowa. While at the University of Iowa I got my Bachelor’s degree in Computer Science and a minor in Art History. During this time, I also immersed myself in the

typical American campus life activities and student organizations, including being President of one of the largest organizations on campus specializing in video game development and animation.

It was during this time that my first direct hurdle in my immigration status became apparent. To be able to graduate, I would need to switch from my status as a dependent on my parents' E2 small business visa to my own F1 International student visa. This is because the visa status my parents have in the United States allows them to operate a small business, hire American employees, and continuously renew their status, but it does not have an attainable pathway to permanent residence or citizenship. So because they were unable to obtain a green card by the time I turned 21, I aged out and had to find my own way to stay. Causing all of the years I had spent growing up in this country to be rendered useless by our immigration laws and I was treated like a brand new immigrant, a brand new international student coming here for the first time.

When my parents decided to come to the country, they believed their temporary, but renewable status would certainly lead to permanent status by the time I turned 21. They could never have imagined that America's immigration laws would allow them to lawfully build permanent lives in their local communities while forcing their son to face challenges to continue staying in the country as an adult.

After my time at the University of Iowa, I began working full time for Integrated DNA Technologies in Coralville, Iowa under my F1 OPT status, which allows international students to gain work experience. I worked directly on the software which aided the company in the production of DNA assays with a WIDE range of uses including those used during the height of the COVID pandemic which helped save many lives as well as many other applications including medical research.

While on my OPT status, which was available to me for 3 years only due to my STEM degree, my employer attempted to secure a high skilled work visa (H-1B), which was the only attainable employment based visa program that existed for me to continue staying after the expiration of

my OPT. Unfortunately, the odds were not in my favor and I was unable to win the work visa lottery in 3 attempts.

Despite my accomplishments and my deep ties to my community in Iowa, I was one of the thousands of STEM professionals who were not selected by this random lottery. This meant that when my OPT expired in July 2022, I had to self deport or risk being in the United States with an expired status. This meant having to sell my car, condense a lot of my life down to just two suitcases, leave my friends, coworkers, community and family behind to leave the country that I love and go back to the Netherlands, a place I had not even visited in the 17 years since leaving. It was not my home. On July 6th, 2022, I saw the turmoil weigh on our family as it was split apart when my parents waved me, their only child, off at the airport.

I told my dad that I am going to make the best of the situation. However, deep down I knew that things could never be the same. It felt as if my life had turned upside down and started over.

Two months after I was forced to leave, my father was diagnosed with kidney cancer. I felt disheartened that I could not be with him in the time he needed me the most. Imagine being their only son and not being able to be there for your parents when they have dedicated their entire life for the betterment of your American Dream.

Due to other barriers in our immigration laws restricting travel, my mother was not able to attend her mother's funeral in the Netherlands in August 2022. Luckily I was able to attend my grandmother's funeral and hold the camera for my mother to still be there digitally. This is a fear that my father has had to deal with too, as his mother is now 93 years old. My parents have been U.S. residents for 18 years, have done everything lawfully, and still face neverending uncertainty with their visas and ability to stay. I was forced to self-deport, and I spent my paternal grandmother's birthday with her in December, but that was the first birthday that I'd gotten to spend physically with her since I was 7 years old. The U.S. immigration laws have separated my family in many ways, even though, again, we have done nothing wrong.

Throughout all of this, my employer is still actively working on avenues to be able to bring me back to the United States permanently. That is where I want to be, and that's where my employer wants me to be. But the fact that I am coming here today from Belgium demonstrates that our system has failed. It failed me, my family, my community, my employer, and the United States. It failed the United States because the taxpayer investment into my elementary through high school education went down the drain by allowing my taxes to go to another country. I still do the same work but earn a salary, pay taxes, and spend my money in Belgium now. And I can't see my family and my true home (Iowa) nearly enough. This is not what the Founders intended for America to be. I am an American who wants to stay in America and contribute to America, not any other country.

My story isn't unique to me, every year another 10,000 individuals like me, who grow up in this country with lawful status are forced to leave. We are America's children. On top of this, thousands of other talented individuals are forced to take their talents and potential to other countries, who are happily welcoming them to grow their economy.

Roughly 90 percent of us who are aging out of their dependent status are pursuing degrees in STEM.<sup>1</sup> Many of these people in my situation achieve remarkable things at an early age. For example, in 2016, 30 of the 40 finalists in the Intel Science Talent search--the leading science competition for high schoolers--were children of long term visa holders.<sup>2</sup>

But oftentimes these achievements aren't enough to spare us from self deportation, and staying in the country that raised us literally becomes a gamble as we try to find an employer to sponsor us for the high skilled work visa lottery. Last year, only 15 percent of lottery applicants were selected.<sup>3</sup>

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<sup>1</sup> Improve The Dream, "Improve The Dream survey," 2023, available at [ImproveTheDream.org](https://www.improvethe-dream.org/).

<sup>2</sup> National Foundation for American Policy, "The Contributions of The Children of Immigrants to Science in America," 2017, available at <https://nfpap.com/wp-content/uploads/2017/03/Children-of-Immigrants-in-Science.NFAP-Policy-Brief-March-2017.pdf>

<sup>3</sup> USCIS, "H-1B Electronic Registration Process," 2023, available at <https://www.uscis.gov/working-in-the-united-states/temporary-workers/h-1b-specialty-occupations-and-fashion-models/h-1b-electronic-registration-process#:~:text=For%20FY%202021%2C%20we%20received,volume%20from%20the%20initial%20selection>

My family has spent \$130,000 since 2005 on visa renewals and lawyers. My family has employed more than 30 Americans in their time in America. Regardless of what they do to stay lawfully and obtain permanence, constantly they have run into red tape.

Because our immigration system is so bureaucratic and complex, my parents didn't foresee this situation happening when they decided to move to America. And with more of us aging out, countless immigrants who work in health care, have started businesses, and work across professions that American communities rely on are considering leaving their careers in America behind to accompany their children back to their country of birth. According to a survey of over 1,000 engineers, medical specialists, and other professionals on work visas cited their aging out children as a reason why they're considering leaving the U.S.<sup>4</sup>

And as countries like Canada streamline their systems to attract new foreign talent, America can't even retain the thousands of kids it raised and educated. This is a blow to U.S. competitiveness, given that roughly 87% of us have specialized in critical STEM and healthcare fields including biomedical engineering and artificial intelligence.

Last year, in my home state of Iowa, a lung doctor who had lived here since 2006 left his job for a company in India because his daughter was at risk of self deporting. Because of this senseless gap in our system, he was forced to do what he thought was best for his daughter and leave his job and community behind, disrupting the lives of thousands of Iowans who depended on him for care. Two years ago, a nursing graduate was forced to self deport from Florida in the height of the pandemic, because she aged out and her hospital was unable to successfully navigate our immigration system. Her family left their communities and small business of two decades to move back to England with her. Thousands of other families will be forced to leave their communities behind if Congress fails to fix this loophole in our system. One of them could be Merry Joseph, a medical student from Utah who delivers care to rural patients in Utah. Her father happens to be an experienced semiconductor engineer, an industry where we face a shortage of over 24,000 skilled professionals. If Merry is forced to self deport, her father may leave with her. Another person at risk of self deporting is Aneesh Komanduri, who is currently earning his Ph.D.

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<sup>4</sup> Vijayakumar, P. B., & Cunningham, C. J. L. (2019). The impact of green card waiting time on the life of highly skilled Indian immigrants in the United States of America. *Industrial and Organizational Psychology Translational Research and Working Papers*. <https://scholar.utc.edu/iopsy/2>

researching artificial intelligence at the University of Arkansas and wants to use his skills to start his own small business in Arkansas.

Without congressional action that creates a clear, attainable pathway for people like me to obtain permanent residency, our country will continue to waste its investments, by forcing thousands of American raised and educated children to leave every year. There are bipartisan solutions such as the *America's Children Act*, led by Senator Padilla and Senator Rand Paul. This bill would permanently end the problem of aging out and ensure that children like me who are raised and educated with a documented status receive a clear opportunity to apply for permanent residency. This legislation would create the reality that most Americans assume already exists.

Moreover, addressing the root causes that lead to aging out, including the green card backlog and the flaws in our broken immigration system that allow for families to be lawful long-term residents of the country with no clear pathway to citizenship will make America more prosperous. Additionally, without action to address the shortcomings of work based visa programs, the United States will continue to lose out on talents that the American economy, businesses and communities depend on.

For the United States to continue as a global leader, we cannot afford to squander the talents of people like me, who have been shaped by American values and are ready to give back to the country that raised us. I am, and will always be, an American at heart—even if the paperwork tells a different story.



**The Net Fiscal Costs of  
Low-skilled and Illegal Immigration  
for the U.S. Taxpayer**

**Robert Rector  
Senior Research Fellow  
The Heritage Foundation**

**Testimony before  
The U.S. Senate Committee on the Budget  
September 13, 2023**

My name is Robert Rector. I am a Senior Research Fellow at The Heritage Foundation. The views I express in this testimony are my own and should not be construed as representing any official position of The Heritage Foundation.

### **Introduction**

The cost of government benefits and services received minus the total taxes paid by a household equals the *net fiscal balance* of the household. Households that pay more in overall taxes than they receive direct and means-tested benefits, education, and population-based services are *net tax contributors*. Households that receive benefits and services in excess of the taxes they pay are *net tax consumers*.

On average, individuals with lower levels of education are more likely to generate fiscal deficits, receiving more in government benefits than they pay in taxes. This is true for both U.S. born and foreign born persons. This is relevant for immigration policy because immigrants, on average, have lower education levels than U.S. born citizens. For example, 40% of adult illegal aliens lack a high school degree compared to 6% of U.S. born adults.

High skill immigrants with a college degree or more (including legal immigrants and illegal aliens) pay significantly more in taxes than they receive in benefits. In aggregate, these individuals will generate some \$13 trillion in fiscal surpluses over their lives. However, these fiscal surpluses are almost completely offset by the fiscal deficits of immigrants with lower education levels. Immigrants with some college or less (including legal immigrants and illegal aliens) will generate \$12.5 trillion in net fiscal costs over their lifetimes. Overall, immigration does not significantly contribute to the fiscal solvency of the United States because the positive fiscal contributions of higher skill immigrants are counter-balanced by the large fiscal costs of lower skill immigrants.

Illegal or unauthorized aliens are persons who reside in the nation unlawfully; they have entered and reside in the country without legal permission or have entered the country on a temporary visa and have remained here after its expiration. The current net fiscal cost of illegal aliens in the U.S. is between \$84 and \$94 billion per year. This means that illegal aliens receive \$84 to \$94 billion more in government benefits and services than they pay in total taxes.

The Biden administration has enormously increased the flow of illegal aliens into the U.S. In the past two years, an additional 4.5 million illegal aliens have entered the U.S. and taken up residence in the nation. This tidal wave of illegal immigration is primarily the result of Biden policies that deliberately encourage, expedite and enlarge huge illegal flows into the U.S. rather than deterring them.

Following new border policies imposed by the Biden administration, the net inflow of new illegal aliens entering the country has most likely increased the total illegal aliens population to an estimated 14 million. If current trends continue, there will be 19 million illegal aliens residing in the U.S. in 2028. The net fiscal cost of those illegal aliens will be at least \$127 billion per year.

The left continues to press for amnesty for illegal aliens. Using figures from the National Academies of Science, the net life-time fiscal cost of current illegal aliens following amnesty would be between \$3.8 and \$4.2 trillion (in 2022 dollars).

Immigration obviously increases the Gross Domestic Product but most of this increase goes as wages to the immigrant workers themselves. An increase in GDP due to immigration does not mean there is an increase in the per capita income of U.S. The real economic test of any immigration policy is whether it makes current lawful residents better off by raising their after-tax incomes. Both low skill immigration and illegal immigration in general harm current citizens and lawful residents by placing substantial added burdens on U.S. taxpayers.

### **The Net Fiscal Cost of Lower Skill Households**

Lower skill U.S. born citizens, legal immigrants and illegal aliens all impose large net fiscal costs on U.S. taxpayers.<sup>1</sup> Net fiscal costs occur when the cost of the total government benefits and services received by a group exceeds the total taxes paid by the group. This imbalance creates a net fiscal deficit which must be paid by others in society.

In calculating the net fiscal balance of legal immigrants, illegal aliens and U.S. born citizens, four types of government benefits and services are relevant. These are:

- Direct benefits such as Social Security, Medicare, unemployment insurance, and workmen's compensation.<sup>2</sup>
- Means-tested welfare benefits – Means-tested benefits are available only to poor and lower income persons. There are over 90 of these programs which, at a cost of over \$1.2 trillion per year, provide cash, food housing, medical and services to roughly 80 million low income Americans. Major programs include: Medicaid, Food Stamps, the refundable earned income tax credit, public housing, Supplemental Security Income and Temporary Assistance to Needy Families.
- Public education – At an average annual cost over \$15,000 per pupil, these services are largely free or heavily subsidized for low income parents.<sup>3</sup>
- Population-based services – police, fire, highways, parks and similar services. As the National Academy of Sciences has explained in its studies on the fiscal cost of immigrants,

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<sup>1</sup> The net cost estimates in this paper represent preliminary figures.

<sup>2</sup> Illegal aliens do not currently receive Social Security or Medicare benefits but would receive them following amnesty.

<sup>3</sup> The average pupil cost equals total public expenditure for elementary and secondary schools divided by national enrollment. See Tables 1 and 13 Census, Annual Survey of School Finances, 2019 Public Elementary-Secondary Education Finance Data, <https://www.census.gov/data/tables/2019/econ/school-finances/secondary-education-finance.html>

these services generally have to expand as new immigrants enter a community; someone has to bear the cost of that expansion.<sup>4</sup>

Public goods such as national defense and scientific research are not included in the calculation.

While households receive large scale benefits and services from government, they also pay taxes to government. The most important taxes at the federal government level are the personal income tax, Federal Insurance Contribution Act (FICA) taxes for Social Security and Medicare, corporate profit taxes, and federal excise taxes. At the state and local level, the most important taxes are property taxes, income taxes, and general and selective sales taxes. For the calculation to be accurate all taxes paid by a household, both direct and indirect, should be included.

### The Vast Redistributive State

The debate about the fiscal consequences of illegal and low skill immigration is hampered by a number of misconceptions. Few lawmakers really understand the current size of government and the scope of redistribution. Government is far larger and more expensive than most imagine. In 2019, before the COVID pandemic, federal, state and local governments spent \$5.76 trillion on direct benefits, means-tested aid, education, and population-based services. Across the whole population (including U.S. born citizens, legal immigrants and illegal aliens), the average household received \$44,800 in government benefits and services.<sup>5</sup> Households headed by persons without a high school degree got considerably more, perhaps as much as \$65,000 per household.<sup>6</sup>

The cost of government benefits and services received minus the total taxes paid by a household equals the *net fiscal balance* of the household. Households that pay more in overall taxes than they receive in direct and means-tested benefits, education and population-based services are *net tax contributors*. Households that receive benefits and services in excess of the taxes they pay are *net tax consumers*.

The governmental system is highly redistributive. Households with higher earnings tend to be *net tax contributors*. On average, well educated workers earn more income. For example, immigrants

<sup>4</sup> See the discussion of “congestible goods” in The National Academy of Sciences, *The New Americans: Economic, Demographic, and Fiscal Effects of Immigration*, National Academy Press, United States of America, 1997, p. 303. See also National Academies of Sciences, Engineering and Medicine, *The Economic and Fiscal Consequences of Immigration*, National Academies Press, Washington D.C., 2017, pp.344-345. <https://nap.nationalacademies.org/catalog/23550/the-economic-and-fiscal-consequences-of-immigration>

<sup>5</sup> The estimate represents total federal state and local expenditures for 2019 before the COVID pandemic. The estimate excludes spending on public goods, interest payments on government debt, and federal grants in aid to state governments. The average benefit per household figure equals the \$5.76 trillion spending figure divided by the number of households reported by the Census Bureau.

<sup>6</sup> These figures include legal immigrant households including both naturalized citizens), household of U.S. born citizens and illegal alien households and households of U.S. born citizens.

with a college education (who are overwhelmingly legal immigrants) pay enough in taxes to fund the government benefits and services their families receive while generating a fiscal surplus that can be used for other government purposes. By contrast, less educated households, on average, are *net tax consumers*; the benefits they receive exceed the taxes they pay; these households generate a “fiscal deficit” that must be financed by taxes from other households or by government borrowing. This is largely true irrespective of whether the household is headed by a citizen born in the U.S., a legal immigrant, or an illegal alien.

### Education Levels of Foreign Born Immigrants and Native-born Citizens

Immigrants tend to impose higher fiscal costs on society because, on average, they have lower education levels than U.S. born citizens. Table 1 shows the education levels of adults in three groups. The first is U.S. born citizens. The second group covers all foreign born adults including: former immigrants who have been naturalized, legal immigrants and illegal aliens. The third group is a sub-group of the second group: it includes only illegal aliens.

The three groups differ considerably in the share of adults with very low levels of education. Among native born adults, only 6% lack a high school degree. Among all foreign born, the number is 22.4% and among illegal alien adults it rises to 40%. Individuals with this low level of education tend to generate high fiscal deficits, receiving more government benefits and paying less in taxes.

Table 1

#### Adult Educational Attainment for U.S. born, All Foreign born, and Illegal Aliens

	U.S. born	All Foreign born	Illegal Aliens
Year	2021	2021	2019
Educational Attainment			
Less than high school	6.0%	22.4%	40.0%
High school diploma or equivalent	28.3%	25.9%	27.0%
Some college	27.5%	15.4%	14.5%
BA degree	24.1%	20.9%	18.5%*
More than BA	14.1%	15.4%	

Note: Native and all foreign born figures are for persons 25 and older. Illegal alien figures are for persons over 18. \* includes those with education above BA.

Sources: U.S. Census Bureau, Educational Attainment in the United States: 2021, table 2.

Center for Migration Studies, Estimates of Undocumented and Eligible-to-Naturalize Populations by States

The figures in table 1 measure education levels before the explosive growth of illegal immigration over the last two and a half years (as discussed below).<sup>7</sup> The dramatic surge in border crossing will almost certainly increase the share of less educated illegal aliens in the U.S., thereby increasing net fiscal costs.

Table 2

**Net Fiscal Impact of Foreign Born Adults by Educational Level: 2021**

	<b>Adult Foreign Born Persons</b>	<b>Percent of Adult Foreign Born Population</b>	<b>Net Life Time Fiscal Deficit or Surplus per Foreign Born Adult</b>	<b>Total Combined Net Life Time Fiscal Deficit or Surplus for All Foreign Born Adults</b>
	Age 25 and Over (in thousands)	Age 25 and Over	in 2022 dollars	In Billions of 2022 Dollars
<b>Education Level</b>				
Less than high school	8,878	22.4%	-\$843,827	-\$7,491
High school diploma or equivalent	10,257	25.9%	-\$459,298	-\$4,711
Some college	6,104	15.4%	-\$74,769	-\$456
BA degree	8,299	20.9%	\$523,386	\$4,344
More than BA Degree	6,119	15.4%	\$1,441,983	\$8,823
Total	39,657	100.0%		
			Net Fiscal Impact	\$508

Sources: Census Bureau, Educational Attainment 2021, Table 2.

Fiscal cost data: Heritage Foundation calculations based on data from National Academy of Sciences data in *The Economic and Fiscal Consequences of Immigration*, 2017.

<sup>7</sup> The figures on the table for native born and foreign born appear to have been collected in March of 2021.

## National Academy of Sciences Confirms the High Cost of Low Skill Immigration

Some claim that lower skill immigrants do not produce fiscal burdens on U.S. taxpayers because they do not receive means-tested welfare. This is wrong in multiple respects. In reality, legal migrant households receive significantly more welfare, on average, than U.S. born households.<sup>8</sup> In addition, the fiscal burden generated by lower skill legal immigrants is not principally due to means-tested welfare. Although the welfare benefits received are large, the combined benefits received from Social Security, Medicare, public education and population-based services are significantly larger. Even if the entire means-tested welfare state were abolished, lower skill immigrants would remain a substantial fiscal burden, receiving much more in government benefits and services than they pay in taxes.

An extensive study by the National Academies of Science (NAS), *The Economic and Fiscal Consequences of Immigration*, provides a fiscal analysis of the fiscal costs of immigrants along the lines described above. The analysis covers legal immigrants and illegal aliens and does not differentiate between the two. The NAS study confirms that immigrants (both legal and illegal) with low levels of education impose large fiscal burdens on U.S. taxpayers.<sup>9</sup> According to NAS analysis<sup>10</sup>, over the course of a lifetime, an immigrant without a high school degree will receive some \$844,000 more in government benefits and services than he will pay in total taxes.<sup>11</sup> An immigrant with only a high school degree will receive \$459,000 more in benefits and services than he pays in taxes.<sup>12</sup>

It is sometimes argued that the fiscal costs of first-generation lower skill immigrants are irrelevant because their children, experiencing upward social mobility, will become strong net tax contributors generating strong fiscal surpluses that counteract the initial deficits of their parents.

<sup>8</sup> Steven A. Camarota and Karen Zeigler, “63% of Non-Citizen Households Access Welfare Programs Compared to 35% of native households,” Center for Immigration Studies, December 2018. <https://cis.org/sites/default/files/2018-11/numbers-welfare-18.pdf>

<sup>9</sup> National Academies of Sciences, Engineering and Medicine, *The Economic and Fiscal Consequences of Immigration*, National Academies Press, Washington D.C., 2017.

<https://nap.nationalacademies.org/catalog/23550/the-economic-and-fiscal-consequences-of-immigration>

<sup>10</sup> National Academies of Sciences, 2017, op. cit. The lifetime fiscal impacts of immigrants are shown on Table 8-12 Part 2 on pages 432-434. The figures in the table cover all immigrants both legal and illegal by education level. The NAS figures are presented as net present values in 2012 dollars. For purposes of this paper the net present value figures have been un-discounted and then adjusted for inflation into 2022 dollars. For a discussion of the net present value of immigration costs see Robert Rector and Jamie Hall, “National Academy of Sciences Report Indicates Amnesty for Unlawful Immigrants Would Cost Trillions of Dollars,” *Heritage Foundation Backgrounder*, No. 3175 | December 22, 2016. <http://thf-reports.s3.amazonaws.com/2016/BG3175.pdf>

<sup>11</sup> See National Academies of Sciences, Table 8-12 Part B on page 433. The NAS figures include both legal and illegal aliens. Net costs for illegal aliens alone would probably be about 15 percent lower. The figures given in the text of the present paper cover the NAS total impacts for immigrants aged 25 to 65 excluding public goods costs for immigrants without a high school degree and their immediate dependents in 2022 dollars.

<sup>12</sup> The total net fiscal cost of all illegal aliens over a life time would be around \$339,000 in constant 2022 dollars.

To the contrary, although the children of lesser skilled immigrants will attain more education than their parents, on average, even with this attainment, they will produce net fiscal deficits.<sup>13</sup> The NAS figures used in this text, include both first- and second-generation costs; for lower skill immigrants both generations have a negative fiscal impact.<sup>14</sup>

Table 2 shows the results of the NAS study. The table shows that higher skill immigrants (with a college degree or higher) pay significantly more in taxes than they receive in benefits over the course of a lifetime. In aggregate, these individuals will generate some \$13 trillion in fiscal surpluses over their lives. In theory, these surpluses could be used for important social purposes such as reducing the national debt or funding defense. In reality, this will not happen because nearly all the fiscal surpluses generated by well-educated immigrants are offset by the nearly equivalent fiscal deficits generated by less educated immigrants. Immigration does not contribute to the fiscal solvency of the United States because the positive contributions of high skill immigrants are neutralized by the fiscal costs of low skill immigrants.

Moreover, the figures in table 2 do not include the mass surge in illegal immigration that occurred in the last two and a half years. That surge will increase the negative fiscal costs of immigration well above the figures in the table.

### **The Fiscal Cost of Illegal Aliens**

As with the case of low-skill immigrants in general, some claim that illegal aliens do not produce fiscal burdens on U.S. taxpayers because they do not receive means-tested welfare. This is wrong in multiple respects. It is true that illegal aliens (in contrast to legal immigrants) do not, at present, have access to most means-tested welfare programs.<sup>15</sup> They are also currently ineligible for Social Security and Medicare benefits. However, this does not mean that they do not receive government benefits and services.

Many illegal aliens have U.S.-born children; these children are eligible for the full range of government welfare and medical benefits. The children of illegal aliens are also fully eligible for free public education; the average cost of which is now roughly \$15,000 per year. And, of course, when illegal aliens live in a community, they use roads, parks, sewers, police, and fire protection; these services must expand to cover the added population or there will be “congestion” effects that lead to a decline in the service quality.<sup>16</sup>

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<sup>13</sup> Rector and Richwine, page 31.

<sup>14</sup> National Academies of Sciences, table 8-12 on page 432.

<sup>15</sup> However, the Biden administration and the left seek to create massive new welfare programs with full eligibility for illegal aliens. For example the Biden administration sought to create as massive new cash grant child allowance program costing around \$200 billion per year as part of its “Build Back Better Bill”. Millions of illegal aliens parents with U.S. born children would have been eligible for that credit.

<sup>16</sup> National Academies of Science, 1997, op. cit. p. 303.



While illegal aliens do receive less government benefits and services than comparable U.S. citizens there is a second powerful factor that drives up the net fiscal costs of illegal aliens relative to the rest of the U.S. population: as noted, illegal aliens as a group have very low levels of education.

As table 1 showed, illegal aliens have low education levels relative to legal immigrants and native born individuals. Some 40% of adult illegal aliens lack a high school degree compared to 6% of native born adults. Roughly 30% of illegal alien adults have 8 years or less education. On average, illegal aliens receive at least two dollars in government benefits for each one dollar they pay in both direct and indirect taxes.<sup>17</sup> The average illegal alien household has an annual fiscal deficit of around \$16,200.

### The Explosive Growth of Illegal Immigration under Biden Administration

To determine the overall, net fiscal cost of illegal aliens it is important, first of all, to estimate the total number residing in the nation.<sup>18</sup> This task has been made difficult by the rapid and enormous inflow of illegal aliens prompted by the new immigration and border policies of the Biden administration. In the slightly more than two years since Joe Biden assumed the presidency, some 4.5 million new illegal aliens have entered the nation and taken up residence. The breakout of this illegal alien inflow between January 2021 and March 2023 is as follows:

**Released illegal entrants: 1.875 million.** These are illegal aliens who have entered the country unlawfully, been apprehended by the Custom and Border Patrol and Office of Field Operations, but then deliberately released into the nation by the Biden administration.<sup>19</sup>

**“Getaways”: 1.276 million.** These are unlawful aliens that the border patrol observed crossing the border but were unable to apprehend.<sup>20</sup>

<sup>17</sup>Robert Rector and Jason Richwine, “The Fiscal Cost of Unlawful Immigrants and Amnesty to the U.S. Taxpayer”, *Special Report* No. 133, May 6, 2013. P. 13. [http://thf\\_media.s3.amazonaws.com/2013/pdf/sr133.pdf](http://thf_media.s3.amazonaws.com/2013/pdf/sr133.pdf)

<sup>18</sup>This report uses the terms illegal aliens, unauthorized immigrants, illegal migrant, unauthorized migrant, illegal alien and unauthorized immigrant as synonyms.

<sup>19</sup> Source illegal aliens released after apprehension: Andrew R. Arthur, “Biden Has Released Nearly 1.05 million SW Border Migrants into the U.S.: More people than Delaware, and 2,115 per day — not counting “got-aways” and unaccompanied kids,” Center for Immigration Studies, June 17, 2022, <https://cis.org/Arthur/Disclosures-Biden-Has-Released-Nearly-105-million-SW-Border-Migrants-US>. Using the data provided in that report, the current paper estimates that there were 1.049 million releases on the southwest border from Jan 2021 to May 30 2022. It assumes that releases subsequently continued at a rate of 2,115 per day. Releases on the northern land border are assumed to be 50% of encounters in that area.

<sup>20</sup> Andrew Arthur states, “Even those dismal apprehension numbers don’t tell the whole story, because they don’t include the almost 1.4 million illegal migrants who were detected entering illegally but who successfully evaded agents at the Southwest border under Biden, known colloquially as “got-aways”: at least 385,000 in FY 2023, according to Border Patrol Chief Raul Ortiz; 599,000 in FY 2022; and 389,155 in FY 2021.” Andrew R. Arthur, “Mayorkas Redefines — but Still Fails to Comply With — the ‘Operational Control’ Mandate,” Center for Immigration Studies, March 31, 2023. <https://cis.org/Arthur/Mayorkas-Redefines-Still-Fails-Comply-Operational-Control-Mandate>

**Undetected Entries without Inspection: 191,000.** The Border Patrol estimates the number of undetected “entries without inspection” (EWI) on the border; these are individuals who are likely to have unlawfully crossed the border without being observed by the Border Patrol.<sup>21</sup>

**Unaccompanied Minors: 320,000.** These are individuals who claim to be minors and have entered the nation without legal authorization and without an accompanying adult.

**CHNV Parole Program: 90,000.** In January 2023 the Biden administration created a new “parole” program in which a combined 30,000 individuals per month from Cuba, Haiti, Nicaragua and Venezuela per month will be flown directly into the U.S. bypassing border control and normal immigration procedures.<sup>22</sup>

**Longer-term Visa Overstays: 743,000.** This category represents the inflow of temporary visa holders who have remained in the U.S. beyond their legal departure deadline for 12 months or longer.<sup>23</sup>

**Total Illegal Alien Inflows: 4.49 million.** Summing the above figures shows that 4.49 million illegal aliens entered the nation from January 2021 through March 2023. Including the inflows from March through September 2023 would considerably raise these figures.

### Current Number of Illegal Aliens: Two Estimates

The number of illegal aliens in the United States is periodically estimated by the Office of Immigration Statistics in the Department of Homeland Security.<sup>24</sup> These estimates use a

<sup>21</sup> Border Patrol Chief testified that counting undetected border crossing would increase the “getaway” number by 10 to 20 percent. “Border Patrol Chief Raul Ortiz Testifies Before Homeland Security Committee In Texas” | U.S.A. Live CNN News 18, <https://www.youtube.com/watch?v=APleKTTMxRY>. The number in the text is 15% of the getaway number.

<sup>22</sup> White House FACT SHEET: Biden-Harris Administration Announces New Border Enforcement Actions January 5, 2023 <https://www.whitehouse.gov/briefing-room/statements-releases/2023/01/05/fact-sheet-biden-harris-administration-announces-new-border-enforcement-actions/>

<sup>23</sup> Estimated from Department of Homeland Security, Fiscal Year 2020 Entry/Exit Overstay Report March 30, 2020, [https://www.dhs.gov/sites/default/files/publications/20\\_0513\\_fy19-entry-and-exit-overstay-report.pdf](https://www.dhs.gov/sites/default/files/publications/20_0513_fy19-entry-and-exit-overstay-report.pdf). Table 7 in the report shows that in 2019, there were 324,593 persons who entered the country on temporary visas and remained at least 12 months beyond their departure date. The estimates in text assume that some 330,000 similar individuals entered in both 2021 and 2022 and a proportionate number entered in 2023.

<sup>24</sup> Bryan Baker, “Estimates of the Unauthorized Immigrant Population Residing in the United States: January 2015–January 2018, *Population Estimates*, January 2021, Department of Homeland Security, Office of Immigration Statistics, January 2021, [https://www.dhs.gov/sites/default/files/publications/immigration-statistics/Pop\\_Estimate/UnauthImmigrant/unauthorized\\_immigrant\\_population\\_estimates\\_2015\\_-\\_2018.pdf](https://www.dhs.gov/sites/default/files/publications/immigration-statistics/Pop_Estimate/UnauthImmigrant/unauthorized_immigrant_population_estimates_2015_-_2018.pdf) (Accessed April 6, 2022)

sophisticated analytic technique called the residual method.<sup>25</sup> This procedure has three steps. First, the number of foreign born persons appearing annual Census surveys is determined. Second, the correct number of legal immigrants and naturalized citizens who should reside in the U.S. is estimated. Third, once this estimate the legal foreign born population is made, any additional foreign-born persons appearing in annual Census surveys are deemed to represent the illegal migrant population. (Note: this system assumes that nearly all illegal aliens will respond to annual Census surveys and will be included in Census data.)<sup>26</sup>

A number of non-governmental groups such as the Center for Immigration Studies, the Center for Migration Studies and the Pew Research Center use variants of this method.<sup>27</sup> The most recent and thorough count of illegal aliens has been completed by Steven Camarota, Director of Research at the Center for Immigration Studies.

**Estimate #1: Low Estimate of Illegal alien Population** Using data from the monthly Census Current Population Survey, Camarota finds there were 10.22 million illegal migrants in the U.S. on January 2021 when President Biden took office.<sup>28</sup> By February of 2023, the number had risen to 12.5 million.<sup>29</sup> Thus, in the first two years of the Biden administration, the number of illegal migrants in the U.S. increased by 2.3 million.

Census data thus reflect a rapid and dramatic increase in illegal immigration. But these numbers fall far short of the inflow figures presented above. In part, that is because the figures presented above are simple migrant inflows while Camarota's Census figures measure the *net increase in the illegal migrant population*. The net increase in this population equals the illegal migrant inflow minus attrition in the prior illegal population base. Attrition occurs when individuals in the original stock of illegal migrants: die; voluntarily emigrate; are deported; or are converted to legal immigrants. The net increase in the illegal population will always be lower than the simple illegal migrant inflows.

<sup>25</sup> Robert Warren, Democratizing Data about Unauthorized Residents in the United States: Estimates and Public-Use Data, 2010 to 2013. *Journal of Migration and Human Security*, Volume 2 Number 4, 2014, pp.305-328. <https://journals.sagepub.com/doi/pdf/10.1177/233150241400200403> (accessed April 6, 2023).

<sup>26</sup> It is further important to understand note that this system uses numbers from the annual Census population numbers from the American Community Survey or Current Population Survey. These surveys do not provide actual counts of persons in the U.S. They are stratified, weighted surveys using a priori targets for total population and population sub-groups by age, race and location. To a considerable degree, these surveys "assume their conclusions". These surveys will not respond quickly or accurately to an unanticipated large scale influx of illegal aliens.

<sup>27</sup> The Heritage Foundation employed this method in Robert Rector and Jason Richwine, "The Fiscal Cost of Unlawful Immigrants and Amnesty to the U.S. Taxpayer", Special Report No. 133, May 6, 2013. [http://thf\\_media.s3.amazonaws.com/2013/pdf/sr133.pdf](http://thf_media.s3.amazonaws.com/2013/pdf/sr133.pdf)

<sup>28</sup> See Steven A. Camarota and Karen Zeigler, "Estimating the Illegal alien Population Using the Current Population Survey" Center for Immigration Studies, March 29, 2022, p. 2. . <https://cis.org/Report/Estimating-Illegal-Immigrant-Population-Using-Current-Population-Survey>

<sup>29</sup> Camarota and Zeigler op. cit. estimated that the number of illegal migrants in January 2022 was 11.35 million. In private communication with the author, Camarota reports that his estimate for February 2023 was 12.5 million.

Even with this caveat, Camarota's Census-based estimate of two million added illegal migrants in the last two years appears to fall well below the figures in table 1 which are based on DHS administrative data. This shortfall is a recurring problem. The DHS Office of Immigration Statistics acknowledges this flaw in its estimation procedures: "...it can be difficult to reconcile components of the unauthorized population estimate with information gathered from DHS administrative data on enforcement [such as those presented in the present testimony]."<sup>30</sup> At times, administrative data indicate report illegal inflows that are many times greater than Census-based estimates.<sup>31</sup> This fundamental disconnect between statistical models and reality seems readily apparent during the current mass surge of illegal migrants.

**Estimate #2: High Estimate of the Illegal Alien Population.** A second estimate of the current number of illegal aliens residing in the U.S. can be generated by adding the inflow of 4.49 million in shown above to the January 2021 base of 10.22 million illegal aliens. This would indicate a population of 14.7 million illegal aliens. This figure, however, would be invalid because it assumes no attrition in the base illegal population. Although precise numbers are not available, it is likely that attrition reduced the base population by perhaps 700,000 over two years.<sup>32</sup> This would leave a residual of around 14 million illegal aliens at present.

Overall, we have two estimates of the current illegal alien population: a lower estimate of 12.5 million and a higher estimate of 14 million. Both estimates show a dramatic increase in illegal immigration since Biden took office.

### Current Net Cost of Illegal Aliens

Using the lower population estimate of 12.5 million illegal aliens, provided above, the current net fiscal cost of those immigrants is around \$84 billion per year. This means they receive \$84 billion more in government benefits and services than they pay in total taxes.<sup>33</sup> The figure \$84 billion is so large it is difficult to grasp. In simple terms, to pay for \$84 billion in expenditures, government would need to raise the tax on gasoline by 62 cents per gallon.<sup>34</sup> Of course, government would never fund illegal immigration in this transparent way. In reality, these costs

<sup>30</sup> Baker, op. cit. p. 11.

<sup>31</sup> Ibid.

<sup>32</sup> DHS estimates that between 2015 and 2018, there was annual attrition of some 310,000 on a base population of roughly 11.4 million. 10 and

<sup>33</sup> Unless otherwise noted, the estimates in this paper are based on the estimates in Rector and Richwine, op. cit. The figures in that monograph have adjusted for inflation into 2022 dollars. The education level of illegal aliens has been raised in accordance with more recent figures calculated by the Center for Migration Studies op. cit. Finally the estimated total population of illegal migrants has been adjusted to match the low and high estimates given in this paper.

<sup>34</sup> In 2021, about 134.83 billion gallons of gasoline were consumed in the U.S. U.S. Energy Information Administration, "FREQUENTLY ASKED QUESTIONS (FAQS) How much gasoline does the United States consume?" <https://www.eia.gov/tools/faqs/faq.php?id=23&t=10#:~:text=How%20much%20gasoline%20does%20the,8.80%20million%20barrels%20per%20day>. (Accessed March 20, 2023.)

are spread across a wide range of taxes or are funded by deficit spending that must be paid by future generations. Using the higher population estimate of 14 million unauthorized migrants, the current net fiscal cost would be \$94 billion per year.

Moreover, as noted, the illegal alien population has been growing rapidly following the changed border and asylum policies imposed by the Biden administration. If current trends continue, the illegal migrant population will grow explosively at 1 to 2 million incoming illegals each year. Assuming a current base of 14 million illegal immigration and an addition of 1.5 million new illegals each year, within five years there will be 19 million illegal aliens residing in the U.S.<sup>35</sup> They will impose a net cost on tax-payers at least \$127 billion per year (in 2022 dollars).

### **The Cost of Amnesty**

The Biden administration and the left in Congress also continually press for amnesty for illegal aliens. Amnesty would entitle current illegal aliens to full benefits from all means-tested welfare programs, Social Security and Medicare. The NAS analysis provides estimates of the long-term net fiscal costs of immigrants by their education level. Analysis based on these NAS figures permits a rough estimate of the net fiscal costs of illegal aliens following amnesty. Analysis using the the NAS figures indicates that granting amnesty to 12.5 million current illegal aliens would impose estimated total lifetime net costs on the U.S. taxpayers of at least \$3.8 trillion dollars (in constant 2022 dollars).<sup>36</sup> Granting amnesty to 14 million illegal aliens would cost around \$4.2 trillion (in constant 2022 dollars).

These costs substantially understate real long-term costs of amnesty to the taxpayer because they cover only the costs of illegal aliens who are already present in the U.S. and do not cover the millions of future illegal aliens who will flow into the nation if current government policies are continued.

### **New York City Mayor Confronts Open Borders**

The impact of the mass influx of new illegal immigration has led New York City Mayor Eric Adams to proclaim that open borders and the unending flow of “asylum seekers” is destroying New York city. The Mayor urged the federal government to declare “a state of emergency to manage the crisis at the border.”<sup>37</sup>

Adams warns that the overwhelming influx of illegal aliens will force the New York to house and feed “average nearly 33,860 households nightly this fiscal year” with annual costs of more than

<sup>35</sup> This estimate assumes an annual attrition rate of 3% on the illegal population.

<sup>36</sup> For purposes of this estimate, the education levels of current illegal aliens were taken from the Center for Migration Studies, op. cit.

<sup>37</sup> New York City, Office of the Mayor, op. cit.

\$4.7 billion. The Mayor predicts the annual costs will rise to \$6.1 billion per year by FY2025.<sup>38</sup> The Mayor warned New York residents: "This is going to come to a neighborhood near you. ....Never in my life have I had a problem that I did not see an ending to. I don't see an ending to this.....This issue will destroy New York City.....The city we knew we're about to lose."<sup>39</sup>

### Further Economic Effects of Immigration

Advocates of increased immigration often assert that all immigrants enlarge the economy or gross domestic product. They imply, from this, that all immigrants therefore boost the standard of living of U.S. citizens. While it is true that immigrants inherently increase the size of GDP, this does not mean that, in consequence, they raise the standard of living of current citizens. Immigrants have a different effect on GDP as an aggregate and on GDP per capita (which measures the standard of living of the U.S. populace).<sup>40</sup>

For example, assume there is a factory with ten workers, each making \$40,000 per year. The total output of the factory is ten times \$40,000 or \$400,000. Another worker is added; he also is paid \$40,000. Because of the extra worker, the output of the factory expands to \$440,000. The extra worker has increased the total factory output by ten percent but the wages (or standard of living) of the initial workers remains unchanged. In this example the extra worker is equivalent to an immigrant, the factory output is equivalent to GDP and the wages of the initial workers are equivalent to the per capita GDP of current citizens. The fact that the total output of the factory has increased does not mean that the standard of living of the initial workers has improved.

As in the factory example, immigration increases the GDP, but it does not, generally, raise the per capita GDP or standard of living of current citizens. There is widespread agreement on this point in the field of economics. The National Academy of Sciences in another formal study of immigration, *The New Americans*, proclaimed:

Immigration will affect only the size of the economy: more GDP will be produced.  
The United States will be a bigger economy, but the average income of all its

<sup>38</sup> New York City, Office of the Mayor, *Updated Forecast Shows Crisis Could Cost City Total of More Than \$12 Billion Through July 2025, Absent State and Federal Support* <https://www.nyc.gov/office-of-the-mayor/news/583-23/as-city-nears-arrival-100-000-asylum-seekers-since-last-spring-mayor-adams-lays-out-updated#0>

<sup>39</sup> [Mayor Eric Adams: Migrant Crisis "Will Destroy NYC," "We're Getting No Support On This National Crisis" | Video | RealClearPolitics](#)

<sup>40</sup> Derek Morgan, "How Heritage Is Studying the Costs of Immigration," *Daily Signal*, April 23, 2013, , [https://www.dailysignal.com/2013/04/23/how-heritage-is-studying-the-costs-of-immigration/?\\_ga=2.130219014.829928582.1545062330-1584603107.1544041763](https://www.dailysignal.com/2013/04/23/how-heritage-is-studying-the-costs-of-immigration/?_ga=2.130219014.829928582.1545062330-1584603107.1544041763);

inhabitants will remain unchanged....[Increasing immigration]will not change the well-being of natives as measured by their per capita income...<sup>41</sup>

Harvard economist George Borjas, the nation's leading immigration economist, amplifies on this point. According to Borjas, immigrant workers (legal and illegal) "in the labor market makes the U.S. economy (GDP) an estimated 11 percent larger (\$1.6 trillion) each year." But of "the \$1.6 trillion increase in GDP, 97.8 percent goes to the immigrants themselves in the form of wages and benefits".<sup>42</sup> In other words, while immigrants make the U.S. economic pie bigger, they consume nearly all of the increase through their own wages.

### The "Immigration Surplus"

In general, the NAS report, *The Economic and Fiscal Consequences of Immigration*, shows that, other than a small number of scientifically educated immigrants, immigration produces little or no overall economic gain for U.S. born citizens but may cause a substantial shift in income from workers to business and capital owners.<sup>43</sup>

According to the report, an "immigration surplus" potentially exists because, as immigrants enter the labor force, wages decline and returns to capital (such as interest and profits) increase by a slightly larger amount.<sup>44</sup><sup>45</sup> As the report puts it, "the more wages decline, the larger the surplus."<sup>46</sup> At its maximum value, the theory implies that the current stock of immigrant labor, at 16.5 percent of the total labor force, has "lowered wages by 5.2 percent," or roughly \$500 billion, for U.S. born workers, while raising the incomes of owners of business and capital by as much as \$554.2 billion.<sup>47</sup> The difference between the reduced wages and increased profits is "an immigration surplus of \$54.2 billion, representing a 0.31 percent overall increase in income that accrues to the native population."<sup>48</sup> Thus the model shows that the main impact of immigration is to redistribute income. In other words, since businesses can pay workers less, they make more of a profit.

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<sup>41</sup> National Research Council, *The New Americans: Economic, Demographic and Fiscal Effects of Immigration*, National Academy Press, Washington D.C. 1997, pp. 156-157.

<sup>42</sup> George Borjas, "Immigration and the American Worker: A Review of the Literature," *Center for Immigration Studies*, April 2013, p. 1.

<sup>43</sup> Robert Rector, and Jamie Bryant Hall, "Does Current Immigration Economically Benefit Ordinary US Citizens?" *Daily Signal*, November 30, 2016, <https://www.dailysignal.com/2016/11/30/does-current-immigration-economically-benefit-ordinary-us-citizens/>

<sup>44</sup> Ibid.

<sup>45</sup> National Academies of Sciences, Engineering and Medicine, *The Economic and Fiscal Consequences of Immigration*, National Academies Press, op. cit. pp. 165-196.

<sup>46</sup> Ibid. p. 196.

<sup>47</sup> Ibid p.171.

<sup>48</sup> Ibid.



However, as the report notes, in the long run, the supply of capital is very likely to increase and the rate of return on capital will fall. This would mean the wage losses, capital income increases, and immigration surplus would eventually disappear.<sup>49</sup>

### **Immigration and Technology Change**

The NAS report also states that immigrants with high levels of technical and scientific education spur technological innovation which may “increase productivity of natives, very likely raising economic growth per capita.” The number of patents produced is used as a proxy for technological change.

It is true that immigrants with a college degree are twice as likely as U.S. born college graduates to obtain a patent. (This difference in patenting occurs because college educated immigrants are more likely to have degrees in science and technology than are college graduates born in the U.S.) However, only 12.4 percent of recent immigrants have a STEM (science, technology, engineering or math) degree, and only one third of those (or four percent of all immigrants) are employed in a STEM occupation.<sup>50</sup> Overall, less than one percent of immigrants produce patents.<sup>51</sup> Thus the overwhelming majority of the millions of immigrants arriving in the U.S. each year are irrelevant to technological change and accompanying productivity increases.

### **Conclusion**

The current population of illegal aliens imposes substantial net fiscal costs of between \$84 and \$94 billion per year on U.S. taxpayers. The border security and immigration policies established by the Biden administration have caused a dramatic and precipitate rise in the flow of illegal aliens into the U.S.

More than 4.5 million new illegal migrants have entered the U.S. and taken up residence since the start of 2021. If these policies remain in effect, the illegal alien population will continue to grow rapidly, reaching at least 19 million persons by 2028. Net fiscal costs would rise to at least \$127 billion per year.

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<sup>49</sup> The immigration surplus theory should not be construed to mean that immigration will cause a permanent decline in wages. In the long term, the wage loss and immigration surplus will disappear. On the other hand, a disproportionate inflow of low skill workers is likely to permanently depress low U.S. born wage relative to high skill wages.

<sup>50</sup> Rector, Hall, op. cit.

<sup>51</sup> Historically, two percent of college educated immigrants have been granted a patent, compared to one percent of college educated U.S. born workers. Since some 36% of foreign born workers have a college degree or better, this implies that slightly less than one percent of foreign born workers receive patents. Jennifer Hunt and Marjolaine Gauthier-Loiselle, “How Much Does Immigration Boost Innovation?” *American Economic Journal: Macroeconomics*, April 2010, p 38.



In addition, the Biden administration has continually promoted amnesty for illegal aliens. This would lead to even greater future costs by giving present illegal aliens full eligibility to all welfare, Social Security benefits and Medicare. Analysis based on National Academies of Science figures indicate that amnesty of the current illegal alien population would impose long-term costs of around \$4.2 trillion (in 2022 dollars). These costs, however, would be only a small down payment as both current policies and amnesty will incentivize ever larger illegal alien inflows in future years.

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Testimony Given By

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In A Hearing Before  
Committee on the Budget  
U.S. Senate

On

**" Unlocking America's Potential: How Immigration Fuels Economic Growth  
and Our Competitive Advantage "**

September 13, 2023

Dirksen Senate Office Building

I want to thank Chairman Whitehouse, Ranking Member Grassley, and other distinguished members of this committee for inviting me to testify today.

My perspectives on U.S. high-skilled immigration policy are informed by more than twenty years of research and by speaking to hundreds of workers and dozens of corporate executives to gain insight into how the system works in practice.

I especially want to recognize Senator Grassley's longstanding leadership in pursuing important bipartisan reforms that would create a skilled immigration system fairer to guestworkers, immigrants, and U.S. workers. Importantly for the purposes of this committee, Senator Grassley's bill S.979 *H-1B and L-1 Visa Reform Act of 2023*, co-sponsored by Senators Durbin and Sanders, would yield higher economic growth and better budget outcomes.

I would also like to acknowledge that Senators Braun and Lee submitted an amicus brief to the U.S. Supreme Court in support of a Petition for a Writ of Certiorari in the case of *Wash. All. of Tech Workers v. DHS*, 50 F.4th 164 (D.C. Cir. 2022). At the heart of the case is the Optional Practical Training (OPT) program, which has become one of the largest guestworker programs. A program Congress never authorized, the Department of Homeland Security's conception and administration of the OPT is so poor that the program has effectively no controls, accountability, or worker protections.

The title of this hearing is how *immigration* can fuel economic growth and the country's competitive advantage. But the immigration policy discussion too often conflates immigration with guestworker programs, so at the outset of my testimony I would like to make the distinction between the two. We must be precise in distinguishing between immigration, where a person can stay in the U.S. permanently, versus guestworker programs which grants people temporary non-immigrant status. Unlike immigrants, guestworkers are eligible to enter and temporarily stay in the country only under very specific conditions and with limited rights.

Each guestworker program creates its own *market* that operates distinct from, and under different rules than, the normal labor market. The rules – selection process, duration, wages, protections, standards, job mobility, etc. – determine how a specific guestworker market behaves and how it ultimately impacts the economy and labor market. Designing an effective guestworker program is difficult, and most policymakers, and even researchers, pay far too little attention to the design rules and program implementation that shape the guestworker market's behavior.

There are two overarching principles for guestworker program design:

1. Guestworkers should complement, rather than compete with, the U.S. labor force. The purpose of a guestworker program is to fill labor market gaps so they should supplement rather than substitute for US workers.
2. Government must protect guestworkers from exploitation. Guestworkers, by definition, have fewer rights than citizens and permanent residents and are therefore vulnerable to exploitation. This is true whether the guestworker program operates in the United Arab Emirates or United States, are for skilled workers, like the H-1B, or lesser-skilled workers, like the H-2B.

The U.S. government has failed miserably on both accounts. The H-1B visa, the largest and best known guestworker program, is a textbook example of poorly designed rules creating a guestworker market that undermines H-1B program's *raison d'être*. The program was created to fill labor shortages for skilled

jobs, but instead it is mostly used to hire cheaper indentured workers to directly compete with the U.S. workforce and subsidize the offshoring of U.S. jobs.

**The H-1B is the Outsourcing Visa – Exploited to Offshore Jobs, Depress Wages and Working Conditions, and Fuel Rampant Wage Theft from H-1B Workers**

The most common use of the H-1B program is to import computer workers for the information technology (IT) services industry. Table 1 lists the three firms - Cognizant, Infosys, and Tata Consultancy Services - receiving the most H-1B approvals over the past ten years. They received an astonishing 350,000 total approvals, of which 87,000 were to import new foreign workers to the U.S., enough to fully populate a mid-sized city. To place the latter number in context these three firms alone accounted for an average of 8,681 new H-1B workers each year. Since there are 85,000 new visas allocated each year for all employers, that means these three firms alone took 10%, or one-in-ten, of all capped visas for new workers for the past ten years. They are crowding out employers attempting to hire truly specialized talent.

More than twenty years ago, Cognizant, Infosys, and Tata Consultancy Services pioneered the H-1B-outsourcing business model, which was so profitable it quickly came to dominate the IT services industry. They offer customers a way to cut costs by outsourcing their U.S. IT work to a team of on-site (in the US) and offshore workers. Within the industry, this is called the *global delivery model*. The on-site to offshore ratio of workers is typically 30:70, where 30% of the workers are located onshore at the client's site in the U.S., while 70% of the workers are located offshore, in India, where wages are a tenth of U.S. wages. The firm ships as many jobs overseas as possible, but a sizable share of the work cannot be offshored because certain tasks and jobs are geographically sticky requiring workers to have physical proximity to the client in the U.S. This is why roughly 30% of the work remains onshore.

Rather than hire U.S. workers to perform the onshore work, these firms hire large numbers of H-1B (and L-1) visa workers to fill the jobs in America. Exploiting the visa programs enables them to drive revenue growth and increase firm profitability. Hiring visa workers instead of U.S. workers offers advantages. The H-1B guestworkers are controllable, indentured and are paid less than the U.S. workers, and they facilitate the transfer of work to offshore teams in India. The upshot is that access to mass numbers of H-1B visas is essential to their highly lucrative business model.

**Table 1: Employers with Most H-1B Approvals: 2013-2022**

<u>Employer</u>	<u>Initial (New Workers Capped)</u>	<u>Continuing (Renewals, Job Transfers, Amendments)</u>	<u>Total Approvals</u>
Cognizant Technology Solutions	30,001	122,921	152,922
Infosys Limited	29,883	75,053	104,936
Tata Consultancy Services	26,921	64,225	91,146
<b>Top 3 Total</b>	86,805	262,199	349,004
<b>Annual Average Top 3</b>	8,681	26,220	34,900
Source: USCIS <a href="#">H-1B Employer Data Hub</a> , Annual tables 2013-2022			

Table 2 shows that each firm generates more than half of its revenue from North America, accounting for more than \$10 billion per year. Yet the workforce that delivers these services to U.S. customers is overwhelmingly Indian nationals, located offshore and imported as visa workers on-site. The scale of the workforce for these companies is among the largest of any white-collar professional company in the world. For example, even though Cognizant generated three quarters of its revenue from North America, it has 258,500 workers in India and a mere 41,100 located in North America, the majority of whom are Indian nationals in the U.S. on a guestworker visa.<sup>1</sup>

Table 2: Top H-1B Employers: Majority of Revenue is from US Clients			
Employer	Headquarters	Annual Revenue (USD)	% Revenue from North America
Cognizant Technology Solutions	US	\$19 billion	74%
Infosys Limited	India	\$18 billion	62%
Tata Consultancy Services	India	\$27 billion	53%

Sources: Annual Reports<sup>2, 3, 4</sup>

These are not outliers nor anecdotes. H-1B-outsourcing companies are the largest recipients of H-1B visas. Seven of the top ten H-1B employers in FY22 used the H-1B program primarily to offshore US jobs, the most common use of the H-1B visa.<sup>5</sup> This is the empirical reality of how the H-1B labor market behaves.

Through a series of exposés, the mainstream press highlighted stunning examples of how these three firms have replaced US workers with low-paid H-1B workers, with the US workers required to train their H-1B replacements as a condition of receiving severance and unemployment insurance. Cognizant was a lead outsourcer where 250 U.S. Disney IT workers lost their jobs and were forced to train their H-1B and offshore replacements.<sup>6</sup> Infosys and Tata Consultancy Services were both lead contractors in the scandal involving the displacement of 400 U.S. workers at Southern California Edison by H-1B workers.<sup>7</sup> There are countless other cases of displaced U.S. workers training their H-1B replacements, most of which are never reported because it is not new and therefore not deemed as *newsworthy*.

<sup>1</sup> Cognizant: Form 10-K Annual Report Fiscal Year Ended Dec 31, 2022. Retrieved: <https://www.sec.gov/ix?doc=/Archives/edgar/data/1058290/000105829023000027/ctsh-20221231.htm>

<sup>2</sup> Cognizant: Form 10-K Annual Report Fiscal Year Ended Dec 31, 2022. Retrieved: <https://www.sec.gov/ix?doc=/Archives/edgar/data/1058290/000105829023000027/ctsh-20221231.htm>

<sup>3</sup> Infosys Limited: Form 20-F Annual Report Fiscal Year Ended Mar 31, 2023. Retrieved from: <https://www.sec.gov/ix?doc=/Archives/edgar/data/1067491/000095017023028187/infy-20230331.htm>

<sup>4</sup> Tata Consultancy Services: Integrated Annual Report 2022-23. Retrieved from: <https://www.tcs.com/content/dam/tcs/investor-relations/financial-statements/2022-23/ar/annual-report-2022-2023.pdf>

<sup>5</sup> Ron Hira and Daniel Costa, “Tech and outsourcing companies continue to exploit the H-1B visa program at a time of mass layoffs,” Table 1, Economic Policy Institute, April 11, 2023. Retrieved from: <https://www.epi.org/blog/tech-and-outsourcing-companies-continue-to-exploit-the-h-1b-visa-program-at-a-time-of-mass-layoffs-the-top-30-h-1b-employers-hired-34000-new-h-1b-workers-in-2022-and-laid-off-at-least-85000-workers/>

<sup>6</sup> Julia Preston, “Lawsuits Claim Disney Colluded to Replace U.S. Workers With Immigrants,” *New York Times*, Jan 25, 2016, <https://www.nytimes.com/2016/01/26/us/lawsuit-claims-disney-colluded-to-replace-us-workers-with-immigrants.html>

<sup>7</sup> Leslie Berenstein Rojas, “Feds investigating Southern California Edison contractors after allegations of work visa abuse,” *KPCC.org*, <https://www.kpcc.org/2015-06-12/feds-investigating-so-cal-edison-after-allegations>

IT services companies are staffing firms that resell labor by providing workers to clients. They gain competitive advantage by offering clients lower cost *workers*. The firms do not make products or drive technological innovation. They perform little research and development (R&D) and file for very few patents. Their principal innovation, if it can be called an innovation, is *wage arbitrage*, i.e., exploiting regulatory loopholes and government regulatory non-enforcement to pay below-market wages and provide substandard working conditions to H-1B workers.

For the purposes of this committee the business model results in major net losses of jobs and depressed wages for U.S. citizens and immigrants alike, wage theft from H-1B workers, loss of technical knowhow, and a drain on the federal budget.

#### **Federal Lawsuits Shed New Light on the H-1B Program's Exploitation by Outsourcing Firms**

Two recent federal lawsuits provide unprecedented and extraordinary details about how crucial the H-1B visa is to the business model. One lawsuit involves HCL and the other involves Cognizant.<sup>8,9</sup> HCL is an India based IT outsourcing firm that was the number seventh ranked H-1B employer in 2022. It has been involved in at least two public scandals, as a lead outsourcer along with Cognizant in replacing the Disney workers with H-1B workers and as the lead firm replacing about 90 University of California workers with H-1B workers.<sup>10</sup> The University of California case was featured by the television newsmagazine *60 Minutes* in a segment titled "You're Fired."<sup>11</sup>

The following practices appear to be common amongst the outsourcing firms:

- Outsourcing firms file applications for far more visas in a year than they forecast they will have positions available. They do this to game the random lottery selection process to ensure they receive all the visas they could ever need in a given year. If the lottery odds are 33%, or one-in-three, and the firm estimates it will need 2,000 new visa workers then it applies for 6,000 new visas with the expectation that 2,000 will be selected in the lottery. By gaming the lottery, it turns its odds from 33% to 100%. This practice is a violation of the law since an employer must have a bona fide position available before applying for a new visa with USCIS. But the firm does not have jobs for 6,000 workers. USCIS should investigate this illegal practice that is widespread. Such practices crowd out the legitimate users of the H-1B visa program.
- Outsourcing firms stockpile thousands of workers with valid H-1B visas abroad to support projected future growth – that is, to wait until actual positions materialize in the U.S. They refer to such H-1B workers as *travel-ready* or *visa-ready*. This practice is illegal, again because there was no bona fide position available for the worker at the time the visa applications were submitted to the government.

<sup>8</sup> United States of America, ex rel. Ralph Billington, Michael Aceves, and Sharon Dorman (Plaintiffs) v. HCL Technologies LTD. and HCL America, INC. (Defendants). Fourth Amended Complaint for Violations of the False Claims Act. United States District Court for the District of Connecticut. Civil Action No. 3:19-CV-1185 (MPS). <https://files.epi.org/uploads/HCL-whistleblower-complaint-48-Fourth-Amended-Complaint-redacted.pdf>

<sup>9</sup> Christy Palmer et al v. Cognizant Technology Solutions Corporation et al. Case Number: 2:17-cv-06848

<sup>10</sup> Michael Hiltzik, "Column: How the University of California exploited a visa loophole to move tech jobs to India," *Los Angeles Times*, Jan 6 2017. <https://www.latimes.com/business/hiltzik/la-fi-hiltzik-uc-visas-20170108-story.html>

<sup>11</sup> <https://www.cbsnews.com/news/are-u-s-jobs-vulnerable-to-workers-with-h-1b-visas/>

- Outsourcing firms meticulously monitor and manage utilization rates of visa-ready workers. They maximize their use of visa-ready workers by prioritizing them for projects over incumbent U.S. workers they employ, and ensuring they remain in the U.S. for the longest time period permitted by the visa. Strong preferences for visa over U.S. workers appear in disparate employment patterns for hiring, promotion, and termination.
- Outsourcing firms map their H-1B applications to positions where it can save the most on labor costs compared to what it pays its U.S. employees. Paying H-1B visa workers less than what it pays similarly employed U.S. workers is a clear violation of the *actual wage* attestation the firm makes in its Labor Condition Application submitted to the Department of Labor. Simply put, the firms are practicing rampant wage theft from their H-1B workers who are required to be paid as least as much as their similarly situated non-visa counterparts. In the case of HCL, we estimate this to be \$95 million per year.<sup>12</sup>

Table 3 shows, for staff experts in Oracle, HCL pays its H-1B workers \$55,000 less than its U.S. workers.<sup>13</sup>

Table 3: Annual wages of HCL Oracle experts by immigration status of worker, 2015			
U.S. citizen or permanent resident	H-1B visa worker, hired in India	Wage premium for U.S. worker	% by which U.S. citizen wage exceeds H-1B wage
\$140,240	\$85,459	\$54,781	64%

These firms dominate the H-1B program because of a series of mistakes in both statute and administrative implementation making the program easy to exploit.

#### **Mistake 1. H-1B Program Eligibility Standards Are Too Low – Virtually Everyone Qualifies So There’s Nothing Special About the Pool of Applicants**

The H-1B is a guestworker visa for occupations that typically require a bachelor’s degree. While the program is officially referred to as the *Specialty Occupation* visa, it’s a misnomer since there isn’t anything special about the eligible occupations.<sup>14</sup> Such occupations include virtually any white-collar professional job ranging from accounting to engineering to schoolteachers to journalism. In addition to occupational eligibility, workers must meet a minimum educational attainment. Foreign workers must hold at least a bachelor’s degree or have equivalent experience to qualify for the H-1B. There isn’t

<sup>12</sup> Ron Hira and Daniel Costa, “New evidence of widespread wage theft in the H-1B visa program: Corporate document reveals how tech firms ignore the law and systematically rob migrant workers,” Economic Policy Institute, Dec 9, 2021. <https://www.epi.org/publication/new-evidence-widespread-wage-theft-in-the-h-1b-program/>

<sup>13</sup> Table reproduced from Ron Hira and Daniel Costa, “New evidence of widespread wage theft in the H-1B visa program: Corporate document reveals how tech firms ignore the law and systematically rob migrant workers,” Economic Policy Institute, Dec 9, 2021. <https://www.epi.org/publication/new-evidence-widespread-wage-theft-in-the-h-1b-program/>

<sup>14</sup> U.S. Citizenship and Immigration Services, “H-1B Specialty Occupations, DOD Cooperative Research and Development Project Workers, and Fashion Models,” Retrieved from: <https://www.uscis.gov/working-in-the-united-states/h-1b-specialty-occupations>

anything special about this level of educational attainment since 40% of American 25-29 year-olds hold a bachelor's degree.<sup>15</sup>

The result is that practically a limitless number of potential foreign college-educated workers are eligible for the H-1B program. The eligibility standards should be raised substantially to select for the best and brightest. As it stands, most of those who are awarded visas have only ordinary skills, skills that are already abundantly available from the U.S. labor force.

**Mistake 2. DOL arbitrarily sets the prevailing wage – required minimum wage – too low, letting H-1B employers undercut local market wages.**

DOL's current formula for determining the H-1B *prevailing wage* is too low, far below market wages, creating strong profit incentives for firms to hire lower-paid H-1B workers over U.S. workers. This is precisely why Cognizant and HCL were able to replace those Disney workers with lower paid H-1B workers, Infosys and Tata Consultancy replaced Southern California Edison workers, and HCL replaced University of California workers.

DOL's current formula is completely arbitrary. The Department's economists and administrators cannot justify why it set the wages so low because there is no model nor rationale to support it.

Most employers take advantage of this unconscionable and unforced mistake. Sixty percent of H-1B positions certified by the U.S. Department of Labor (DOL) are assigned wage levels well below the local median wage for the occupation.<sup>16</sup>

In its rulemaking process, DOL estimated that employers were underpaying H-1B workers by \$15.6 billion per year worth \$156 billion over the course of ten years.<sup>17</sup> Those \$156 billion in additional wages would make the federal budget position far better.

**Mistake 3: DHS Selects H-1B Recipients by Lottery Instead of Highest Wages or Skills**

DHS selects H-1B workers by random lottery rather than by a rational process designed to select the best candidates.

Since H-1B program eligibility standards are so low there are far more H-1B applications than available visas for cap employers. For example, in FY24 there were 760,000 applications for 85,000 slots.

A rational government administrator would award visas to the very best 85,000 applicants out of the pool. Instead, DHS inexplicably awards the visas by *random* lottery. The DHS process strongly favors H-1B-outsourcing firms like HCL which are rigging the lottery system.

<sup>15</sup> Digest of Education Statistics, National Center for Education Statistics, U.S. Department of Education, "Table 104.20. Percentage of persons 25 to 29 years old with selected levels of educational attainment, by race/ethnicity and sex: Selected years, 1920 through 2022," Retrieved from: [https://nces.ed.gov/programs/digest/d22/tables/dt22\\_104.20.asp](https://nces.ed.gov/programs/digest/d22/tables/dt22_104.20.asp) on Sep 10 2023.

<sup>16</sup> Daniel Costa and Ron Hira, "H-1B visas and prevailing wage levels: A majority of H-1B employers—including major U.S. tech firms—use the program to pay migrant workers well below market wages," Economic Policy Institute, May 4, 2020. Retrieved from: <https://www.epi.org/publication/h-1b-visas-and-prevailing-wage-levels/>

<sup>17</sup> Employment and Training Administration, US Department of Labor, "Strengthening Wage Protections for the Temporary and Permanent Employment of Certain Aliens in the United States," Jan 14, 2021. <https://www.regulations.gov/document/ETA-2020-0006-2342>



#### **Mistake 4: DOL Creates Outsourcing Loophole – Gutting Statutory Worker Protections by Exempting Secondary Employers from LCA Attestations**

The Labor Condition Application (LCA) is the primary way the government protects both H-1B and U.S. workers. Every employer must file an LCA with, and receive approval from, the DOL as a condition of hiring or employing an H-1B worker.

On the form, employers attest they will pay the *actual wage* and not *adversely affect* the working conditions of workers similarly employed. Congress intended these statutory protections would prevent employers from underpaying H-1B workers - hiring H-1B workers because they are lower-paid than U.S. workers and to ensure their employment does not adversely affect U.S. workers. Disney workers like Leo Perrero, who were forced to train their H-1B replacements, are obviously being adversely affected when Cognizant and HCL places those H-1Bs at Disney. So, why wasn't he protected?

In a bizarre decision, DOL chooses to interpret the LCA as protecting only those employees who are directly employed by the same firm that hires the H-1B workers. It's as though DOL is blind to the modern U.S. labor market where outsourcing is commonplace, especially so in the highly fissured IT labor market.

In this case, if Disney directly hired the H-1B worker to replace its U.S. workers, the U.S. worker could file a complaint with the Wage & Hour Division for a violation of the LCA. But because Disney contracted with Cognizant and HCL to hire the lower-paid H-1B workers, all protections for Disney workers magically disappear. Congress surely didn't intend this outcome when it wrote protections into H-1B law.

The upshot is that DOL has incentivized H-1B-outsourcing abuse by creating the outsourcing loophole.

#### **Mistake 5: No Enforcement**

The statutory language on enforcement for the H-1B program is very unusual amongst guestworker programs. There are significant limitations on how the Wage & Hour Division can investigate program participants and unrealistic time limits for filing a complaint. In the thirty-three years of the program lifespan there has never been an investigation into a violation of either the *actual wage* or *adverse affect* protections.

The HCL documents showing large wage theft from H-1B workers indicate it is intentionally and systematically violating its *actual wage* obligations. Since the Wage & Hour Division's hands may be tied, the Department of Justice's (DOJ) Civil Division, in conjunction with DOL and DHS, should vigorously prosecute visa fraud under the False Claims Act, consistent with a recent federal court decision applying the False Claims Act to H-1B visa fraud.

#### **Mistake 6: No Labor Market Test**

Contrary to widespread misperceptions, including by President Biden, employers are not required to recruit U.S. workers before hiring an H-1B worker.<sup>18</sup> A labor market test requiring recruitment would ensure the H-1B program is targeted towards filling genuine labor shortages.

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<sup>18</sup> Patrick Thibodeau, "Clueless in the White House," *ComputerWorld*, Mar 30, 2012. Retrieved from: <https://www.computerworld.com/article/2472754/clueless-in-the-white-house.html>

The dysfunctional H-1B labor market we see today, one that is unfair H-1B and U.S. workers alike and subsidizes the offshoring of U.S. technology jobs, is a direct result of these mistakes and bad design.

I will briefly mention two other guestworker programs that are in dire need of scrutiny and reform.

The *L-1 Intracompany Transfer* visa allows U.S. and foreign multinational corporations to transfer key workers from overseas operations. The L-1 labor market is large and suffers from many of the same problems as the H-1B. The L-1 program has no wage rules, no minimum educational attainment, no cap, and ambiguous eligibility criteria such as the definition for what qualifies as *specialized knowledge*. We have no visibility into the behavior of the L-1 labor market because the government collects so little information about the market participants and publishes even less. We don't know how many L-1 workers are in the U.S., how much they are paid, their educational attainment, and whether they are replacing U.S. workers. We do know that many of the top L-1 employers are H-1B-outsourcing firms who are using the program somewhat interchangeably with the H-1B program and a few cases where U.S. workers trained their L-1 replacements.

*Optional Practical Training (OPT)* provides employment authorization for international students. While the bureaucrats who created the program insist it exists to round out the education of a foreign student attending a U.S. university, in practice it is an unauthorized guestworker visa program that is valid for up to 36 months for certain students. Every OPT labor market participant – foreign students, universities, employers, educational recruiters, and labor brokers – treats the OPT as a guestworker visa while DHS insists it is training and education.

Perhaps because of this denialism by DHS, the rules governing the OPT labor market are the most poorly conceived of any guestworker program. OPT eligibility standards are extraordinarily low. It is appropriate to think of the OPT as an entitlement program. Through this program foreign students are entitled to access to the U.S. labor market. Virtually any student, no matter their skills, who attends virtually any higher education institution, no matter the quality of the institution or program, is eligible. In fact, thousands of students have enrolled in sham universities simply to gain labor market access via the OPT program. There are no wage standards. OPT “trainees”, who are in fact workers, can be paid zero wages. There is no cap on the number of OPT workers.

Program oversight is pathetic. Immigration and Customs Enforcement (ICE) is tasked with overseeing the program. Proper oversight would require significant expertise in education and labor markets, yet ICE zero expertise in either. So given its obvious inadequacies, the agency outsourced its oversight duties to universities, the very organizations that profit from selling labor market access through the OPT. To say the program is riddled with conflicts of interest is an understatement.

The OPT labor market undercuts the bargaining power of U.S. workers and especially of U.S. students who are recent graduates. Since DHS continues to insist that OPT is training, employers and OPT recipients are exempt from federal payroll taxes (FICA). As a result, the government is subsidizing employers a whopping 15% to hire OPT over U.S. workers.

OPT workers directly compete with, and substitute, for U.S. workers. I know at least one worker who unwittingly trained his OPT replacement. When he filed formal complaints to ICE and the Department of Justice, the agencies told him tough luck.

**Conclusion**

Recent bipartisan interest in re-shoring jobs is a very positive development even if those efforts are costly. For example, the Congressional Budget Office estimates the CHIPS & Science Act, intended to re-shore semiconductor manufacturing, increases the deficit by \$79 billion.<sup>19</sup>

In contrast, reforming guestworker programs would re-shore tens of thousands of jobs while simultaneously improving the U.S. budget position. There are no government costs involved in increasing program standards and selecting higher wage workers. In fact, tax revenues would increase along with economic activity.

Poorly designed H-1B and L-1 labor markets have led to the offshoring of hundreds of thousands of jobs over the past twenty-five years. The government is in effect subsidizing the offshoring of high-paying U.S. jobs in information technology that once served as a pathway to the middle class, including for workers of color.

Returning to the question of immigration. We should have a robust, selective, effective, and accountable skilled immigration system. If the U.S. needs specific skilled immigrants, then we should offer a clear path towards permanent residence – immigrant visas – rather than repeatedly expanding guestworker programs.

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<sup>19</sup> Congressional Budget Office, “Estimated Budgetary Effects of H.R. 4346,” July 21, 2022. Retrieved from: <https://www.cbo.gov/publication/58319> on Sep 10, 2023.



Responses to Questions for the Record

submitted to

David Bier  
Associate Director of Immigration Studies  
Cato Institute

to accompany the September 13, 2023, hearing on

“Unlocking America’s Potential: How Immigration Fuels Economic Growth and Our Competitive Advantage”

Committee on the Budget  
United States Senate

Submitted September 26, 2023

Questions from Ranking Member Chuck Grassley

1. Chairman Whitehouse has an interest in organizations he views as dark money organizations, and argues the viewpoints and positions of those organizations are corrupt because they take what he views as dark money. In fact, he has called your organization, the Cato Institute, an “infamous dark money” group. Is your testimony affected by dark money donors?

**Response:** My testimony reflects only my own views developed during more than a decade of work in immigration policy, both inside and outside of the Cato Institute. Cato does not engage in contract research or activities directed by financial supporters whether they are individuals, foundations, or corporations. Cato’s independent, rigorous scholarship and commitment to principle are precisely why people have supported our public policy research for more than 40 years.

Questions for the Record

From: Ranking Member Chuck Grassley

To: Mr. Robert Rector

“Unlocking America’s Potential: How Immigration Fuels Economic Growth and Our  
Competitive Advantage”

September 13, 2023

Senate Budget Committee

Question #1

We heard at the hearing that higher rates of immigration result in a higher gross domestic product and vice versa with lower rates of immigration, and that we should increase legal immigration in order to increase our GDP. Does looking only at total GDP tell the whole story? What does an increase in GDP mean when we are likewise increasing the working population?

Question #2

Given the current situation at the border and the lack of action by Congress, how do you think this will further impact immigration, the economy, and government expenditures over the next 5 years, assuming the current trajectory continues?

## Questions for the Record

From: Ranking Member Chuck Grassley

To: Dr. Ronil Hira

“Unlocking America’s Potential: How Immigration Fuels Economic Growth and Our Competitive Advantage”

September 13, 2023

Senate Budget Committee

## Question #1

An assertion was made in testimony at the hearing that immigrants “produce more patents.” The December 2022 National Bureau of Economic Research working paper “The Contribution of High-Skilled Immigrants to Innovation in the United States” found “that 16% of US-based inventors immigrated to the United States when they were at least 20 years old.” The researchers went on to “find that immigrants account for approximately 23% of all patents” produced during the sample time period. While immigrants may be granted patents at a higher rate, they are not producing more patents. Regardless, will merely increasing the number of H-1B visas, and making no other changes to the program, automatically result in a sizable increases in innovation in the U.S.?

## Answer:

The paper estimates the number immigrant inventors who entered the U.S. after age 20.<sup>1</sup> One of the key datapoints that emerges from the paper is that the size of the immigrant inventor population is much smaller than the visa program population. The overwhelming majority of skilled workers the U.S. admits are never going to become inventors. So, increasing the number of H-1B visas will not meaningfully increase the number of immigrant-inventors, though it would come at very high costs to U.S. workers. Instead of raising the cap, the U.S. can meaningfully increase innovation by tilting the H-1B selection criteria to favor workers who are more likely to invent.

The authors identify 652,832 “unique inventors” (p.13) accounting for “all U.S. patents granted from 1990 through 2015” (p.7). Sixteen percent of those inventors are immigrants (p.13).<sup>2</sup>

So, the paper finds that the number of unique immigrant inventors =  $(16\% * 652,832) = 104,453$ .

While the patent data spans 1990 through 2015, those 104 thousand immigrants entered the U.S. over a 40-year timespan between 1976 and 2015 according to the paper.<sup>3</sup> This yields an average flow of *new* immigrant inventors of 2,611 each year.

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<sup>1</sup> Bernstein, Shai, et al., “The Contribution of High-Skilled Immigrants to Innovation in the United States,” Working Paper 30797, National Bureau of Economic Research, December 2022. Retrieved from: <https://www.nber.org/papers/w30797> on Sep 20, 2023.

<sup>2</sup> Note, the paper uses the term immigrant but does not distinguish whether the person is a permanent resident, naturalized citizen, or guestworker.

<sup>3</sup> See p.28. “In this paper, we characterize the contribution of immigrants to the innovative output of the United States since 1976.”

In other words, each year roughly 2,600 new immigrants become inventors, a very small number compared to the hundreds of thousands of new workers entering on permanent residency and guestworker visas.

For instance, the H-1B program alone admitted 132,429 new foreign workers in Fiscal Year 2022.<sup>4</sup> In the extreme case where every one of the 2,600 new immigrant-inventors entered via the H-1B, inventors would account for only 2% of the H-1B population. I.e., the overwhelming majority (98%) of H-1B workers are not inventors.

Of course, the H-1B share of inventors is even smaller than the 2% since inventors enter through other visa programs, including employment based green cards, other guestworker programs like the O-1 and L-1, as well as family and humanitarian channels. The paper does not identify the mode of entry and includes inventors who entered as early as 1976, more than a decade before the H-1B was created in 1990.

The clear implication is that the absolute number of immigrant inventors is very small, a tiny fraction of the number of permanent and guestworker visas issued.

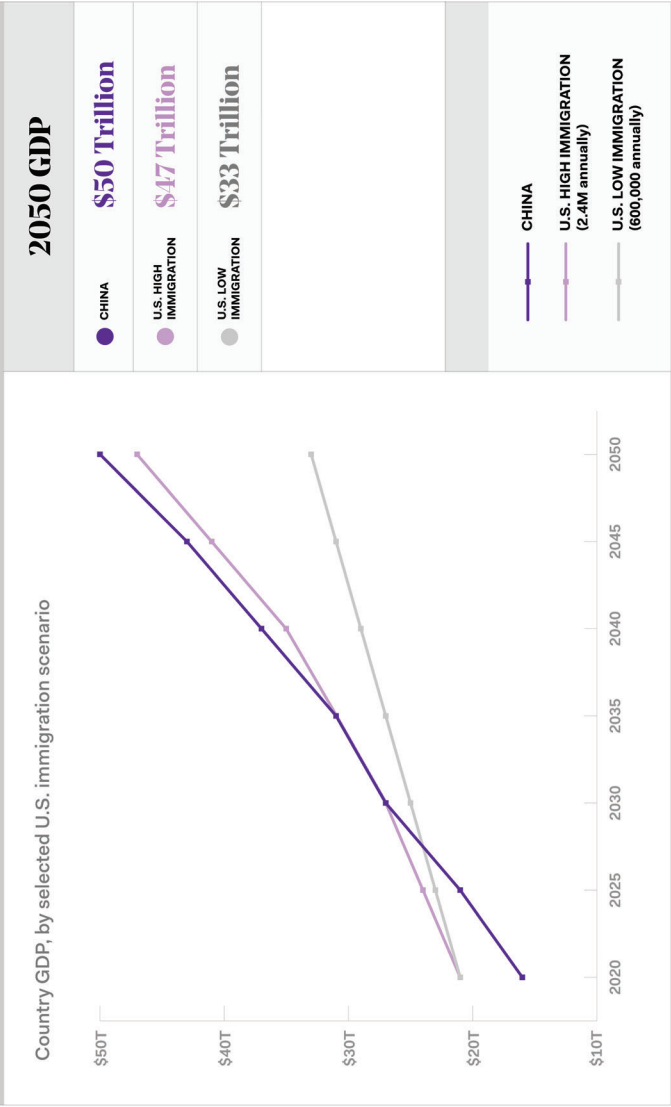
The problem is not the size of the H-1B cap, but instead the lack of selectivity. Instead of selecting the best and brightest from the pool of foreign workers, the H-1B program is plagued with low eligibility standards, where virtually everyone is eligible, and a selection process driven by random lottery.

The best way to attract more inventors through the H-1B system is by using criteria that selects for inventiveness. Set the criteria to characteristics correlated with inventiveness such as higher wages, advanced educational attainment, and a concentration in fields that tend to patent more heavily.

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<sup>4</sup> US Citizenship & Immigration Service, *Table 1b. H-1B Petitions Approved by Type of Petition, FY 2018 to 2022* from “Characteristics of H-1B Specialty Occupations Workers, Fiscal Year 2022 Annual Report to Congress,” March 13, 2023. Retrieved from: [https://www.uscis.gov/sites/default/files/document/data/OLA\\_Signed\\_H-1B\\_Characteristics\\_Congressional\\_Report\\_FY2022.pdf](https://www.uscis.gov/sites/default/files/document/data/OLA_Signed_H-1B_Characteristics_Congressional_Report_FY2022.pdf)

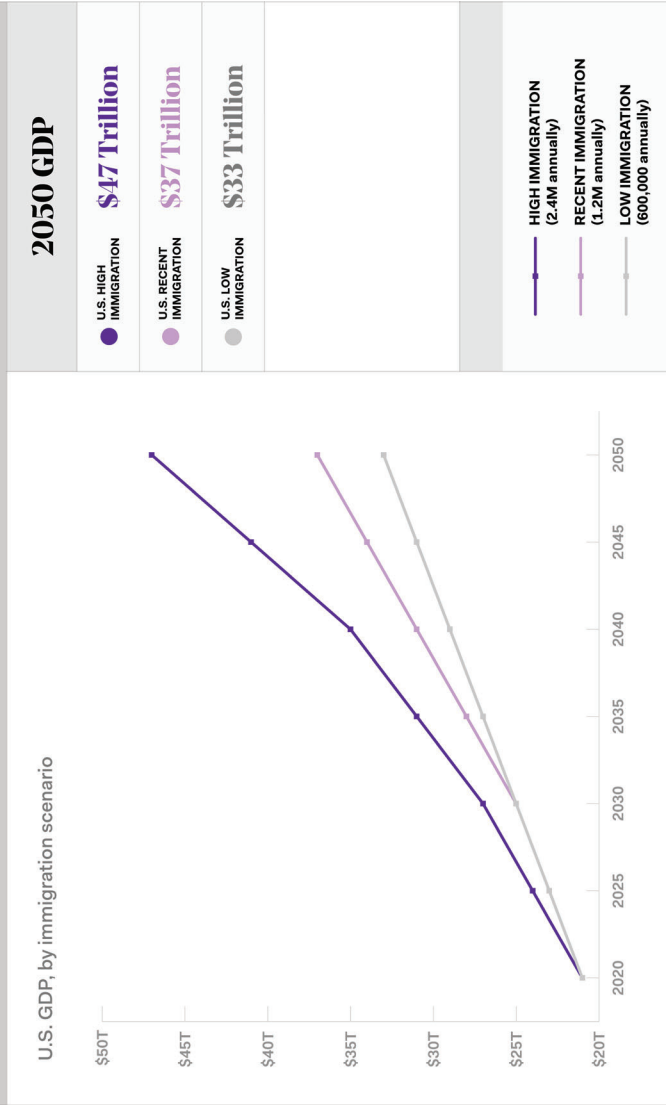
# U.S. Future Immigration Highly Impacts U.S.' Future Global Economic Standing



Source: U.S.: FWD.us analysis of George Mason University projections, based on ACS 2018 augmented data. China: PwC Global: "The World in 2050" report, based on 2016 estimates.



## Future U.S. GDP is dependent on immigration levels



9/12/23, 3:08 PM

Massachusetts Welcomes Migrants, But Towns Are Worried - The New York Times

The New York Times <https://www.nytimes.com/2023/09/10/us/migrant-crisis-massachusetts-woburn.html>***As Migrants Are Placed Around Massachusetts, Towns Are Welcoming but Worried***

The mayor of Woburn, where hotels are housing 150 migrant families, said the state's 40-year-old right-to-shelter law "was not meant to cover what we're seeing now."

By Jenna Russell Photographs by Sophie Park  
Jenna Russell reported from Woburn and Quincy, Mass.

Published Sept. 10, 2023 Updated Sept. 11, 2023

Barely two weeks had passed since the migrant crisis arrived in their city of 40,000 people, 10 miles northwest of Boston, but the volunteers gathered at a church in Woburn on a recent evening sounded battle weary.

The small group of locals — including a kindergarten teacher, a Methodist pastor and a Haitian American woman who works in health care — had stepped up to help some 80 migrant families whom the state placed in Woburn hotels last month. Determined to offer a warm welcome, the volunteers had quickly discovered the daunting complexity of meeting basic needs, a reality check also underway elsewhere in the state and nation.



With Massachusetts seeing an increased demand for emergency housing, Woburn residents are volunteering to help an influx of migrants.

In Massachusetts, the only state with a right-to-shelter law that guarantees families with children a place to stay if they meet certain criteria, the crisis has been accelerating, with more than 80 cities and towns receiving migrants to date. (New York City has a similar law that has generated tumult and debate and that goes further, requiring it to provide shelter to anyone who asks.) The number of families living in emergency shelters and hotels statewide has doubled in the past year, to nearly 6,300 last week; the cost has ballooned to an estimated \$45 million per month.

Officials estimate that as many as half of currently sheltered families are recently arrived migrants from other countries; most have come from Haiti, drawn by word of mouth and the pull of the state's well-established Haitian community.

<https://www.nytimes.com/2023/09/10/us/migrant-crisis-massachusetts-woburn.html>

1/5

9/12/23, 3:08 PM

Massachusetts Welcomes Migrants, But Towns Are Worried - The New York Times

Gov. Maura Healey declared a state of emergency on Aug. 8 in a bid for federal help, joining New York, Chicago and Washington, D.C., which have taken similar steps. On Aug. 31, Ms. Healey authorized more than 200 National Guard members to assist the more than 2,500 families living in hotels, a step meant to address a shortage of social service agencies to help incoming migrants.

The state is also housing migrants on two college campuses and on a Cape Cod military base, and has opened two welcome centers to process arrivals, with many coming from the southern border, advocates said. At one of the centers, in Quincy, south of Boston, most of the nurses and caseworkers are Haitian Americans who speak Haitian Creole, allowing them to quickly identify needs and brief families on next steps.

On average, 10 new families show up at the center each day, staff members said. The goals are to assess their health, help them set short- and long-term goals, sign them up for key state services, and move them to housing elsewhere, all within five days.



Kelley Hurley, a teacher and community volunteer, sorts boxes of donated goods at the United Methodist Church in Woburn.

In Boston and its suburbs, on Cape Cod and through much of the less populous western half of the state, the rapid influx has stressed local social service agencies and volunteer resources, and heightened political tensions, even among the state's many liberal-leaning officials and residents. Many costs, like hotel fees and meals, are covered by the state, which also plans to reimburse local school systems at a rate of \$104 per student per day.

Still, some local leaders say the placements are inequitable, skipping over towns without hotels or shelters, and calls have mounted for more planning and advance notice.

By Friday, the number of families placed in Woburn hotels had reached 150, said Mayor Scott Galvin, a seven-term Democrat seeking re-election to the nonpartisan office. He said the situation was not sustainable, and called for state legislators to consider changes to the 40-year-old right-to-shelter law, which he said was "passed at a different time, and was not meant to cover what we're seeing now."

"We're going above and beyond, while some communities around us are not being impacted, and we don't have endless capacity in our schools," he said in an interview. "The benefits that are bestowed on migrants make the state a very attractive destination, and without some changes, this challenge is not going to abate."

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Massachusetts Welcomes Migrants, But Towns Are Worried - The New York Times

Kelley Hurley, a Woburn teacher, said she saw an opportunity in the migrants' arrival, to help nudge her changing city toward a warmer embrace of its new diversity. She had observed the trend for years in her kindergarten classroom, where her students spoke eight languages last year. But as she revised her own curriculum to reflect the shift, she worried about stubborn pockets of resistance in a place long defined by its white Irish Catholic and Italian heritage.

Woburn's 4,300 public school students were 65 percent white last year, compared with 76 percent in 2013 and 86 percent in 2003.

"It felt like the city hadn't quite caught up with the changes, and I thought, 'Here's a way to get people involved and excited about it,'" Ms. Hurley said.

She quickly found eager partners at two local organizations, the grass-roots Woburn Welcomes and the nonprofit Social Capital Inc., and at several churches. Donations of money, clothing, diapers, toys and car seats flooded in, while two local women with Haitian roots pitched in as translators and fixers.

Strangers before mid-August, the volunteers were now close-knit allies exchanging dozens of daily text messages. They had struggled to transport dozens of newly arrived migrants to laundromats, chafed with frustration when meals for the families arrived late from a state-contracted company, and seethed when a hospital asked for a \$300 deposit from a migrant woman suffering a miscarriage.

"We wanted to take care of the families, and we're still doing that," Ms. Hurley said. "But we're trying to be realistic."

At a recent meeting where volunteers brainstormed ways to transport families to a free church thrift shop, they also resolved to clarify what services the state planned to provide. The intent was to tailor a more sustainable role for themselves, one they could balance with their regular jobs.

"We don't want to burn people out," Ms. Hurley added.

She noted, with some pride, that the state had asked the Woburn volunteers to advise like-minded groups of citizens in other towns. But as she returned to her full-time teaching job last week, she worried, too, that her group's exhaustive efforts might lead the state to think they could persist without more help.



Donated winter coats for newly arrived migrant children, most of whom are from Haiti.



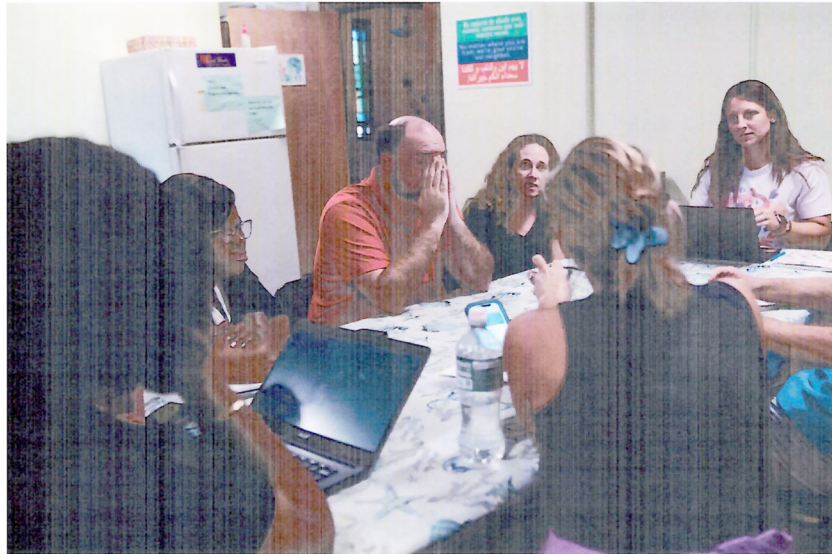
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Massachusetts Welcomes Migrants, But Towns Are Worried - The New York Times

While the outpouring of support has made them hopeful, the volunteers said they were avoiding Facebook, where some other Woburn residents have railed against the local migrant placements and questioned why outsiders should receive free shelter.

Late last month, about 20 people staged demonstrations outside several Woburn hotels housing migrants, with a banner that included the name of a neo-Nazi group. On social media, the hate group described the action as an "emergency mobilization" to "oppose invaders and their collaborators." Participants came from several states, according to the police.

No one was hurt or arrested. But volunteers who translate for the migrant families said some had been afraid to leave their rooms after the demonstrations.



Community volunteers in Woburn react after hearing that some of the migrant families seeking shelter in local hotels had not been fed.

In general, the increasing number of migrants in Massachusetts has given rise to less resistance than in some other places, like New York, which saw hundreds of people protest an emergency shelter in a former Staten Island Catholic school last week. The city is now sheltering more than 50,000 migrants nightly, while many upstate counties continue to fight attempts to place migrants there; Gov. Kathy Hochul has resisted calls to force the issue.

With Massachusetts still seeing far smaller numbers of arriving migrants, a spokeswoman for Ms. Healey continued to call for "the partnership of communities to ensure that families have a safe place to stay."

The state, one of the most affluent and politically progressive in the nation, was among the first to be targeted by Republican governors seeking to force Democratic leaders far from the border to confront the immigration crisis. After Gov. Ron DeSantis of Florida shipped two planes full of migrants to Martha's Vineyard, off the coast of Cape Cod, last fall, residents of the island rallied to their aid.

Maine, too, has developed a reputation for helping migrants, fueling a stream of new arrivals, many from Africa, that has overwhelmed the state's scarce housing stock. In Portland, Maine's largest city, 200 asylum seekers lived in a sports arena, the Portland Expo, for months this year before they were recently moved into hotels.

For migrant families, tenuous housing situations, combined with long waits for work permits, create a mix of gratitude and anxiety. On the sidewalk outside one of the Woburn hotels last month, where Haitian migrants socialized in the sunlight, one 16-year-old, a fluent English speaker, said he was excited to start 11th grade after missing seven months of classes while in transit to the United States.

9/12/23, 3:08 PM

Massachusetts Welcomes Migrants, But Towns Are Worried - The New York Times

Translating for several adults, including his father, the teenager said their most pressing concern was how to swiftly become authorized to work. Current rules delay asylum seekers' ability to work legally; Ms. Healey and elected officials in other states have increased pressure on the federal government to revise those policies.



Massachusetts is the only state with a right-to-shelter law that guarantees every family with children a place to stay.

"The problem is that they want to work, but they have no card to work, and it takes too long," the 16-year-old said, summarizing the concerns of his elders.

Schools have scrambled to accommodate new students. After enrolling more than 50 new students from migrant families in August, Woburn school administrators asked the city's school committee for last-minute funding late last month to hire six staff members.

Matthew Crowley, the superintendent, acknowledged that more staff might be needed once the students' past trauma and emotional needs are assessed.

"It's a real thing we're going to have to unpack," he said.

John Wells, a committee member, proposed a letter to Woburn's state representatives "acknowledging our eagerness to help people in need, and our need for funding."

"We're taking up slack for other communities," he said, "and we need the funding to do that."

**A correction was made on Sept. 11, 2023:** An earlier version of this article referred imprecisely to Massachusetts's right-to-shelter law. It guarantees families with children a place to stay if they meet certain criteria. It does not guarantee all families with children a place to stay.

When we learn of a mistake, we acknowledge it with a correction. If you spot an error, please let us know at [nytimes@nytimes.com](mailto:nytimes@nytimes.com). [Learn more](#)

Jenna Russell is The Times's New England bureau chief, based in Boston. [More about Jenna Russell](#)

A version of this article appears in print on , Section A, Page 22 of the New York edition with the headline: In Massachusetts, Towns Are Welcoming to Migrants, but Overwhelmed

<https://www.nytimes.com/2023/09/10/us/migrant-crisis-massachusetts-woburn.html>

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9/11/23, 5:39 PM

Mayor Adams Said Migrant Influx Will Cost NYC \$12 Billion - The New York Times

**The New York Times**<https://www.nytimes.com/2023/08/09/nyregion/adams-nyc-migrants-cost.html>***Mayor Adams Says Migrant Influx Will Cost New York City \$12 Billion***

As newcomers continue to arrive in the hundreds each week, the city increased its estimate for how much it will cost to house them and provide other services.



By Jeffery C. Mays

Aug. 9, 2023

For a year now, Mayor Eric Adams has been sounding the alarm about a humanitarian crisis like few New York City has seen before, as tens of thousands of migrants arrive from the southern border.

On Wednesday, he made yet another plea for federal help and cited a staggering new cost estimate: \$12 billion to house and care for the newcomers over three years.

This fiscal year, the mayor said, the city has estimated that it will spend about \$5 billion on migrants, as much as the annual budgets of the Fire, Parks and Sanitation Departments combined.

Officials said they had raised the estimate as migrants continued to arrive in the city by the thousands. By 2025, the mayor said, the city could have more than 100,000 migrants in homeless shelters, about twice the number currently in the facilities, including people who have arrived since the spring of 2022.

New York is not alone in its struggles to accommodate migrants, most of whom have entered the country along the southern border. Mr. Adams said he had coordinated with other cities facing a similar influx of migrants, such as Los Angeles.

The Biden administration has tried to slow the influx with new rules making it more difficult to apply for asylum, and has sent funds to cities that are receiving migrants. But Mr. Adams has said it is not enough.

"If we don't get the support we need, New Yorkers could be left with a \$12 billion bill," Mr. Adams said in a speech from City Hall. "While New York City will continue to lead, it's time the state and federal government step up."



Last week, about 200 migrants, mostly men, many from Africa, slept on the sidewalk outside the Roosevelt Hotel. David Dee Delgado for The New York Times

With the new cost estimate, Mr. Adams said the city was examining the services provided to migrants to look for savings, possibly by reducing the cost of meals or laundry.

"Some things we were doing, we're not going to be able to do," Mr. Adams said.

The mayor repeated a call he has made many times over the last year: asking the federal government to declare a state of emergency, provide emergency aid and create a "decompression" strategy that would slow the flow of migrants to cities like New York. He also called on President Biden to give migrants work authorizations.

Mr. Adams added that Gov. Kathy Hochul should develop a plan to help distribute arriving migrants throughout the state, to ease the burden on the city's shelter system.

<https://www.nytimes.com/2023/08/09/nyregion/adams-nyc-migrants-cost.html>

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"We need additional resources now," the mayor said, adding that the city was running out of "money, appropriate space and personnel" to properly care for the migrants.

Speaking at an unrelated news conference in Brooklyn on Wednesday, Ms. Hochul said she would ask the Legislature to allocate \$1 billion in next year's budget to help the city. The governor said the state had already given \$1 billion to help with housing and legal services and had helped find and prepare locations to house the asylum seekers. The state will pay for the cost of a new tent shelter on Randall's Island.

Ms. Hochul said she was also in communication with the Biden administration and repeated a call for the asylum seekers to receive work authorization, adding that she had "brought enormous resources to the table."

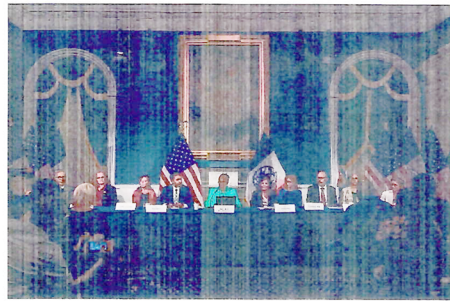
Many of the migrants are coming from Latin America, particularly Venezuela, where the country's economic collapse has caused millions of people to flee. Other migrants say they are fleeing extortion from violent drug gangs or persecution because of their sexuality. Recently, more and more migrants have been arriving from countries in Africa.

For nearly a year, Mr. Adams has been saying that the shelter system is at its breaking point, and he has made concerted efforts to stop migrants from coming to New York. Three weeks ago, New York began distributing fliers at the southern border telling migrants that living in the city is expensive and that there is no guarantee they will receive help should they come, even though the city is required to house those who ask.

The mayor also instituted a rule requiring single adult migrants to reapply for shelter every 60 days. And he asked a judge to relieve the city of some of its legal obligations to guarantee people shelter.

Of the 96,000 new arrivals, more than 57,000 are staying in homeless shelters, according to Anne Williams-Isom, the deputy mayor for health and human services. In total, there are 108,400 people staying in homeless shelters, she said — by far the most ever recorded.

The arrival of migrants, including a recent influx of families with children, has overwhelmed the city's shelter system, Ms. Williams-Isom said. Between July 30 and Aug. 6, more than 2,900 migrants arrived in the city, she said.



Anne Williams-Isom, the deputy mayor for health and human services, said that more than 2,000 migrants had arrived in the city over a few days in late July. Hiroko Masuike/The New York Times

In an effort to house the newcomers, the city has opened 194 sites, including 13 humanitarian relief centers, which are operated by the public hospital system. Officials said they had reviewed 3,000 sites as potential places to house migrants.

"We are past our breaking point," Mr. Adams said. "New Yorkers' compassion may be limitless, but our resources are not."

Andrew Rein, president of the Citizens Budget Commission, said his organization was still analyzing the city's projections but that he would not be surprised if the cost of caring for the migrants were higher than what has been accounted for in the budget.

"What people need to understand is that the city already has huge future budget gaps," Mr. Rein said in an interview.

The city's response to the migrants has faltered in the past — last year, some homeless families were forced to stay in an intake office overnight, instead of being immediately moved into shelters. But it broke down completely last week after the city's main intake center, operated by a company that used to provide Covid testing for the city, began turning people away.



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About 200 migrants, mostly men, many from Africa, slept on the sidewalk outside the Roosevelt Hotel, around the corner from Grand Central Terminal. Last Thursday, after the Legal Aid Society wrote to the judge who is hearing the city's request to waive the shelter guarantee, notifying her that the city was violating the migrants' right to shelter, the city found beds for all of them.

City officials used the moment to renew their pleas for more financial help from the state and federal governments.

"When the doors are closing in Denver, when the system is full in Chicago, people say, 'Let's go to New York City because we know that New York City will provide migrants with food and shelter and the things that they need,'" Ms. Williams-Isom said last week.

Some migrants that were served by DocGo, a company that handles the intake process at the Roosevelt Hotel arrival center, have said they were lied to about the resources they would receive. Representatives of the company gave them documents that falsely claimed they were eligible to work, some migrants said.

The city awarded DocGo a \$432 million no-bid contract to provide case management, medical care, food, transportation, lodging and security.

Critics of the city's migrant response have called on the mayor to focus more on finding permanent housing for people. Murad Awawdeh, the executive director of the New York Immigration Coalition, said the city was too focused on expensive "continual emergency expansion" of the shelter system, rather than investing in policies that quickly move people out of shelters.

Mr. Adams bristled Wednesday at the suggestion that his administration was struggling to handle the crisis, saying that he had taken all the proper steps.

Two weeks ago, the mayor joined the New York Democratic Congressional delegation in a meeting with Alejandro Mayorkas, Secretary of the Department of Homeland Security, and Tom Perez, a senior adviser to President Biden, in Washington.

New York officials asked the Biden administration to consider a potential emergency declaration for New York State that might free up more resources; the extension of "temporary protected status" to migrants, which would allow more of them to work legally; and the use of federal venues in which to house them, according to a person who was in attendance and requested anonymity to discuss the private meeting.

The Department of Homeland Security has responded by assembling a team to assess the region's ability to handle the migrant influx. The team is expected to report back to Secretary Mayorkas with recommendations for next steps, said a spokeswoman for the department.

On Tuesday, Gov. Kathy Hochul said she had asked the administration for the use of Floyd Bennett Field, a defunct airport in Brooklyn controlled by the federal government.

According to the Homeland Security spokeswoman, the federal government has sent more than \$140 million in funding to New York City — more than it has sent to any other city, not including those on the border.

But that federal aid "falls catastrophically short" of the \$3 billion to \$4 billion gap that the migrant crisis has left in the city's budget, Representative Ritchie Torres, who represents parts of the Bronx and who attended the meeting in Washington two weeks ago, said in a recent interview.

Andy Newman, Luis Ferré-Sadurni and Dana Rubinstein contributed reporting.

**Jeffery C. Mays** is a reporter on the Metro desk who covers politics with a focus on New York City Hall. A native of Brooklyn, he is a graduate of Columbia University. More about Jeffery C. Mays

A version of this article appears in print on , Section A, Page 17 of the New York edition with the headline: Migrant Influx Will Cost the City \$12 Billion Over 3 Years, Adams Says

9/11/23, 5:40 PM

Citing Costs of Migrant Care, Eric Adams Calls for More NYC Budget Cuts - The New York Times


<https://www.nytimes.com/2023/09/09/nyregion/nyc-budget-cuts-adams-migrants.html>

## Citing Costs of Migrant Care, Adams Calls for More Budget Cuts

The mayor ordered New York City agencies to reduce spending by 15 percent in the coming months, but said that federal and state aid could prevent the need for cuts.

By Hurbie Meko  
Sept. 9, 2023

Days after saying that an influx of over 110,000 asylum seekers was destroying New York City, Mayor Eric Adams on Saturday directed every city agency to submit plans to reduce spending by up to 15 percent, while renewing his calls for state and federal help to manage the migrant crisis.

In a recorded speech, Mr. Adams cited slowing revenue growth and the financial strain caused by housing and caring for the migrants, which officials have estimated will cost the city more than \$12 billion over three fiscal years.

“While our compassion is limitless, our resources are not,” he said. “We have not received substantial support from the federal or state governments to handle those costs or change the course of this crisis.”

This is the fourth time Mr. Adams has asked agencies to find cost savings since he took office last year, said Ana Champeny, vice president for research at the nonpartisan Citizens Budget Commission. In April, he ordered 4 percent spending reductions to nearly every agency.

Agency leaders are now being asked to find 5 percent of their city-funded budgets to trim in each of three upcoming budget plans, the first of which will be made public in the Office of Management and Budget’s fiscal update in November. The next rounds of cuts would come in January and April.

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While the City Council could reject the budget modification this fall, the mayor is legally allowed to slow down spending at will and its vote would be largely symbolic. The Council will be able to exert more leverage next summer, when the mayor seeks its approval to roll over the accrued savings into that fiscal year’s budget, which is expected to face major gaps.

The mayor’s early announcement will give agencies time to think creatively about how to reduce spending without cutting core services right away, Ms. Champeny said. But she added that the proposed cuts would be “a bigger lift” than earlier savings efforts.

In a news release on Saturday, the mayor said there would be no layoffs as a result of his directive. And an infusion of federal and state funding could remove the need for cuts, he said, stating that “the die is not yet cast.”

“We need Washington and Albany to finally do their part by paying their fair share,” he said.

An estimated 10,000 migrants are arriving in New York each month, overwhelming the city’s homeless shelters, which now house more than 112,300 people. The city, which is required to provide shelter to anyone who asks for it, has opened more than 200 emergency sites to house migrants.

The crisis has created political friction between Mr. Adams, a Democrat, and leaders of his party, as the mayor’s pleas for a “decompression strategy” and expedited work permits have increasingly turned into criticism of Gov. Kathy Hochul and President Biden.

Last month, a lawyer representing Governor Hochul sent a letter faulting Mr. Adams’s management of the humanitarian crisis. In separate letters to city and state officials, President Biden’s Homeland Security secretary questioned the city’s migrant response and offered about two dozen recommendations.

In a joint statement on Saturday, City Council Speaker Adrienne Adams (who is not related to the mayor) and Justin Brannan, the council’s finance chair, echoed Mr. Adams’s call for assistance, saying that the city could not be expected to handle the migrant crisis alone.

“Tens of thousands of people seeking asylum are arriving in our city at a time when we are already confronting a housing crisis, record homelessness and the sunset of federal Covid stimulus funds,” they said.

Brad Lander, the city’s comptroller, said in a statement on Saturday that in addition to help from leaders in Washington and Albany, the city needed a “real long-term” savings plan.

<https://www.nytimes.com/2023/09/09/nyregion/nyc-budget-cuts-adams-migrants.html#:~:text=Days after saying that an,to manage the migrant crisis.>

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Citing Costs of Migrant Care, Eric Adams Calls for More NYC Budget Cuts - The New York Times

"While our office will review these proposed cuts, one thing is immediately clear: Scapegoating asylum seekers will not improve education, public safety, housing affordability or quality of life for New Yorkers," Mr. Lander said.

Dana Rubinstein contributed reporting.

A version of this article appears in print on . Section A, Page 13 of the New York edition with the headline: Citing Financial Strain of Migrant Care on New York City, Adams Calls for More Budget Cuts

# AFL-CIO

## STATEMENT FOR THE RECORD

### Senate Budget Committee Hearing

Unlocking America's Potential:

How Immigration Fuels Economic Growth and Our Competitive Advantage

*Wednesday, September 13, 2023*

The AFL-CIO is a democratic federation of 60 affiliated unions representing more than 12.5 million workers across all sectors of our economy. Our members work in every state in the country and they come from every region of the world. We represent working people with all types of immigration status, including undocumented workers, DACA and TPS holders, non-immigrant visa beneficiaries, legal permanent residents, refugees, asylum seekers, and citizens. Together, we strive to ensure that everyone who works in this country receives fair pay, good benefits, safe working conditions, and dignity and respect on the job.

Unions applaud Congress for passing historic legislation to advanced federal industrial investments and are committed to ensuring that these taxpayer resources build 21st century infrastructure, protect our environment, promote domestic resiliency and return family-sustaining union jobs to our communities. To achieve these goals, companies seeking public subsidies must be required to engage in hiring practices and workforce development strategies that empower workers, lift standards, and promote equity.

Unfortunately, many of the non-union employers in the industries expecting a windfall from federal investments have a proven record of abuses of immigrant workers and work visas—across the wage and skill spectrum. Absent interventions to ensure employer accountability, critical public investment could perpetuate low wages, long hours, discrimination, displacement, unsafe working conditions, captive labor, child labor and other egregious violations.

The exploitation of immigrant labor is an undeniable through line in the playbook to drive down standards and bust union organizing. Preventing such abuse is necessary to ensure high road, equitable and inclusive implementation of projects supported by the Infrastructure Investment and Jobs Act, the Inflation Reduction Act and the CHIPS and Science Act. We urge Congress to pursue a balanced approach that advances the following real workforce solutions:

- #1 – Strengthen labor laws and hold employers accountable*
- #2 – Regularize the status of our current immigrant workforce*
- #3 – Expand and enhance permanent humanitarian pathways*
- #4 – Reform and regulate abusive work visa programs*
- #5 – Support a robust role for unions*

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PRESIDENT

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SECRETARY-TREASURER

### **Overview**

For our economy to grow, our workforce must grow. In a historically tight labor market, and given current demographic trends, much of the new workforce growth will need to come through immigration. But how people come matters. That is why a more just immigration system must be designed to meet the real needs of people, rather than the purported needs of employers.

Successive waves of immigrants and refugees have always helped to build, serve and feed our nation. Today is no different. Far from posing a threat, newly arriving migrants can make valuable contributions to our society when afforded the proper supports to allow them to effectively integrate into our communities.

The labor movement is committed to welcoming more refugees, asylum seekers and other forced migrants and helping them to integrate into the workforce with good union jobs. That is how we use immigration policy to expand the workforce while also ensuring full rights and protections, not only for migrants, but for the existing workforce. By contrast, guestworker programs as currently structured pose a real threat. Expanding this approach delivers an on-demand, disposable cheap workforce that is separated from their families and denied political rights – in other words, totally disenfranchised. This is not a future of work we can or should accept.

We hear a lot about a labor shortage these days, but far too little about the crisis caused by the shortage of good jobs. Workers are no longer willing to risk their lives to work for meager wages without childcare support, paid leave or basic safety protections. Workers are taking collective action in record numbers to demand a fair share of the wealth we help to create, and for the first time in decades working people are seeing significant gains in pay and standards for work that has been chronically undervalued.

Against this backdrop, if migration pathways are expanded in ways that fuel further wage stagnation, runaway inequality, and racialized gaps in pay and conditions, workers and their unions will rightly object. Now is the time for policy makers to soundly reject the low wage immigration approaches that have fueled discrimination, exploitation and excess corporate profits for long enough. Instead we need approaches that are fair for migrants and the existing workforce alike. Such approaches exist and are outlined below.

### **Real Solution #1 – Strengthen and Enforce our Labor Laws and Standards**

All workers in our labor force today need equal and enforceable rights. It is clear that we are in a historically tight labor market, but it is also clear that many industries are churning through workers and failing to retain them due to low pay and unfair, unsafe and unacceptable working conditions. Simply put, we need better, safer jobs that pay a family-sustaining wage. To support this, Congress should:

***Protect the right to organize.*** Congress must pass the Pro Act (118<sup>th</sup>: S.567, H.R.20) to strengthen the rights of all workers to form or join a union and engage in collective bargaining and protected concerted activity to improve their working conditions. Every worker deserves a voice on the job, but a collective bargaining agreement disproportionately helps those who need it most. A union job helps all members increase their earning power

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and improve their benefits. Importantly, it helps women more than men, black workers more than white, and Latinas most of all. Indeed, a union contract may be the single best tool we have to close racial and gender gaps in pay and conditions. Removing the barriers to organizing is particularly important for those, like immigrants, who have been marginalized and structurally excluded in our economy.

***Protect workers who report violations.*** If we want to combat rampant wage theft, death and injury on the job, and the resurgent abuse of child labor in the 21<sup>st</sup> century, we need workers to be willing to report violations and speak up when they see problems. To make that possible, we must protect immigrant workers when they find the courage to take action that helps enforce our labor laws. The POWER Act (118<sup>th</sup>: H.R. 1828) would ensure that employers can no longer use immigration threats to scare workers into silence. When labor abuses go unchecked, they drive down wages and working conditions for all. This bill will help ensure that workers are able to join together, look out for and protect each other, which is the best way to promote justice and safety on the job.

***Raise wages.*** Millions of working people who are vital to our economy and anchor communities throughout the nation still work in poverty. We must raise the federal minimum wage, remove exceptions to the requirement for paying the federal minimum wage, and find innovative ways to revitalize communities that have lost their economic base. Congress should start by passing the Raise the Wage Act (117<sup>th</sup>: S.53) and use any and all other available policy levers to lift wage levels, including through our federal procurement system and reform of our work visa programs. Raising wages will not only help to lift working families out of poverty, but also create broad bottom-up stimulus that helps spur inclusive economic growth.

***Shift enforcement priorities to protect workers, rather than punish migrants.*** It is striking—and tragic—that decades of enforcement-only immigration approaches have prioritized the detention and deportation of migrant families over the protection of workers. Now is the time to strengthen and utilize mechanisms to protect all working people, regardless of immigration status. We call for a shift of emphasis away from viewing migrants as criminals, and toward holding employers accountable for criminal violations of worker rights. The United States currently spends twelve times as much on immigration enforcement as it does on labor standards enforcement, with similarly disproportionate staffing. Lawmakers should rebalance this investment to ensure adequate oversight of labor migration programs, promote employer accountability, and protect all workers on the job.

***Increase employer penalties.*** To prevent further exploitation, including resurgent child labor violations, we need to fix the fundamental flaws and loopholes that allow employers to operate with a sense of impunity. The Department of Labor must have adequate funding to investigate dangerous workplaces and enforce the Fair Labor Standards Act. And corporations that violate the law must face substantially increased penalties and be held jointly liable for the abuses of any third party subcontractors or temp agencies with which they do business. Congress should raise fines by supporting the Combatting Child Labor Act (118<sup>th</sup>: H.R. 2956). In addition, we must prevent employers with frequent violations from selling goods to USDA by supporting the Child Labor Exploitation Accountability Act (118<sup>th</sup>: S. 1288, H.R. 2822).

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**Real Solution #2 – Regularize the Status of our Current Immigrant Workforce**

There is no way to accurately assess workforce need until we regularize the status of those who are currently being forced to work in the shadow economy. The right way to use immigration policy to lift wages and standards is by expanding rights and protections to as many workers as possible. Here's how we lift the floor:

***Enact a broad and inclusive pathway to citizenship for all those who live and work here.***

Nearly four decades of Congressional failure to pass meaningful immigration reforms has created a near permanent subclass of millions of exploitable workers in our country. That is unacceptable, and it is how immigration policy becomes cheap labor policy.

From the perspective of the labor movement, the right way to fix this prolonged injustice is to enact a path to citizenship for all those whose labor helps our country to prosper. The fight for a broad pathway to citizenship has proven a long one, but it remains our North Star.

As a down payment on that broader goal, we support an immediate path to permanence for DACA and TPS holders whose status was threatened by the Trump administration, and who play such a vital role in our workforce, our communities, and our unions. In the Senate, we support aligned passage of the DREAM (118<sup>th</sup>: S. 365) and SECURE (118<sup>th</sup>: S. 1727) Acts.

***Urge the administration to make expansive use of the TPS statute.*** Although only Congress can deliver the permanent protections workers expect and deserve, we must not allow gridlock to prevent incremental progress through other lawful means. Congress gave the President the power to designate Temporary Protected Status for countries that have been destabilized by conflict and disasters, and the Biden administration has been using TPS in helpful ways—we urge them to do still more. If DHS were to designate or redesignate all the countries that meet the statutory conditions, millions more people could become eligible for work permits, preventing exploitation and providing much-needed relief to receiving communities. Given the current workforce realities, that would have far-reaching benefit, particularly as we prepare to implement important new federal investments.

***Close gaps in our social safety net.*** Many of the policy changes we need to support our current immigrant workforce are not directly about immigration reform. If we want people to be able to live and work safely, that means they need access to quality healthcare and education, including higher education. They need driver's licenses and the safety net of unemployment insurance for rough times. Many of these decisions are made at the state level, where we see both progress and shameful attacks, up to and including recent efforts to rollback basic child labor protections.

***Support STEM talent in our higher education system.*** The bipartisan Keep STEM Talent Act (118<sup>th</sup>: S. 2384) would provide foreign-born, American-trained STEM professionals a high road, empowered pathway to permanent status after completing their training. Additional steps are needed to protect international graduate students, many of whom are union members who work on their campuses in various teaching and research roles. Too often higher education employers threaten these international students with the revocation of their visa and deportation if they exercise their workplace rights, including the right to organize as a union and engage in concerted activity. Along with denouncing this egregious

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employer behavior, we urge the Committee to support reforms to relevant F-1 and J-1 regulations that have been used by colleges and universities to create doubt or fear on the part of international graduate employees engaging in protected labor activity. These regulations should be clarified to make clear that labor protests, including strikes, are protected and would not be grounds under either regulation for any adverse action either from an employer, sponsor organization, or the government.

### **Real Solution #3 – Expand Permanent Humanitarian Pathways**

In the context of escalating mass human displacement, the imperative to increase resettlement commitment and capacity is real. Indeed, now is the time to scale up humanitarian pathways. By welcoming more refugees, asylum seekers and climate migrants and effectively integrating them into the workforce, we can also promote economic growth. But workers need the right kind of growth—we need worker-centered growth that generates shared prosperity and closes racial and gender gaps in income and opportunity, rather than growth that accelerates the concentration of wealth and power in the hands of few. We urge lawmakers to:

***Restore and enhance asylum processing.*** The United States has obligations under national and international law to ensure that people will not be returned to dangerous situations—obligations the government cannot meet through expedited legal proceedings and removals of asylum seekers. The AFL-CIO rejects any proposed changes that would limit due process for vulnerable populations at the border or run counter to established U.S. and international norms regarding the detainment of children and refugees. Rather than limiting access, policymakers should explore possibilities to expand criteria for asylum to include victims of gender-based violence, gang violence, and climate change.

***Set ambitious refugee resettlement numbers, including a target for the region.*** Amidst unprecedented levels of global displacement, resettlement needs are enormous and ever expanding. After nearly shutting down our refugee program in the previous administration, the U.S. should renew our commitment as a world leader in resettlement. Doing so would have the added benefit of helping to expand the workforce, including in industries within the food chain that have historically relied on refugee workers.

***Do not allow immigrant parole programs to replicate the abuses of guestworker programs.*** The increased government reliance in recent years on parole has clearly been intended to respond to world events and meet pressing human need. Unions support and sympathize with these motivations. However, as with any new migration pathways, we want to ensure that adequate guardrails are in place to prevent exploitation. In particular, we are concerned that the structure of parole programs creates a potential for abuse by those seeking to exploit its sponsorship aspect.<sup>1</sup>

<sup>1</sup> <https://www.nbcnews.com/news/latino/scammers-target-hopeful-applicants-bidens-humanitarian-parole-program-rcna68694>



#### **Real Solution #4 – Reform Abusive Work Visa Programs**

Any policy that creates tiered rights in our labor market is unjust and bad for workers. This is why we cannot accept a subclass of millions of exploitable undocumented workers and must fight for a path to citizenship for all. It is also why we must not allow expansion of immigration to be driven solely by corporate interest. When workers come to our country with their status under the control of employers, this constrains their rights and agency, and makes them vulnerable to exploitation in much the same way as when they lack status entirely. We urge Congress to:

***Fundamentally reform work visa programs.*** After decades of experience with the abusive model of guestworker programs that degrade labor standards and constrain the rights of migrant and U.S. workers alike, change is long overdue. Unions have outlined concrete recommendations for reforms that will promote good jobs, worker empowerment, employer accountability, fair recruitment, and racial and gender equity. The need for more robust worker protections across our alphabet soup of work visa programs is clear, as is the need to ensure basic labor rights and standards within the exchange programs overseen by the Department of State. The AFL-CIO has endorsed the Seasonal Worker Solidarity Act (117<sup>th</sup>: H.R. 7549) and the H-1B and L-1 Visa Reform Act (118<sup>th</sup>: S. 979), as models of the types of reforms that are needed to protect all workers in relevant industries. In addition, unions and business groups have been sitting down together to develop a package of H-2B reforms that would make much needed improvements.

***Regulate foreign labor recruiters.*** The international labor recruitment industry is rife with abuse and should be regulated through mandatory, enforceable mechanisms. The U.S. government should adhere to the ILO's "General Principles and Operational Guidelines on Fair Recruitment". In particular, unions are calling for an employer and recruiter registry system, and an enforceable ban on charging workers recruitment fees that, whether paid upfront or through deductions, can lead to debt bondage and forced labor.

***Insist on transparency, labor rights and standards in all visa categories that place workers in the labor market.*** Currently, when searching for staffing options, corporations have a menu of under-regulated visa programs from which to choose. Even within the comparatively better regulated H visa programs, abuses are widespread because labor enforcement is inadequate and employers control workers' ability to live and work in the United States. Many of the other visa pathways corporate employers are utilizing have even larger regulatory deficiencies. Treaty visas, for example, include no labor standards provisions, labor enforcement mechanisms, or worker protections—and they are completely uncapped. Moreover, there is absolutely no public data available detailing which employers are using these visas and how. Escalating misuse of these pathways is a foreseeable and almost assured outcome unless appropriate constraints are put in place through federal investment roll out mechanisms. As a starting point, Congress should call on the administration to release real time data on employers using various visa programs, and insist on an oversight role for the DOL.

***Reduce dependency on temporary labor with severely constrained rights.*** If we continue on our current path, the challenge of meeting workforce needs will deepen, because instead of expanding permanent immigration and resettlement pathways, we are seeing a major

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expansion of temporary work visa programs. This risks turning temporary shortages into structural shortages, and creates downward pressures on wages and standards across industries.

#### **Real Solution #5 – Support a Robust Role for Unions**

Like it was for generations before, the labor movement is a natural home for immigrants and refugees struggling to achieve economic security and social justice. We unapologetically affirm that we want more immigrants and refugees to be union members today. Everyone who has a job should have the chance to join a union, particularly those who are at the greatest risk of abuse when seeking to navigate workplace issues on their own. With union membership comes representation at work, the added protection of a collective bargaining agreement, increased training opportunities, and a means to promote social cohesion with the existing workforce. We urge lawmakers to:

***Interrogate labor shortages claims.*** In a tight labor market, employer claims of worker shortages may gain more surface validity, but they often obscure important realities. Unions across all sectors of the economy have deep expertise regarding the workforce needs and realities in their industries<sup>2</sup>, as well as clear recommendations on how to address them. We implore lawmakers to engage with unions before accepting one-sided assessments of the labor market and proposing policy responses that could entrench structural problems.

***Promote workforce development and training.*** Relying on immigration alone to meet routine staffing needs is neither sustainable nor ethical. Permanent immigration pathways may be a part of the staffing formula, but we need a broader, inclusive, grow-your-own approach that aligns with efforts to improve job quality and worker retention.

The federal government should recognize that registered apprenticeship, and other union-management training programs are the largest and most effective vehicle that we have to prepare a skilled workforce for the future. Extending work authorization to more members of our current workforce will remove barriers to onboarding them into good union jobs and skilled training pathways, and enable them to work on federally funded projects.

***Promote effective workforce integration of newcomers.*** We have seen what can happen when policymakers fail to plan effectively for workforce integration. To minimize the potential for increased levels of immigration and refugee resettlement to fuel exploitation and backlash, we must think not just about how many people will come, but where they will live, what they will do, and how to foster authentic social bonds that help to bridge divides in workplaces and communities. For our part, unions are committed to welcoming more immigrants, refugees and asylum-seekers into our communities and helping them safely integrate into the workforce and good union jobs.

<sup>2</sup> See, for example: <https://www.aft.org/teacher-shortage-task-force-report>, <https://www.aft.org/healthcare/healthcare-staffing-shortage-task-force-report>, and <https://www.nationalnursesunited.org/protecting-our-front-line-report>

***Require project labor and community benefits agreements on federally funded projects.***

As vitally important new federal investments roll out, it is essential that we harness those resources to create good, safe jobs. For example, new revelations continue to unfold regarding the extent of worker abuses in the auto-manufacturing sector in the South, including exploitation of guest workers, incarcerated workers, undocumented workers, and child migrants. Absent interventions to change these deplorable conditions, critical federal investments in domestic electric vehicle production could perpetuate child labor and other egregious violations. Requiring community benefits agreements that include clear commitments on labor standards and workers' rights on such projects will ensure that companies that seek to access federal incentives sit down with unions and community organizations to promote fair and equitable workplaces, high quality family supporting jobs, and the ability for employers to attract and retain a skilled, stable 21<sup>st</sup> century workforce.

**Conclusion**

Workers are ready to help shape a just transition for our economy, and we believe that increased levels of immigration can be part of that vision. However, when immigration policies are structured solely to serve corporate interests, workers of all backgrounds lose, and the task to build support for welcoming policies becomes harder. In order to meet the humanitarian imperatives of our time, we must reject low wage immigration policy and chart a course forward that truly does respect and protect all working families.

The fact that increased immigration grows GDP and creates wealth—as many advocates taut—does not mean that those gains will be shared evenly or fairly. As workers, through collective action, begin to make long overdue gains in pay and conditions, it is critical that we think carefully about how we respond to the employer clamor to use immigration policy to expand the workforce. To spur just and inclusive growth, we must ensure that any new workers joining our labor force do so with full rights and protections. That cannot happen through abusive temporary work visa programs.

Adding more workers alone will not resolve our current workforce staffing issues. Unless and until employers address deplorable working conditions, inadequate compensation, and lack of basic dignity and respect on the job, they will be unable to attract and train new workers quickly enough to replace those who will continue to leave.

Unions have outlined a set of concrete and practical solutions to address these urgent structural issues. Let's work together to reduce the shortage of good jobs in our country and build an immigration system that supports our competitiveness while promoting equitable economic growth that comes from the bottom up and the middle out.

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**Statement for the Record**

**Improve The Dream**

**Submitted to the Senate Budget Committee**

**“Unlocking America’s Potential:**

**How Immigration Fuels Economic Growth and Our Competitive Advantage”**

**Wednesday, September 13, 2023**

Improve The Dream is a youth-led organization that supports and advocates for young immigrants, who have grown up in the United States as child dependents of visa holders. We represent over 250,000 children of long-term visa holders (Documented Dreamers) who are collectively raising awareness about the various issues that cause us to age-out of the system when we turn 21.<sup>1</sup> Members of our community were brought to the United States at an average age of five and have resided here for an average of 15 years. Our vision is that one day, everyone who grows up in the United States and long-term residents of the country have a clear opportunity to become American citizens, pursue their passions, and fully contribute to our country.

We appreciate the committee holding this important hearing to highlight the importance of immigrants on the United States' economic growth and our country's competitive advantage. This is an issue affecting immigrants, employers, and communities in our country. Current immigration laws prevent immigrant workers and small business owners from achieving the American Dream, even for those who have spent decades contributing to the United States with a documented status.

Many Americans are not aware that it is possible for an immigrant child to grow up in the United States with a legal status, be raised and educated in the United States, but still have no clear path to citizenship. This is because current immigration laws prevent high-skilled immigrants (H-1B visas), small business owners (E-2 visas), and their children from having a future in this country. Due to long backlogs certain countries face, the children of H-1B visa holders "age-out" of their status at age 21. E-2 visa holders, on the other hand, have no pathway to citizenship, which forces their children to self-deport at age 21. Likewise, children of other long-term visa holders face a similar predicament.<sup>2</sup> Moreover, many of us are facing self-deportation everyday, since the immigration system currently has no mechanism in place to protect children from aging-out. These obstacles are not just tearing families apart, but also negatively impacting the United States economy. Every time a child of a visa holder is forced to deport the United States after their education, our country loses an opportunity yielding approximately \$252,000 net fiscal surplus per person.<sup>2</sup>

At age 21, Documented Dreamers must self-deport or switch to a student visa, get lucky enough to be sponsored by an employer, win the H-1B visa lottery, and start the entire employment-based green card process on our own. However, even switching to a student visa can be difficult because of the requirement to show “non-immigrant intent” and ties to our country of birth.<sup>3</sup> It is difficult for children who have grown up here to prove ties to their country of birth and proving non-immigrant intent is nearly impossible for children whose parents have already filed for a green card. Hence, children are often denied student visas precisely because they have grown up in the United States. Moreover, the odds of winning the initial H-1B lottery was about 15% in FY 2024, proving there is no viable path for most.<sup>4</sup> In addition to these low odds, children born in India will be subject to the same employment-based green card backlog that affects their parents. Therefore, while a few options do exist within the legal system for aged-out children, these options prove to be unviable for the majority of individuals.

In a survey of over 1000 students who are children of long-term visa holders by Improve The Dream, we found that 99% of students were pursuing higher education, and 87% of individuals had either completed or were pursuing a STEM degree.

People often say to us, “just get in line and apply for citizenship,” but the truth is there is no line. Moreover, many of us face self-deportation everyday since the immigration system currently has no mechanism in place to protect children from aging-out. Once a child ages out, the decades they spent growing up in the United States are rendered useless in the eyes of the immigration system. Due to a lack of pathways, other immigrant students who pursue higher education in the United States are also left out of solutions.

Our hope is that immigration reform will prioritize protections for children who are raised and educated in the United States and establish attainable pathways for long-term immigrants seeking to contribute to our country. Efforts at immigration reform should incorporate the following principles to remove obstacles under the current system and permanently protect children of long-term visa holders:

1. Establish a clear path to citizenship for children who are raised and educated in the United States. The bipartisan *America's Children Act*, introduced by Senators Padilla and Paul, accomplishes this by allowing permanent residency for individuals who were brought to the United States as children of long-term visa holders, spend at least 10 years in the United States, and graduate with an American college degree.<sup>6</sup>
2. Establish age-out protections by clarifying the definition of child under the Immigration and Nationality Act to freeze the child's age on the date of filing.
3. Grant employment authorization to children of long-term visa holders who are in the backlog with pending green card applications.
4. Allow retention of priority dates for derivative beneficiaries with the earliest of any approved petition.
5. Address the root causes of aging out by ending per country limits on green cards and increasing pathways to citizenship for nonimmigrant visa holders.
6. Create pathways to citizenship for individuals who pursue higher education in the United States, including for Dreamers, international students, and others.

We urge this committee to immediately consider these crucial principles that would strengthen America's workforce and help to retain American educated talent. We are committed to working with members of this committee to find solutions which permanently remove barriers in our immigration system, especially for individuals who were brought here as children and consider this their home. All children who grow up in the United States and long term residents who want to contribute to our country should receive a clear, attainable pathway to citizenship.

<sup>1</sup>American Immigration Council, “Documented Dreamers: An Overview”, 2021, available at <https://www.americanimmigrationcouncil.org/research/documented-dreamers-overview>

<sup>2</sup>David Bier, “Huge Fiscal Benefits of Including Legal Immigrant Dreamers in the DREAM Act,” 2017, available at <https://www.cato.org/blog/huge-fiscal-benefits-including-legal-immigrant-dreamers-dream-act>

<sup>3</sup>USCIS, “Changing to a Nonimmigrant F or M Status,” 2023, available at <https://www.uscis.gov/working-in-the-united-states/students-and-exchange-visitors/students-and-employment/changing-to-a-nonimmigrant-f-or-m-student-status>

<sup>4</sup>USCIS, “H-1B Electronic Registration Process,” 2023, available at <https://www.uscis.gov/working-in-the-united-states/temporary-workers/h-1b-specialty-occupations-and-fashion-models/h-1b-electronic-registration-process#:~:text=For%20FY%202021%2C%20we%20received,volume%20from%20the%20initial%20selection>

<sup>5</sup>Alex Padilla, “Padilla, Paul Introduce Bipartisan Bill to Protect Thousands of ‘Documented Dreamers’”, 2021, available at <https://www.padilla.senate.gov/newsroom/press-releases/padilla-paul-introduce-bipartisan-bill-to-protect-thousands-of-documented-dreamers/>





**Collection of Stories from Members of Improve The Dream**

**Submitted to the Senate Budget Committee**

**“Unlocking America's Potential:  
How Immigration Fuels Economic Growth and Our Competitive Advantage”**

**Wednesday, September 13, 2023**

I am a Documented Dreamer. The hardships of being forgotten by the immigration system are difficult to put into words and immediately bring tears to my eyes. Feelings of betrayal and loneliness rush as I start to think about my story.

I had a typical American upbringing. In the beginning, my family of four lived in a one-bedroom apartment while my father completed his PhD. I have vivid memories of my mother, twin sister, and I strolling hand-in-hand through the busy streets of San Francisco. With relentless perseverance, my father completed his PhD in record time and provided us with economic mobility. I later grew up juggling tennis and dance lessons with schoolwork and volunteering. On the weekends, we would buckle our helmets and bike to the closest park. We took road trips to the redwoods or coastline every chance we got. Simply put, my entire childhood is filled with memories of places and people that only exist in the United States.

My identity as an American was stripped from me when I was 18. While applying for colleges, I learned about what my parents' pending green card application meant for me. Unlike my American peers, I was not able to accept financial aid, work the jobs I was offered, and pursue financial freedom via building credit.

Nevertheless, I focused my hard work on completing my degree in bioengineering, volunteering in biomedical research labs, and leading national-level student organizations. My hard work did pay off — I was recognized for several awards, from UC San Diego and Genentech, for my

commitment to the undergraduate and scientific communities. I still pushed through the obstacles to pursue my version of the American Dream.

The obstacles became overbearing when even the opportunity to achieve the American Dream became a privilege for me. 10 months before I turned 21, I learned I would have to self-deport with an incomplete degree. Were all of my achievements futile? How do I leave the only place I call home? These thoughts consumed my mind for the next 6 months as I sacrificed my academic and leadership responsibilities to fight for a way to remain in this country. A huge weight was lifted off my shoulders when I received my change-of-status approval. I switched to an F-1 international student visa, the same status my father arrived with 13 years earlier.

Living as an international student has greatly impacted my career trajectory. I am eager to start my career in the pharmaceutical industry so I can solve technical challenges in drug development. Although I had more prestigious internships and laboratory experiences than my American peers, I was not able to find any biotechnology companies that were willing to sponsor me, let alone let me work on an OPT. I decided to pursue a PhD in biomedical engineering to improve my chances of future sponsorship and continue my legal status without acquiring more student loan debt. Unsurprisingly, I continued to face underserved discrimination as PhD programs also saw my international student status as a burden.

Today, I am awaiting the next stage of barriers that will arrive when I complete my PhD. The next few years are a sigh of relief, as my temporary student status is the most certainty I have had in my adult years. Like my father, I am completing my PhD in record time and am on track to

graduate with honors. I have a plan A, B, C, and D for what happens after my PhD, because I know stability is a privilege that I cannot acquire for a while.

Despite being forgotten by the American government, I still identify as an American. Because of the possibility of getting “stuck” if I visit my country of birth, my entire life has been in America since my family immigrated 17 years ago. Last year, I felt like a foreigner when I visited my country of birth for the first time since I was 10 (I am 25 now). My mind is always at a crossroads because I am considered a foreigner in the country I call home, and I feel like a foreigner in the country that is my “home” on paper. I have accepted this feeling as an inevitable part of pursuing my American Dream as I see no straightforward path to American citizenship.

I aged-out of the system, but I don’t want this trend to continue. I am one of over 200,000 Documented Dreamers in the same boat. Unfortunately, the root cause of the issue — the long wait-times for employment-based green cards and per-county limits — is only getting worse. My parents are still “waiting in the line,” and it’s been 5 years since I was kicked out of this so-called line. I strongly urge that the United States government take the necessary steps to decrease green card wait-times and end aging-out once and for all.

America, the land of opportunities. The country millions of immigrants move to in order to succeed in life. My family was one of the millions of immigrant families who moved to the United States in order to lead a better life. I moved to the United States with my parents in 2005, when I was only 2 years old.

Growing up, I never thought of myself as “different”, I did everything my American friends did, whether that be playing tennis, or celebrating the 4th of July by the beach. Once I got to highschool, I was conatus. I could not bestantly reminded of how I was “different” than my friends. I couldn’t work a summer job because I didn’t have a work permit, I couldn’t vote, or even accept any scholarships that I was academically eligible for. Every three years me and my family face a period of uncertainty, not knowing if the application to extend our visa will be approved. The recurring question of “Why don’t you just apply for citizenship” always makes me upset because I wish it was that easy. With my 21st birthday not far away, my parents and I are now discussing whether I should switch to an international student visa (F-1). This would buy me a few more years of legal residency, but it would also massively inflate the cost of my education. If I make that switch, I’m also giving up my current shot at a green card; I can’t be an international student and also keep my place in the green card line at the same time. I see my friends leading a “normal” life, not worried about the possibility of having to move to a completely different country, restarting their lives, having a job, or being able to vote. In spite of living in the United States as long as they have, I am not able to do any of these things because

according to the law I am classified as an “alien”. Georgia is my home. This state has invested in my education, and it’s where I want to be.

The broken immigration system is currently affecting many immigrant families like mine, with the possibility of having to wait over 100 years just to get a green card. I want to use the opportunities that I have been given and give back to the country I call my home, the United States of America.

**Maria Isabel Campos**

My name is Maria Isabel Campos, and I am currently a second-year law student at St. Mary's University School of Law in San Antonio, Texas. This is my story and experiences as an immigrant in the United States. I, alongside thousands of young adults in the United States, am a Documented Dreamer.

In 2008, my parents wanted to provide my sister and me with the cultural and language experience of living in a different country. Thus, at the age of thirteen, my sister, my mom, and I moved to the United States with a student visa status. A year after, my father decided to join us, he opened his Mexican business in the United States, hired an immigration attorney, and applied for an L1 Visa at the United States Consulate in Nuevo Laredo. We were granted the L1/L2 visa and moved more permanently to Brownsville, Texas. I continued with my middle school education, graduated from High School, and was admitted to The University of Texas at Austin for my undergraduate.

As an undergraduate, I was dependent on my parents' L1 Visa. As a dependent of an L1 Visa, you are unable to work, even campus employment is not allowed. Therefore, it was very difficult to get any internship experience during my first two years of undergraduate. While I was in my undergrad, my parents hired an attorney to assist them with the application for a green card. The process extended after USCIS requested more evidence for the case, ultimately, USCIS denied our green card application and I turned 21 and aged out of the process. To maintain legal status

in the United States, I had to change my status to a student visa, which placed me in the same position in the immigration system as immigrants who had just entered the United States in recent years, although I had been residing in the United States for nine years.

As an F-1 student, I could at least work on campus, I decided to work at the International Office of The University of Texas at Austin to familiarize myself with the F-1 student immigration process. In my senior year of undergraduate, I began searching for jobs, I got several first and second-round interviews, even some job opportunities, but once I disclosed my immigration status, most of the employers rescinded their offers. I was discouraged with the process, living in the uncertainty of what the future would hold for me. Additionally, I was again disappointed with the United States immigration process. My mother, who at this point was already living in Mexico, went to the United States Consulate in Matamoros and without a single word, exchange was denied a tourist visa to come to my undergraduate graduation. My mother had been my rock all through my education, she was the first person I called when I needed emotional support, from Pre-K to High School, she made sure my lunch was packed, my clothes were clean, and my homework was completed. She was always there for me and the fact that she would not be able to see what we accomplished together was completely heartbreaking for me and my family. After I graduated from my undergrad, I worked for a year at an immigration firm assisting other immigrants. I have personally experienced the peaks and valleys of the immigration system on several occasions. I have firsthand experience with the reunification of new families, and the heartbreaking, and unfortunate denial of new dreams and aspirations due to complications of the proceedings. Although a difficult experience, the smiles I saw on the clients' faces once their immigration case had been approved was invaluable. However, at the same time I knew, that



although I could assist others in reaching the American dream, the American dream was in no near proximity for me.

After working for a year, I started law school at St. Mary's University School of Law. Law school had always been a dream of mine, my own immigration journey had inspired me to become an attorney, I knew I wanted to help others who are going through difficult and important moments in their lives. In 2020, mid-Covid-19 pandemic, I began my first year of law school. The pandemic brought great uncertainty, especially to international students. In July of 2020, I was on my way to visit my family in Mexico when I received some baffling news, international students doing online programs had to leave the United States. At that point, my law school, like many law schools around the nation, were uncertain whether they would proceed with in-person classes or virtually. I made the difficult decision to return to Mexico for a year with my family and take my first semester of law school completely remotely. I was told that USCIS would place my SEVIS account on hold, and I would be unaffected by the process.

After my first year of law school, my passion and dedication for the law reflected on my grades. I was offered a judicial internship position at the United States District Court of the Western District of Texas. I was very excited about the opportunity, but again my immigration status became a barrier. My law school informed me that to be granted Curriculum Practical Training to do an unpaid internship I had to, enroll full-time and pay for the internship. Although it was an expense that I wasn't planning on, I decided that I wanted the experience, and I would enroll in full-time classes while I did the internship. However, that was not the only hurdle I faced. SEVIS never reactivated my record and I had to postpone several consulate appointments to get my

student visa. I ended up having to apply for another SEVIS number and pay the fee again.

Ultimately, I was able to do my internship and gain that experience. This summer I was offered a position as a summer associate for Locke Lord LLP. Although I am excited about the internship, I knew I had to overcome the immigration hurdles. To do my internship over the summer I had to talk to the dean of my school, enroll in an independent research study course, and ask a faculty member to supervise me.

My story is just one of many stories of thousands of Document dreamers who are in a similar position as I am. I learned from an early age what the American Dream meant: hard work gives you the freedom and ability to write your own future. I have worked hard, but my future is still decided by the United States immigration system.

My family was fortunate enough to have the resources necessary to come to the United States legally. We did everything by the book: my parents invested, paid taxes, opened a business, and maintained our immigration status for years. I have resided in the United States for more than 12 years, always maintaining legal status, currently in the top 10% of my class at St. Mary's University School of Law. Still, with the current immigration laws, it would be easier for me to get permanent residency by a marriage petition than by my hard work as a law student and my long-term documented immigration status.

I am fully convinced that the American Dream is still a possibility for me and the 200,000+ immigrants that are in the same situation.

I hope you consider this testimony for the upcoming immigration hearing. This would be the first time I would testify in front of the United States Senate. I am confident my legal training and extracurricular activities make me a qualified candidate to testify in front of the senate. I am currently a member of the National Mock Trial team in my law school, have competed in a moot court competition and an arbitration competition. Still, I want what is best for the Documented Dreamers and I am confident that the selection you make would be in the best interest of the organization.

**Hwanhee (Hilary) Yoon**

My name is Hwanhee (Hilary) Yoon. I'm seventeen years old, and I'm currently a junior in high school. *I am a Documented Dreamer.*

My parents brought me and my siblings to the United States from South Korea when I was just *10 months old*. Due to the lack of pathways to citizenship, I am still on a temporary visa though I have never left the U.S. since moving here almost 17 years ago. America is all I've ever known — I'm more comfortable speaking English than Korean, and because I was so young when I left Korea, I don't remember a single thing about the country. Everything that I know about Korea is what I've learned growing up here in the U.S.

My parents grew up in Korea and the reason they moved to the U.S. was because my dad's company had sponsored his Master's degree in Public Administration in the U.S. During my dad's three-year masters program, my parents realized that this is the place where they wanted to raise my siblings and me, since the education system in Korea is extremely stressful and competitive. My parents wanted us to be able to play sports, learn instruments, hangout with friends and have fun while growing up, rather than studying day and night everyday. However, my dad had an obligation to return to the company. Though it was a difficult decision, my mom decided to stay in the U.S. to raise us while my dad worked in Korea. As a result, our family reunited only once or twice a year for a few years until my dad eventually left his company and moved to the U.S. to be with us. My parents decided to start running a small business on an E-2 (investor) visa. They started with a small cafe in Portland, Oregon without any prior experience

in running a business. They gave up their jobs, left their family and friends, and took a chance at making a living here in the U.S. so that my siblings and I could have a better upbringing.

When I started kindergarten, I remember no one in my class could pronounce my name correctly. The first thing my family and I did was research English names so that my siblings and I would have an easier time while going through school. I remember always being embarrassed whenever someone asked me what my “real” name was, or when my parents would speak Korean to me in front of my friends. I wanted to be ‘normal’ and have the life that every American kid got to experience.

My parents gave me just that.

I was involved in almost all the activities and clubs that my elementary school offered — I ran track, I was in student council, I played in band, I sang in choir, and I was involved in volunteering opportunities. Outside of school I received piano lessons, I did figure skating and played on a basketball team. When I entered middle school I was involved in school leadership, played volleyball, basketball, ran track, and was a member of the National Honor Society. I am now in high school, and I am still involved in leadership, National Honor Society, had the privilege of being the President of Key Club and will be Associated Student Body (ASB) President next year. I have also been on varsity basketball and golf teams since freshman year. Through all these activities my parents were there, giving me rides, coming to my games and matches, all the while supporting my two siblings and running their business.

Growing up, I've seen my whole family struggle due to the lack of permanent residency in America. I can remember my parents working tirelessly in fear of being denied a renewal of their E-2 visa which could result in losing the residency status for our entire family. I remember my sister crying due to the limitations she faced as a student when deciding on a major to pursue and jobs to apply for, only to find out that numerous companies only consider applicants that are green card holders or U.S. citizens. I remember my brother who left the U.S. when his visa expired.

I also remember the numerous conversations my parents had with me, explaining that we might have to leave America and that everything would be okay no matter what happened. They assured me they would figure out a way for me to stay in the U.S. I watch my parents act fine, when I know how much it hurts them to see everything that my siblings and I have to go through. They watch us cry about the uncertainty the future holds, but act strong for us, even when they haven't seen their parents and siblings for over 12 years. My grandmother was diagnosed with cancer and my grandfather with Parkinson's disease, but my parents have not had a chance to go to Korea to be with them all because of me — they do not want to jeopardize losing the E-2 visa status because that would mean that I would have to move out of the only country I call *home*.

Now that I will be applying to colleges in less than a year, I am fearful of what I will be facing. I always planned on attending college, but now I realize that whether or not I could go to college solely depends on whether my parents could afford expensive international student college tuition. To help me pursue higher education, my parents would not only be sacrificing their

financial security, but also the time they could spend tending to my grandparents in their old age and poor health. If it weren't for me, my parents would not have to worry about these things.

My family and I feel American and I grew up just like our American neighbors around us. We only wish that we could also have the same opportunities as them.

**Summer Rusher**

In the spring of 2000, not long after I turned a year old, my young and ambitious parents moved to Englewood, Florida from Ludgershall, England. My parents were granted an E2 visa in order for my dad to own and operate a property management company.

As an E2 dependent, I grew up in Englewood, Florida. I went through all American schooling, volunteered in my local community, played school and club sports, and created impactful relationships with friends and community members.

After high school, I earned an academic and athletic scholarship to attend Southeastern University. At SEU I enrolled in a 4+1 Exceptional Student Education undergraduate and master's combination program and began my collegiate soccer career. Throughout college I also attended a local church, volunteered in my church nursery, volunteered in outreach events with my soccer team, coached youth soccer, and created meaningful relationships with friends and community members.

I turned 21 at the end of my Junior year, meaning I could no longer be an E2 dependent. I had to leave the only place I knew and go back to my home country. I had to leave my family, friends, and unfinished college degree to go to a country where I only spent the first year of my life, searching for a way to come home again.

I am very fortunate to have obtained an F1 student visa in the summer of 2020. I have been temporarily reunited with my family and friends and am also continuing my academic and athletic collegiate career.



Although I am currently back in the United States, my future here is not promised. In the summer of 2021 I applied for OPT, Optional Practical Training. I was granted this visa extension and secured a job at Grace Lutheran School in Winter Haven, Florida. I have spent the last 7 months teaching 5<sup>th</sup> grade. I love my job. I love pouring into the next generation.

There continues to be so many uncertainties in my life as my visa expires this summer and there are very limited opportunities available that would allow me to continue to live in the United States.

I want to dream, but I need Congress' help.

**Lakshmi Parvathinathan**

Most American teenagers look forward to turning 21, but I dread it. I am American in every way except on paper and turning 21 means that I will age-out of the system and have to fight to stay in this country, a country that has become home to me.

My name is Lakshmi Parvathinathan and I am a Documented Dreamer. I have been living in the U.S. for nearly fourteen years now but my future here is not guaranteed. I may be forced to self-deport in two years.

I was born in Tamil Nadu, India and my parents brought me to Dallas, Texas when I was just three years old. I didn't know it at the time, but Dallas would be home only for the next five years — how long our L1B visas would be valid. I grew up 25 minutes away from the Cowboys Stadium and I cherished the sweltering summers and merciful winters that came with Texas. I went to school in Dallas from pre-k to third grade, but three months into third grade I was torn away from everything I ever knew. Our L1A visa extension got denied. I had a week to tell my friends and teachers that I was moving halfway across the world to a country that I didn't remember.

For the next two years in India, I somehow managed to feel like a foreigner in the very country I was born in. During my first six months there, I spent hours after school every day with a tutor learning how to read and write Tamil, a language with 247 characters, just to pass the third grade. At school, I faked an Indian accent and smiled awkwardly when my friends praised me for my

“perfect” English. While adjusting to life in India was hard, it was much harder to live 10 hours away from my dad. His new job put him in a city far from my mom and I, only allowing for visits every other month. Seeing all the other kids come to the bus stop with their dads in the morning made me long for mine.

When fifth grade rolled around, so did my chance to come back to America. This time, home was the suburbs of Philadelphia. Now that I was older, my parents decided to be transparent about our visa status. When I started middle school, they warned me that our L1B visa would only allow us to stay for five years, which meant that I might have to move back to India again during high school. But they told me there was a chance that we could stay longer if we won a lottery: the H1B lottery. I didn’t understand why our fate came down to luck.

On top of angsty tween drama, my middle school experience was plagued with constant uncertainty. The odds were not in our favor the first time we applied — we were met with a rejection. Our second application resulted in the same fate. The fear of being forced to leave this country again began to petrify me and I started losing hope about my future in America. Facing rejection repeatedly was enervating, but my parents refused to relent and tried again. As a final attempt, we applied one more time. This time, the odds were in our favor and we won the H1B lottery when I was in the ninth grade. I thought this meant that my future in this country was secured. I thought this meant that my family would finally have some peace and stability. I could not have been more wrong.

By the next year, my parents slowly began to tell me what being on a H4 dependent visa actually meant. I learned about all the disheartening limitations that came with my status: I don't qualify for federal aid, in-state tuition, or most scholarships, I don't have work authorization, and I can't easily pursue a career in healthcare. Finding out that I would be considered an international student when applying to colleges and medical schools completely invalidated the past decade and a half of my life. Similarly, finding out that I can't do internships or have simple jobs not only made me worry about my professional goals but also about the unaffordability of hefty international student tuition. Worst of all, I found out that I might face self-deportation when I turn 21. Self-deportation proved to be such a frightening concept to a teenage girl who only wanted stability for once in her life. I learned that the only way I could potentially avoid self-deportation was by switching to a student visa, getting lucky enough to be sponsored by an employer, win the H1b lottery, and start the entire employment-based green card process on my own. Additionally, even switching to a student visa, which most Documented Dreamers would attempt at age 21, is difficult because of the requirement to show "nonimmigrant intent" and ties to our country of birth. My enthusiasm for my future quickly turned into fear and despondent thoughts consumed me, causing me to constantly feel powerless. I used to think that if I worked hard, I could be anything I want to be, but I started to question that. The American Dream that I had spent all these years in school learning about seemed like a lie.

Growing up in a community with few immigrants, the lack of a solid support system made me feel incredibly alienated. No one I knew could understand what I was going through and I couldn't bring myself to openly talk about my situation because I felt emotionally drained. I just wanted to be able to excitedly talk about college and the future the same way my peers could, but

that seemed like too much to ask for. However, through it all, my parents have been my biggest supporters. They have sacrificed so much for me, and have missed so many weddings, funerals, and births over the past fourteen years just so I could have the best opportunity to fulfill my dreams. They're both first-generation immigrants who have gone years at a time without seeing their families, and I am eternally grateful for all they do. Their unwavering optimism about my future is why I refuse to let my status define me and it is the reason I have not given up yet.

I am now almost 19 and a Biological Sciences major at Drexel University, still working to chase my dream of entering the medical field. Time seems to be moving very slow but also very fast. Every long day that passes where no administrative action is taken to protect Documented Dreamers, I become one day closer to aging out of the system. I recently joined Improve The Dream, and for the first time ever, I feel like there is finally light at the end of the tunnel for Dreamers like me. Five years ago, I never would have thought that such a movement could exist. Since joining Improve The Dream, I have been actively working alongside other Documented Dreamers to ensure that no child has to face self-deportation ever again. Our experiences have been overlooked and our voices have gone unheard for far too long now. We are Dreamers too, and we just want to be given a real chance to chase our American Dream.

**Padma Danturty**

My name is Padma, I'm 18 years old and I'm a senior in high school. When I was 8 months old, I took a life changing flight from Mumbai, India to the Boston Airport. This was my first flight ever, and it was the beginning of my life in America — the only life I've ever known.

Growing up, I always saw myself as every other American. My friends and I played in our backyards together, learned in the same classrooms, and our parents were friends. I grew up speaking English, playing on a local girl's soccer team, dressing up Barbie dolls, and enjoying fast food.

My favorite activity of all time, though, was visiting an arcade called Putt Putt Fun House in Houston, Texas, with my dad. I loved to rock climb, play laser tag, and play Deal or No Deal at the arcade. In the 2nd grade, I decided to have my 8th birthday party there, and I invited every single person in my class. I relished being with my closest friends in the place that I loved, and had some of my fondest memories with them. I had found my people, after years of being a shy kid.

Another frequent activity of mine was playing house with my friends during recess. Whatever I was — the mother, the child, the secret agent — I imagined my life 20 years from then, living in the US. I thought we were all in the same boat, as Americans.

When I was in middle school, we visited Canada. I thought we were going on a small vacation, until I came to understand that we needed to visit the American Embassy in Ottawa, in order to get our multiple entry visa. I was confused, but they told me we needed to go there in order to come back home in the US. It was then that my parents explained that I'm not like every other American. As an Indian immigrant, I remained on an H-4 visa dependent on my mom's work permit, even though we applied for permanent residency in 2013. I realized living on an H-4 visa, waiting in an endless line for a Green Card, has major drawbacks. Every three years, I have to file for an extension for our visa, despite the fact that I've lived here for 18 years. Each time is anxiety-inducing for me and my family, as we never know if we will be denied and sent back "home." This was particularly scary for me because I had no memory of India, yet it is technically considered my place of permanent residence.

Throughout high school, I've tried to embrace the American culture that I've grown up with. I joined my school's marching band, and at every home football game, I proudly play "The Star Spangled Banner" on my saxophone with the rest of my American friends. I work hard in school, and do what I can to volunteer and give back to my community. However, I learned that I can't work, get a normal driver's license, or accept most scholarships for college. Worst of all, I could be deported at age 21 if I don't switch to another visa and start the immigration process all over. Even if I do switch to a student visa in college, I would be considered an international student, and my entire existence growing up in America wouldn't matter or be accounted for.

My best friends talk excitedly about gaining work experience on campus, earning money over the summer, and even voting. I can't do any of these things, despite us having many of the same

experiences in America. I recently committed to studying at the University of Michigan in Ann Arbor, and I look forward to majoring in neuroscience, and becoming a scientific researcher, but I'm scared. I don't want to leave what I consider to be my nation.

I hope one day I can truly call the only country I've ever known "home."



**Jorge**

My name is Jorge and I am American in every way, except on paper. I am also a dreamer, with the exception that my legal status says otherwise. My story in this wonderful country began in 2002, when my parents, under an E2 visa, decided to move to America from Colombia in hopes of providing my brother and I a better future. Here in America I walked home from Omni middle school every day, I went to prom in Spanish River High School, and I met my best friends throughout these 20 years. However, despite my complete cultural assimilation, I could not be more detached from American citizenship.

Children like me, who are brought here on certain long-term visas, have a race against time to get their green cards before they turn 21, or they face significantly reducing their chances to stay in this country. I lost that race, and when I turned 21, I had to become an international student overnight, as I was no longer allowed to fall under my parents' visa. I attended Emory University's Goizueta Business School under a full-tuition academic scholarship, so I was hopeful that despite this immigration setback, I would be able to compete for the limited H1B visa slots with other international students. Unfortunately, I did not make the entirely random lottery system, so today I find myself on my third degree, still fighting to remain home.

Even though I met the main provisions for DACA, I was not able to qualify for protection and also did not receive a work permit. Additionally, I have to pay extremely expensive international student tuition. Due to the huge economical strain of my situation, I only have one year left here as I cannot continue to afford to pay for degrees that I do not need. One year from now, I will need to "self-deport." I will be kicked out by the system.

I hope that all children who grew up here, both undocumented and documented are granted the opportunity to remain in our home country.

**Sanjana**

When I was younger, I thought it was unfair that I could not live with my parents. I didn't understand why, as I was only four or five, but I thought it was unfair. Over the next year and a half, I forgot about my parents anyway, so it didn't matter. Once my visa was approved, my mother came back from the States to pick me up. It's actually one of my first memories, walking into my aunt's tiny apartment, slowly raising my eyes to see my mother having a drink on the couch facing the door. When I walked in, she put her cup down on the floor, and opened her arms, looking for a hug. I hid behind my grandmother. Me and my mother are fine now, and she rationalizes this event because it was all worth it. We are in the land of opportunity.

The next few years of my life were spent on long car rides and behind moving trucks, watching the northeastern scenery through the car window. When I was younger, my parents couldn't live together, and I didn't understand why. It didn't matter, I just moved from school to school, waiting for the next move. Now, me, my mom, and my dad live together in Alabama, and we are pretty happy. My parents rationalize a tumultuous decade because it was apparently all worth it. Again, we are in the land of opportunity.

The summer before sophomore year, I wanted a job. I was fourteen, and the only place that I knew hired was Publix. My dad drove me there, and I waited for an hour behind a tall lanky kid at the kiosk. I got to the social security question, I called my dad, and he said I didn't have one. The car ride back home, I reached an understanding about my immigration status. That, I am, in fact documented, but I do not have any privileges of those who have permanent residency status or citizenship. This, of course, meant I could not get a job. Now, I know it means that I don't

qualify for most scholarships, paid internships, and in-state tuition is iffy. Getting a driver's permit was a year-long effort because of my previously mentioned lack of a social security number. Actually, I didn't understand all of this on that car ride, but with plenty of time to reflect, I understand that my financial independence, security, and my place in this country are not protected.

When I ask my mother why she moved to the States, leaving her family behind, she just replies that she wanted more freedom and opportunities for me. But all of those opportunities seem distant, and my time here seems limited. Actually, those opportunities are distant, and my time here is limited. My parents might get a green card by the time I turn 21, or I will age-out. All I'm looking for is security. All my life, that seemed like it was too much to ask.

I hope this country will treat all children, documented or undocumented, who grew up here equally, and will give them the opportunities that they deserve as Americans.

**Mannie**

My name is Mannie. I'm 27 years old and I am a documented dreamer. My American story began when I moved to the United States in 2007 at 14 years old. My father decided to move my family from Zambia to America because he wanted to pursue a doctoral degree and to have the best educational opportunity for my whole family under the F1 visa program.

I had the typical American high school experience while making lifelong friends as I assimilated into the American culture. After graduating high school with my friends, reality kicked in as I realized the obstacles I had in my future for me to continue my education and live in the United States. As a dependent of an F1 visa holder, I could not go to university or have any work authorization unless I converted to an F1 visa as well. With international students charged double to attend college, it took my family a couple of years to finally be able to convert to an F1 visa and start my higher education. I attended West Texas A&M University where I graduated with a business degree and the hope of getting a work visa. I was unsuccessful in my pursuit of a work visa due to the limited time I had to work and the competitiveness of the h1b program. To stay legal in the country that had been my home for 12 years, I had to go back to school or face self-deportation. I completed my MBA degree in 2020. I'm now back in the same situation of trying to find a company willing to sponsor a work visa for me to continue my American life. A year from now, I again face the possibility of self deporting from what has been my home for the last 14 years.

Had I lost legal status in 2012, I would qualify for DACA provisions as I meet every other requirement for the status. I do not see myself any different from someone under DACA status as

we were all brought here as children by our parents. I may not be American on paper, but I feel American.

**Sanjana**

When I was younger, my family moved around a lot. Every time my parents told me that we were moving, I would get very anxious and upset because I had to start all over- new environment, new friends, new everything. But, when I was eight years old, we finally settled down in one place, the US. Over time, I felt comfortable here and even began to call this place my home.

Soon, I started to unconsciously speak with an American accent, eat American food, and enjoy American television. I assimilated to the point that I considered myself a part of this country. It was only in middle school that I learned that this was actually not the case; I was only here on a H-4 dependent visa. But, it was in high school when I realized the true consequences of this. During this time, I excelled both in academia and extracurricular activities. I was valedictorian, National Merit Semifinalist, and President of Key Club to name a few. However, I was limited by my visa to become a National Merit Finalist because I am not a US citizen. I had to apply to college as an international student though I have lived in this country since I was a child. Regardless of my high GPA and competitive test scores, I could not apply to many scholarships.

However, I did not let that stop me. I began college majoring in biomedical engineering with hopes of going to medical school. I knew that the possibilities of international students getting into a US medical school is low, but that did not deter me from my goals. I continued to work hard by maintaining a 4.0 GPA and volunteering in healthcare settings. However, I am still facing the consequences of my visa status. Applying to medical school is already an incredibly

tough process, and it has been even more so for me. Though I have a complete and diverse application, I have not heard back from any of the numerous schools I have applied to.

As a senior in college, I have already aged out. I switched to a F1 visa before my sophomore year of college, but that means I can only stay in the US to study. I cannot imagine leaving the country I have come to call my home to go to a country that I have only visited a few times over the years. Now, to stay in this country, I have to get a job, switch to a H-1B visa, and start the process my parents started 14 years ago all over again.

I feel it is unfair that many people in similar situations are forced to self-deport from the only place we have called home or have to live in constant worry of maintaining our visa status. Please help people like me have a clear path to citizenship.



**Vanessa**

I am an immigrant. I may not "look like one", whatever that may mean, and I may not sound like one, and it may not be permanent according to my visa, but I consider myself to be an immigrant. I was born in Como, Italy and lived in a small town called Merate until I was 15 years old. In that time I also lived in Rijeka, Croatia for two years. For the past 9 years, however we've been living in America. Nine years. In the grand scheme of things 9 years isn't that much time, but thinking back at my life then and my life now, it could not be any more different. For one, I left Italy with three sisters, and three years later we welcomed a little (American) brother. Our life changed in 2012 when, after years of work, restless nights, meetings with lawyers and thousands of dollars, my mom was granted a five year E-2 visa. I couldn't be more excited; I would finally live in America and my life would be as glamorous as all those coming of age movies I had grown up watching on TV.

Little did I know that as the child of the visa holder, things would get complicated and my rights very limited. As a teenager none of it seemed like a big deal but it started becoming more and more of an issue when I got into college, which my parents had to pay for out of their pockets since I was not eligible for any type of financial aid. I had to turn down jobs that not only would have helped me financially, but would have helped my career prospects because I am ineligible to work and don't have a social security number.

Despite everything, I still felt fortunate enough to live in the US, the land of opportunities where dreams come true if you are willing to work hard enough. And boy, were we working hard. My

parents hassled day and night trying to grow their business while supporting their family and I worked tirelessly in college trying to keep my grades high so I could get scholarships, and build on my resume. Well five years flew, and soon our visa expired. Because my parents' business wasn't financially strong enough, our immigration lawyer suggested we wait to renew it and simply get an extension of our I-94 document, which is the arrival-departure record card used by US Customs and Border Protection to keep track of non permanent residents and noncitizens exiting and entering the country, and is valid for two years. Since our visa was expired and we only had the I-94, we were not allowed to leave the country for that time.

It was not the end of the world that I couldn't go back to visit Italy for a couple of years or take a weekend trip to Canada. It does not end here. My junior year in college, while still here with the I-94, I turned 21. According to US law, it means that I'm an adult or, "no longer dependent" on the visa holder aka my mom. This means that according to the law, children of visa holders are expected to return back to their country, leave their family behind and figure out life on their own. Thanks to the I-94, however, I was able to finish college. As a matter of fact, I graduated in May 2019 summa cum laude. I worked hard, and have two degrees to show for it; a BFA in Dance and a BS in Video Production. Senior year was challenging. On top of my classes, rehearsals, extra-curriculars, work and trying to make a plan for my life post-graduation, I also had to worry about whether or not I could stay in the US. I talked to lawyers and the only advice they had for me was to go to grad school or get married; neither of these options fit my plans or aspirations for my immediate future. I want to dance, travel, perform and do so much more, but my visa status doesn't allow for any of it. I thought about switching to a student visa while completing my last year of college so that I could then apply for the OPT, but because I came up

with this idea too late, it would have been too risky. So I decided to enroll in a post graduation dance program at Peridance in NYC with an F-1 visa instead. Before I knew it, my program ended and in December 2020, I received a certificate with high honors. While in New York I tried to make contacts, apply to jobs that would sponsor an H1B visa, scouring to find a way to get a career going in the US. However, it became clear that the nature of my artistic degrees, along with Trump's strict immigration policy would have made it impossible for me to stay.

So now I'm preparing to depart the US. My grace period is up in a month, but due to the pandemic I filed for a change of status so I can stay with my family while I look for work abroad. I hope to be able to find my way back eventually. I hope I can make a life for myself here. This is my home. My family and friends are here and I can't imagine being anywhere else. But for now, I have to say goodbye.

**Ayaan Siddiqui**

My name is Ayaan Siddiqui, and I am an American. People may say it cannot be the case. But in reality, I am. The floor I walk on is American. The walls I touch are American. The trees that have given me ample shade all my life are American. Those neighbors and friends that I hold so dear to my heart, that have made me into the individual I am today, all call themselves American. I have lived my life as an American.

But in 4 years, I won't be.

In 4 years, I will be 21.

This is my unique story. The story that tells of a boy who lives in one world, but is told that he is from another. Everytime I come back home from a trip and get asked "What is the purpose of your visit?" by my fellow American, a page of the story is written. Everytime I have to renew my visa to stay in the country as if it's like paying off a recurring debt, a page is written. Everytime I talk to my parents about the future of my life as if it's the backwards, medieval story of an exile being banished from the land of his belonging, a page is written. And ultimately, these pages compile into a tragedy. I don't want my life to be a tragedy. I'm seventeen. I just got my braces off. I don't want my life to be a tragedy. And I won't let it be.

I immigrated to the United States at 18 months old. All I can remember is America. As a UNICEF Youth Advocate, I fight for all children who feel as if they don't have a place to call home. I fight for all children who seek greater opportunity. I fight for all children's rights because they are an extension of my own. I know what it's like to feel helpless as a problem much larger than you looms over your head like an anchor does to the fish at the seafloor. I know the stress and struggle that children feel whilst living in an adult world. For me, children's rights are the embodiment of children's empowerment. In my fight for children, I have to become more globally-minded and civically engaged. Because if I don't, I risk staying that way: *a Dreamer*.

Across all generations, there is an overwhelming understanding: that we are a nation like none other, a nation of immigrants who like to be loud and like to be heard. Our patriotism is serving this country by calling out its unspeakables, and broadcasting its unseeables. Our ability to debate and question is our patriotic duty. Citizenship in America is not just seeing where America is, but rather where America could be in the future—that “City Upon a Hill” that John Winthrop envisioned so long ago. Citizenship is why the founders dreamed of not just *a perfect* union but rather a *more perfect* union. One day I hope to be recognized as an American citizen—but until that day comes—I will continue to fight, continue to dream.

**Tanuj Solanki**

My name is Tanuj Solanki, I am a Graduate Student at the University of Central Florida, studying Mechanical Engineering with a focus in Thermofluids. I am also a proud American; the United States is my home.

I have lived in this country since 2004, when I was 4 years old. I have fleeting memories of my life from before my parents and I shifted to the United States from India. My parents often reminisce about those times as if talking about a different lifetime. Since I moved here, not only have I not returned to India, but I have not even left the country. I was an H4 dependent under my mother, who worked under a work visa while financially supporting our family.

The United States, without question, is my home. I have lived and learned in this country for basically my entire life. We first moved to Jersey City, New Jersey, living with my aunt while my parents and I settled into our new lives. I attended Preschool and Elementary school there, and we later moved to West Palm Beach, Florida in 2010. I attended Suncoast High School, which offered AP Courses and Dual Enrollment Classes, which allowed me to earn college credit. I started college at UCF in 2018, and I was able to complete my Bachelor's Degree in Mechanical Engineering in 2 and a half years, before I turned 21 and aged out of my mother's Work Visa. I had to later transition to a International Student Visa to continue my education, even though I had lived the past 17 years of my life continuously in this country.

My family and I have spent 100% of our time in the United States as documented immigrants, and I have never been undocumented. Back in 2012, I remember learning about DACA, and being disappointed to be left out only due to having maintained a documented status.. I am looking forward to advocating with our Improve The Dream, to allow all Dreamers, both Documented and Undocumented, to live out the lives we have all dreamed of living.

**Shristi Sharma**

I have been raised in a country I love, but it does not claim me as its own. When I was five, my parents packed our bags and took a giant leap of faith to move our family from India to the United States; they wanted my baby sister and I to grow up in a place where our opportunities would not be limited by our gender. After the initial struggle of obtaining a visa to travel to America, the process only became more gruesome as we attempted to start a life here.

As a kid, I was spared from the details of our status and the constant work required to renew our visas and stay legal. I learned to read English at the public library, sled down Iowa's rolling plains every time it snowed, partook in every community event, started clubs for my town, celebrated 4th of July, and contributed to every school extracurricular I could possibly join. I sang American songs, road-tripped American places, learnt American history, and adopted American values. Slowly but surely, I became equal parts American as I was Indian.

It was only when I was offered a selective internship as a middle schooler that I found out I was different from my friends. My dad finally sat me down and gave me "The Talk" --not the one you expect for a middle schooler, but the one you get as a Documented Dreamer. It turned out, I was not American. I am not even a permanent resident of the country from where I have completed my entire kindergarten through 12th grade education. Because of our broken immigration system, although I have lived in the U.S. as a legal immigrant for the past thirteen years, I am treated as an international student, cannot earn money, am not eligible for financial aid, cannot



leave the country with a guarantee of returning, and face constant instability and fear of deportation.

Since then, my status has weaved its way into every thought; every action I take is weighed down by the burden of my limitations in this land of opportunities. Although I am incredibly fortunate to receive a full ride to Duke University and the University of North Carolina Chapel Hill as a Robertson Scholar, I am not sure I will even be able to finish my higher education. As I near my 21st birthday, I face self-deportation and the prospect of leaving behind the only home I've ever known. Right now, as I wait in the decades-long backlog for a green card, The Children Act is my only hope for a secure future. Congress, I implore you to provide Documented Dreamers a path to citizenship. We are Americans too.

**Jessica Ahluwalia**

My name is Jessica, I am 20 years old, and I am a senior at the University of Iowa. I am majoring in Psychology and minoring in Rehabilitation Counselor Education. I was born in Toronto, Canada, and moved to a small town in Iowa when I was 11 years old- I had just finished the 5th grade. My family and I had no idea the immigration challenges that were awaiting us in the future. Currently I am supported as a H4- dependent of H1-B visa holders, which will expire in a few months when I age out. Throughout my life this set me apart from my classmates, but the only differentiation I felt was legality status on paper. It wasn't hard for me to assimilate to American culture, and I truly felt American- after all the states have been my home for about half of my life now.

Currently, my parents have no idea when we will get our green card, as we have been waiting for almost 10 years. We have come to accept it as an endless waiting, and every 3 years we apply for an extension on our visa, and every time we risk rejection resulting in deportation. The limitations the visa status holds for me have been very challenging, since I am not a citizen I have not been eligible for financial aid, various scholarships, loans, etc. One of the biggest challenges I have faced is not being able to legally work, which has placed limitations in regards to experiences and applying for jobs. My family and I have had to make many tough decisions based on my aging out, it is stressful and worrying to have to think about being forced to leave my family, friends, coworkers, and the states I call home.

It is unfair that many of us have to worry about deportation when we turn 21, despite living here for most of our lives. In order for me to stay in America I will have to switch to a student visa until I finish my education, then apply for a work visa- I would have to restart the entire process my parents went through over again. Despite this restart in process, I am still not guaranteed citizenship. I truly believe there should be a path to citizenship for children who grew up in America, and hope one day we won't have to live in constant worry and fear of leaving the country we all call home.

**Srishti Dube**

I moved to the United States when I was 10 years old with my mom and my brother, finally reuniting with my dad. They made this choice to present my younger brother and I with an opportunity for a better and larger future. Every day, my parents, my extended family in India, friends, and everyone else around me told me to dream big. I could be anything and everything I wanted to be and more. It wasn't until high school that I realized exactly how many limitations come with my H-4 Dependent Visa status. The American Dream that I knew of before entering the United States didn't apply to me all along.

I was a normal high school student growing up in Illinois. Like my peers on the pre-medicine track, I wanted to work at special needs summer camps, internships, and research mentorship programs. However, due to my visa status, I could not apply to most of these opportunities. My very first semester at college, after having gone through the entire two month training process, I was turned away from a cutting-edge Neuroscience Lab because I am not a permanent resident or citizen. As a result, I have been completely dependent on my parents without being able to contribute financially towards my education.

Even after 10 years of living in the United States, when looking at scholarships and programs for a Doctorate in Clinical Psychology, the first thing I check for is: "Must be a citizen or permanent resident of the United States." That's what my life is. In my heart, I'm an Indian American woman who has big dreams, but my visa status prohibits me from embracing and realizing my

true potential. It prohibits me from taking advantage of the endless opportunities and experiences that the United States has to offer. Where is my American Dream?

**Adhithya Rajasekaran**

First, I want to convey my sincere gratitude to the people of this beautiful country for providing me and my family with safe refuge and incredible opportunities. The United States has always been a country of immigrants. But the immigration system has unfortunately not kept up with the times and needs serious reform. One immigration issue that is close to my heart is the struggles of Documented Dreamers in this country. I am one of them and this is my story.

I was born in Chennai, India. I come from a poor family of priests. We sustained our day-to-day lives from the donations devotees offered to the temple. My mom grew up in abject poverty. But she had enormous willpower and perseverance. She taught herself English by reading old English newspapers, studied day and night and was able to get admission to a top college. She went on to get two PhDs (one in chemistry and one in education) and she is one of the smartest people that I have ever known in my life. She has been a science educator for more than 30 years. She has several peer-reviewed publications and has helped lots of women get PhDs as a guide.

In 2004, my mom was recruited to come and teach in the United States. She eventually got a permanent teaching job in 2007 and got an H1B visa. She brought my sister and I to the US on H4 dependent children visas. That is how I came to the US. Our family eventually settled in Covington, Georgia where my sister and I enrolled in school.

When I came to the US, I did not speak English well. English is my third language. So, I was placed in the ESOL program. I did even know the words “visa”, “immigration”, “H1B”, “green card” or any of the other terms that I use in this testimony. With the help of amazing teachers and

exceedingly kind and empathetic American friends, I was eventually able to speak English fluently and I eventually went on to study and pass the AP British Literature exam and get college credit for it. I was a good student. I took AP classes. I was eventually inducted into the National Honors Society. Service to others was always emphasized to me even as a little child. So, I joined the Beta club and volunteered every weekend. I was also part of the team that won the Georgia Academic Bowl Championship in 2011. The Georgia state legislature decided to honor our team by passing a resolution and I have a signed copy from the governor, and it is one of my proudest possessions.

My mom's employer sponsored her for permanent residence in 2010 under the employment-based immigration system. But because my mom had the misfortune of being born in India, she was subject to the per country cap of 7% and was unable to receive permanent residency. She has been stuck in the backlog ever since. We have family friends who were born in countries other than India. Many of them came to the US around the same time as my mom or later and almost all of them are US citizens and they have voted in at least two if not three presidential elections. But my mom has been unable to even receive her green card.

The first time I learnt that I was not like my American friends is when I went to get my learner's permit. My American friend was getting his and his mom took me with him. My application was denied, and I was told that I had to produce additional documents because I was an "alien". I eventually came to know that my stay in this country was limited, and I could not do a lot of things that my American friends could do like take summer jobs.

I graduated in the top 10 of my graduating class. I have been dreaming of becoming an engineer ever since I was a little kid. Georgia Tech was my top choice as it was one of the best

engineering schools in the entire country and it was in my backyard. They also offered automatic admission to students who graduate in the top 10 from any Georgia school. But I soon realized I would not be able to afford Georgia Tech because of my immigration status.

Even though I was a resident of the state of Georgia, I had a driver's license issued by the state, I had graduated from a Georgia high school and my mom worked for a public educational institution in Georgia, I was still classified as an out of state student. This meant that I had to pay out of state tuition, which was closer to \$50,000 for a single year. Putting one kid through college is already hard enough for most American families. Putting two kids through college and paying out of state tuition was not possible for my family. I distinctly remember sitting outside of the Georgia Tech registrar's office crying and not knowing what to do next.

My helpful high school counselor told me to fill out the FAFSA form because she had seen other children from poor families get money from the federal government. But because of my immigration status, I did not qualify for any federal student aid like Pell grants or student loans. I went to apply for a private student loan from a bank. The bank asked for my social security number (SSN) and I had none because H4 children are not work authorized in the US and are not provided with SSNs. I also didn't qualify for any state scholarships like the merit-based Hope or Zell Miller scholarship that the state of Georgia provided to students because of my immigration status.

A close friend of mine who knew my struggles was enlisting in the US army. He put me in touch with a recruiter for the US army. The US army had a shortage of translators for certain languages, and they had a shortage of translators who can translate Tamil, my native language. The recruiter mentioned that if I joined the US army as a translator, I could receive US



citizenship and receive the GI bill to pay for college through the MAVNI program. I wanted to join. But due to a pre-existing medical condition, I eventually received a permanent disqualifier from ever enlisting in US military service.

Eventually, I decided to go to a community college called Georgia Perimeter College (now part of Georgia State University). My mom scrapped every bit of money she had to provide for my community college tuition. They did not have an engineering program at that time. So, I decided to study Mathematics. I continued my volunteer work every weekend. I was inducted into the honors program, rose to the leadership of several different clubs, and led delegations to Washington D.C on a wide variety of issues. I ran for the student government and became the vice president. I graduated in 2013 with an A.A degree in Mathematics with honors. I wanted to transfer back to Georgia Tech to get my engineering degree. But I still did not have money to pay for out-of-state tuition.

While I was at Georgia Perimeter College, the Obama administration came out with the DACA program. I am in full support of the DACA program. I have friends in the DACA community, and I personally know how much the program has transformed their lives. I am very thankful that the administration came out with the DACA program. But the administration included a requirement that individuals should have “no lawful status on June 15, 2012” to qualify. Since my mom renewed my visa and kept my lawful status on that date, I and others in my situation did not qualify. This meant that we did not have any protections from deportation like those in the DACA program had.

In April 2013, my life changed forever. A private foundation in Washington D.C named the Jack Kent Cooke Foundation named me as a scholar. They told me that I can go study whatever I

want in whichever college I want, and they would cover the cost. With the financial backing of the Jack Kent Cooke Foundation, I was finally able to get to Georgia Tech. I thought I had conquered all the problems. But little did I know that my troubles because of my status were just beginning.

Since scholarships are considered taxable, Georgia Tech reported my “income” to the IRS. But I couldn’t file taxes on my own as I didn’t have a SSN. So, I was forced to add all my “income” to my mom’s income and file taxes through her. This resulted in her income doubling immediately and resulting in huge tax bills for her.

Georgia Tech is a world class research university. I wanted to get involved in research. But since I had no work authorization, I could not work as a research assistant. Georgia Tech also had a startup incubator where students can join and start companies. I wanted to start my own company based on a research project that I had done for a class. But I could not do it.

In early 2015, my mom was in a bad car accident. She injured her neck and spinal cord and was in a serious condition. Doctors were asking who her next of kin is and who can make medical decisions about her life. That is when I came to the realization that my status in this country was tied to my mom and if something happened to her, I would not only be losing my mom, but I would also be deported out of this country and lose everything that I have worked hard for all this time. My mom is a fighter. She eventually recovered. But she is unable to drive today.

H4 visas cannot be extended past age 21. But I did not have enough credits to graduate before I turned 21. So, I started exploring other options. F1 (student visa) was the only option that allowed me to study. But F1 visas have a requirement that the applicant must have a residence abroad that he/she has no intention of abandoning. Since my entire family had moved to the US

and my mom had a permanent job in the US, we had no residence abroad. I talked to immigration lawyers, and they told me that I do not qualify for F1. But I wanted to study. So, I self-filed my F1 application as no immigration lawyers were willing to take my case that they knew was going to end up in denial. I did not hear back from USCIS for months. I was super fortunate. My application was eventually approved. But many others are not that fortunate, and they must self-deport themselves out of this country.

I graduated from Georgia Tech in December 2015 with a B.S in Electrical Engineering with highest honors. My mom had two PhDs. I wanted to get at least one PhD. I was immediately admitted to graduate school at Georgia Tech and the Jack Kent Cooke foundation once again offered me their full financial support until I got my PhD. But my mom's health was in decline. So, I decided to put my PhD dreams on hold, and I finished my M.S in Electrical and Computer Engineering in one semester and I graduated in May 2016.

Microsoft recruited me out of Georgia Tech, and I moved to Washington state to work for them. I have been working at Microsoft for the last four years. I currently work as a Software Engineer on the Word team and my areas of expertise are performance and accessibility. Microsoft applied for an H1B visa, and I am on that right now. I lost my pathway to citizenship when I turned 21. I was kicked out of my mom's permanent residency application.

I was extremely fortunate. There were so many people who provided me with their time and other resources to help me on my journey. I am incredibly grateful to them. I also know that I was super lucky to have an opportunity to study computer science and engineering. But I am acutely aware that lots of children (especially in rural communities) in this country do not have that opportunity. So, I have been a volunteer high school computer science teacher for the last

three years through the TEALS program. I have been teaching at Mabton High School in Mabton, WA. It has been one of the most fulfilling things that I have done in my life. My family and I also started a scholarship program at Georgia State University to provide a scholarship that has no immigration status requirements. The Rajasekaran family scholarship will start providing scholarships starting in Fall 2021.

My sincere hope is that distinguished members of this committee can come together in a bipartisan way to provide a pathway to citizenship for all children who grew up here and call America home. I also hope that this committee can find bipartisan solutions for other immigration issues that plague the employment based immigration system. Thanks for taking the time to read my story and thanks for the opportunity to share it.

**Aneesh Komanduri (Arkansas)**

My family immigrated to the U.S. back in 2007. My father came here on an H1b work visa and brought my family along as H4 dependents. We made our way from Hyderabad, India, to Bentonville, Arkansas, the place I've called home for the past 16 years. I was 8 years old when I was brought to the U.S. I still remember my dad had to rush to enroll me in 3rd grade because we arrived in September and the school year had already started. Since then, I have completed my elementary school, middle school, junior high, high school, and undergraduate degrees in Arkansas. I am now a third-year computer science Ph.D. candidate at the University of Arkansas.

For most of my youth, I didn't understand how complicated our immigration system was. It wasn't until high school, when I was looking for a summer job that I realized I was different from my peers. I remember being unable to apply for any jobs because they asked for my social security number, which I didn't have. As an H4 dependent, I had no work authorization. Then, in my senior year of high school, when I was applying for colleges, I had to apply as an international student, which meant that tuition was more expensive. Additionally, I was not eligible for many scholarships. I enrolled in the University of Arkansas in Fayetteville since I could get in-state tuition and a scholarship.

I began my undergraduate studies in 2017 to earn my degrees in computer science, computer engineering, and mathematics, and graduated in 2021. When I started college, I was still on my H4 dependent visa. I still didn't have work authorization and could not apply for any internships or jobs to get work experience, which is critical in STEM fields. As a sophomore, I applied for a student visa, giving me limited work authorization in my field. Fortunately, after waiting for

around 6 months, my student visa was approved. I started doing on-campus jobs, and the summer after my junior year, I completed a summer internship in my field.

My father applied for our green cards in 2011, but due to the excessively long backlogs, we were waiting in line for over a decade. There is currently a loophole in our immigration system where if a child of a visa holder turns 21, they are no longer on dependent status and have to find another status to stay in the country. This also means that we are no longer eligible to obtain permanent residency alongside our families if a green card application is pending. Unfortunately, I fell victim to this loophole. I turned 21 in August 2020, and my family received their green cards in 2021. I am ecstatic for my family but heartbroken as I contemplate my uncertain future. Despite having grown up in America for most of my life and identifying as an American and an Arkansan, our immigration system didn't see me that way.

I am currently pursuing my Ph.D. in computer science on a student visa, which runs out in a few years. My research is in developing robust artificial intelligence. This field has had a significantly positive impact on our society over the past decade in applications such as assisting medical diagnoses, agriculture, fundamental scientific discovery, and stimulating innovation that improves our country's competitive edge. I have many ambitions for my future, including starting my own research and development company, promoting small business growth in Arkansas, and continuing my commitment to education by teaching the next generation of scientists and engineers. However, the possibility of having to leave the country looms over me every single day. After I graduate, I have to try my luck at the H1b visa lottery, the same visa my father was granted to work in the U.S. Even if I am lucky enough to be one of the few

individuals selected to obtain the visa, I have to start the green card process from scratch, which only adds to the current backlog and worsens the situation. Otherwise, I will have to leave the only country I've ever truly known.

I will continue to advocate for any provision that protects the over 250,000 children of long-term visa holders from aging out of our immigration system. It is not our fault to want to stay in the country we call home, nor is it our parents' fault for immigrating to this country in search of a life full of opportunities for their children.

**Sri Harini Kundu**

In December of 2006, at the age of seven, I came from Singapore to the United States as an H4 dependent child . This was just the first of many moves my family would make. We first lived in Dallas, Texas where I learned how to speak American English. In 5th grade, we moved to Edison, New Jersey and lived there for about seven years. Then, when my mom got a new job, we moved to Charlotte, North Carolina during the start of my senior year in high school. Moving around during some of the most key times in my life was challenging enough, but I had bigger problems to think about. While my little sister was born in Texas and has U.S. citizenship, the rest of my family and I don't even have permanent residency in the U.S. My dad applied for our green card back in November, 2011 and still has not received his green card. Now, at the age of 22, I feel America is my only home and I don't want to give up my life in America. I finally feel like I belong here, but it wasn't this way at first.

For the first few years, I faced a lot of struggles trying to fit in. My English was different from my peers and I didn't understand the social norms so I got picked on a lot. A lot of kids my age and younger would tell me to go back to where I came from, and that I didn't belong here. But I ignored it all and focused on fitting in so that people would never say something so hurtful to me again. Now I am in college, and when I tell people I came from a different country and have been living here for so long, they can't believe it since I act and speak exactly like them. I don't remember much of Singapore because I only spent my early childhood there. Most of my memories that I remember are the ones I made here in the United States.

My wish from Congress is that they pass a solution to permanently end aging out so that people like me can finally feel like they truly belong here. A lot of us only have memories from the time we spent in the US and the friends we made here. None of us want to leave that behind.



Most importantly though, I don't want to be separated from my family after I complete my education. I'll have to self-deport in one year if nothing changes. I hope that one day parents don't have to worry about their child living in another country that is now foreign to them. Personally, my parents worry about what would happen if I somehow had to go back to Singapore and they were living here in the United States with my sister while they waited for their Green Card. That scenario is something none of us like to imagine but my family and I think about it everyday.

I currently attend the University of North Carolina at Charlotte and am going to graduate this upcoming fall with my bachelors degree in Psychology. There are a lot of "what-if" scenarios my family and I keep in the front of our minds everyday. All we want is for this issue to be fixed so that there is some kind of relief and stability for all of us. I don't want to move away from my home.

I look back at the days before the college application season of my senior year in high school when I never felt any different than any of my classmates, my teammates on the tennis team, or other people I interacted with at school. Whenever the American Dream was discussed in my history class or given as a prompt to write about in English, I never felt as if I would have any shackles that would prevent me from working hard and achieving my dreams in this land of opportunities, this country of immigrants. However, everything changed when I started applying to colleges and the beautiful illusion in which I was living shattered as I learned more about my identity as a documented dreamer.

During the college application season was the first time I learned what it meant to be an H4 dependent and how my family along with tens of thousands of other families of Indian origin were stuck in an eternal green card backlog. I slowly learned about how I would need to build my future as an international student in college, prompting me to change my major to Computer Science from Finance to maximize my chances of having a future in the country I call home. After learning about my situation, I immediately went to all of my fellow first generation immigrant friends in school and asked whether any of them were in a similar situation, hoping to seek companionship during this unravelling time. To my dismay, I found that I was the only one that was different, the one black sheep who was not a U.S citizen. During that time I could not process why all of this was happening to me. I was frustrated as to why I was different from everyone else, especially my fellow first generation immigrant friends who also had not been born in the U.S, when I had lived in this country just as long as most of them and even longer than a few. I would ask myself everyday why am I different from the rest when I talk the same,

play the same sports, study in the same classes, and place my hand over my heart and say the Pledge of Allegiance at the start of school just like everyone else.

What bothered me the most was the chains that I felt that had been suddenly placed upon my aspirations, preventing me from having an equal opportunity to pursue my dreams. Since elementary school I had always been taught that in America hard work is rewarded and everyone has an equal opportunity to pursue their dreams no matter their inborn attributes. However, because my parents were born in India, their kids were not equal.

Despite no longer feeling equal, I still continued to believe that America was the land of opportunities, and I decided to embody the determination and spirit of the immigrants who have come to America throughout the centuries and let their dreams and efforts help the U.S flourish into the economic powerhouse it is today. I thought to myself, I may have to work harder than everyone, but I will still succeed and secure my future in the country I love and belong. I decided to embrace my identity as a documented dreamer and make it my mission to become great so that the world could see how valuable we documented dreamers are and everything we have to offer.

I started by aiming to become an expert in my field and used my learnings in Computer Science to build an Android App featuring testimonies from Documented Dreamers to raise awareness about us and published the app on the Google Play Store. During the summer and fall of 2021 when the internship season for Computer Science students at my university was underway, I would use every opportunity I had when speaking with recruiters to inform them about the app I made as one of my side projects and thereby raising awareness for the issue while simultaneously showing how proactive documented dreamers are. Through my efforts I obtained a software engineering internship at a top Silicon Valley company and became one of the first

students from my college and all of the universities in my home state of Indiana who was able to pass the high hiring bar for interns set by this company. I will continue to strive for greatness and show the country I call home what documented dreamers are capable of and how the American spirit burns bright in our hearts.

**Varsha Prabhu**

People always assume falsely that it was my father's end goal for my family to move to the United States. It was not. It was a chance job offer that catalyzed a one way trip from Toronto, Ontario to Columbus, Ohio.

I've lived in the same Columbus suburb since I was eight years old. I've graduated elementary school, middle school, high school, and eventually will graduate from college here. But despite spending my formative years here, I have no clear pathway to citizenship.

Documented dreamers are those that have lived in the United States for most of their lives with a documented status, but age out of their parent's visa at the age of 21. This was something that weighed on my mind heavily while applying for colleges. If I stayed in the States for college, this meant I would have to switch to an international student visa around the age of 21, and fully acknowledge that a country and state I've lived in since I was a child considered me an outsider. I almost returned back to Canada for college because of the distress this concept caused me. I did not want to live in a country that considered me an outsider.

A chance chain of events that required me to stay close to family later, and I found myself attending college in the States anyways. My status qualified me for practically no aid, so the only financially feasible option for my family was the State college nearby while commuting 30 minutes away from my parents' home. I love my university, but I loathe the fact that my status took away the concept of choice in where I attend for me.

I am currently working towards an undergraduate degree in psychology with the goal of eventually attending medical school. I've watched the toll dealing with the American immigration system has taken on my parents' health throughout the years. I've watched as their bodies ached and pained for seemingly no reason. I've watched them dodge questions from physicians asking them what possibly is causing them so much stress. I've watched their distrust of physicians who would simply tell them to "apply for citizenship" grow throughout the years. I've watched them unable to access the healthcare they both needed and deserved.

I want to add my voice into the healthcare world to advocate for the unique struggles that immigrants face, and help them feel more at ease receiving healthcare. But despite being an immigrant who has grown up in the States for most of my life, my immigration status has not made this easy for me.

On a dependent visa, I am not eligible to work. Many entry level research and healthcare jobs require one to be both certified and paid. How am I supposed to demonstrate my scientific knowledge if the most basic of research positions do not want me? How am I supposed to demonstrate an interest in healthcare if even the most basic of jobs are inaccessible to me? How am I supposed to demonstrate to med schools that I am interested in healthcare if I have practically no patient experience under my belt?

All things considered, I've persevered. I consider myself to be incredibly successful despite my circumstances. I've currently been able to gain patient care experience through

volunteering at a local hospice, and with the help of a classmate and professor, published my first research article in December 2021. I consider myself to be incredibly fortunate, because my dreams are still very much within grasp because of my drive (internal) and Canadian citizenship (external).

I don't face a lot of the struggles that other documented dreamers face. If my international student visa does not get processed before I turn 21, as long as it's been filed for, I don't need to self deport. Canadians are allowed to freely remain in the States without a visa. My family does not need to be separated. Although the number of medical schools that I can apply for drastically decreases because of my status, the number that I can apply to is still more than the average documented dreamer. Of the medical schools that accept international students, many hold a preference towards Canadians. My dreams are still very much within my grasp.

But these aren't struggles that me, or any other documented dreamer for that matter should have to face. I should not have had to ever question if there was ever a future for me here in America. Documented dreamers are American, regardless of what a paper tells us. The American government may be rushing to forget about us, but I will not let it.

I saw a tweet recently, and it asked the world,

*What polarized you?*

And it got me thinking. At which point in my life did I realize that the world wasn't as magical as I thought, but a messed up place? One day as a young teenager, still learning the injustices of the world, I suddenly realized that there was something fundamentally different setting me apart from my peers, who enjoyed certain privileges merely on the basis of their place of birth. I looked back at my life and saw a *lifetime* of being seen as nothing more than an out of place immigrant in the government's eyes.

I have lived in America nearly my entire life. I moved here with my family when I was nine months old. Ever since I can remember, there have been visa renewals every three years, entire days spent at consulates in Chennai, hoping and praying that this time, *we* won't get rejected, because it has happened to too many people around us.

But why do we have to prove our right to exist in a country that has historically opened its arms wide to the world? A country that stands as a beacon for freedom and success?

I love America with all my heart. I love the expansive plains and the verdant forests and the glittering lakes around which I have grown up. I love America from sea to shining sea. I love that



America's the only country in the world where you can find people from everywhere and anywhere — people who love this country as much as I do. I am an American in my heart and soul.

I have been waiting to be acknowledged as an American nearly my entire life, but in the eyes of this nation, I'm nothing more than a transient immigrant. Every time that I walk through immigration at the airport, I join a winding line. The sign says, in gray letters: *Aliens*. I'm not an alien. That may be the official term, but I'm not an alien. I'm a person who is seventeen years old, looking forward to my future, but I'm finding myself hanging precariously on the cusp of adulthood. For most people, adulthood means freedom, but for me, it brings a sinking sense of dread, because it indicates yet another year closer to aging out of my dependent visa.

I'm not alone.

There are thousands like me, who face uncertain futures. College freshmen who are forced to switch to international student visas in order to support themselves in college, but are now hit with much more expensive tuition. Other high school students like me who can't get internships because of their immigration status, and find themselves behind in the desperate race to college.

For the last four years, people like me have faced things we did not even know could happen. I have seen people like me, who have lived here their entire lives, forced to move back to their home country, unfamiliar to them in every way except nationality. I have seen so much and I have feared for my future, because right now, there is no certainty.

But there is hope. I know that there is hope. There are countless advocacy groups and grassroots organizations, filled with people united under the fierce, undying hope that change can be accomplished. People who push for immigration issues to be spotlighted in the media, and people who aren't afraid to make their opinions known. When I realized that I needed to be a part of the movement, I *let* myself get polarized. I let the anger and the fear and the horrible uncertainty fuel me, and I started reading up on policy and following legislative action. I started a podcast with my friend, and together we reported on political happenings so that other teenagers like us could understand, so that more of our fiery, incandescently angry generation could get involved.

It's not enough, though. The immigration problem needs to gain the attention of more than just the people who are directly affected by it. Issues concerning the aging out of young adults and the backlog of greencards need to be featured more prominently in the media and lead to changes in legislative agendas. More people need to viscerally understand the fear of potentially being kicked out from the only home you've ever known.

*This polarized me.*

And it's time more people said that.

**Mihir Saudagar**

I moved to the United States with my family when I was eight years old. My parents and I packed our lives in six suitcases and left our family back in India in search of a better life. While I am technically an immigrant in that my passport is Indian, my formative years and my closest memories revolve around my upbringing in Maryland and Pennsylvania.

Like many others, I came to this country on a dependent visa and have faced the threat of being out of status. When I turned 21, my choices were to self-deport or change my status to an international student, which came with its unique set of challenges. After spending a large portion of my life in the United States, I decided to change my visa status to an international student. Despite having lived in the United States for over a decade, I was considered and treated like an international student in a country I thought was my home. I faced and continue to face a multitude of challenges ahead. I encountered many hardships due to my immigration status: I did not qualify for student loans or in-state tuition; I faced difficulties with securing internships due to my immigration status, despite being a hard-working student; I was unable to take up part-time jobs in high school in order to pay for university.

Being aged out of the green card process has greatly affected my life. My father applied for the green card in 2012 when I was thirteen (13) years old. When one turns twenty-one (21), they are automatically “kicked off” of the application as they are no longer considered a minor / child. My parents received their green card after I was twenty-one (21), so I no longer qualified for

permanent residence. I would have to restart the process, despite having lived in the United States for fifteen (15) years.

The struggle for me continues. Once I graduated from university and completed my graduate degree, I needed an employer to eventually sponsor my H1-B visa. If an employer would be willing to sponsor me, I would then need to be selected in the H1-B lottery, which would be left to plain chance and luck. Once I get selected, I would need my employer to sponsor me for a green card - the wait for which is decades-long at this point. Despite having entered the line over 10 years ago through my father's petition, I would not be qualified and would need to start over.

If I could leave you with one thought, it would be the following: Despite having lived in the United States for over fifteen (15) years, I am one job loss away from having to self-deport to a country I haven't called home since I was eight years old - the additional burden of having to start my life from scratch is another stressor that only my fellow documented dreamers share.

**Muhil Ravichandran**

My name is Muhil, and I am a documented dreamer. I first came to the United States with my family when I was two years old, and I have lived here for most of my life from going to preschool in California to attending Rutgers University in New Jersey.

Even though I grew up here on a temporary visa, I felt American growing up – I had the same childhood experiences and celebrated the same milestones as my friends did. But even then, I could feel the tension in my home – because of all the uncertainty, we always had so many plans that were on hold, like buying a house or traveling outside of the country.

The complexity of my visa status really came to light when I started the college application process. My status affected my eligibility for in-state tuition, financial aid, scholarships, and even admission to selective programs. It was disheartening when I realized that I would be starting my college career with so many closed doors. As a Documented Dreamer, I did not have the privilege to have the same opportunities that my classmates did. While everyone else completed internships and gained valuable work experiences, I was navigating the legal difficulties that came with obtaining my international student visa.

After graduating from pharmacy school last year, I worked in Medical Affairs at a research company, as part of my optional practical training program (OPT). Since the Doctor of Pharmacy (PharmD) program does not qualify as a STEM degree, I was only eligible for one year of work authorization. My company applied for the H-1B visa lottery, but unfortunately, I was not

selected. This meant that I was once again facing the risk of self-deportation, meaning that I would have to leave my family and the country that I have been calling home for nearly two decades. However, I am still hopeful that even after all of these challenges and setbacks, that one day, we will have a clear path to citizenship and have access to the opportunities that we deserve, as Americans.

**Merry Joseph**

My name is Merry Joseph, and I'm really grateful to share my story as a documented dreamer. My family and I came to the United States when I was 10 years old, and we've been blessed to call Utah our home ever since. Growing up my parents always emphasized the importance of hard work and giving back to our community.

It was this service mentality that motivated me to volunteer throughout middle school at the Catholic church I attended and then as a high schooler to clean patient rooms at my local hospital. Later when I started college at the University of Utah, I found it incredibly fulfilling to help alongside social workers to serve patients and began to better understand the needs of my local Utah community. Watching the tireless compassion from doctors while treating patients really inspired me to pursue medicine so that I too could have the privilege of helping care for patients and help them navigate the American healthcare system.

But halfway through my junior year in college, when I turned 21, I aged out of my family's green card application and subsequently the dependent visa that was allowing me to live in the US. Being stuck in this immigration limbo definitely took a toll on my mental health. Despite all the stress and uncertainty I faced, I didn't give up on my dream to serve as a physician in this country. I went through the intense process of switching to an international student visa just so I could finish my bachelor's degree and continued to work hard, believing that if I all that I could to serve my country, then maybe I would eventually get to call the United States my permanent home!

Today, I am a third-year medical student at the University of Utah. But in less than 2 years, when I become the first in my family to graduate with a medical degree, I may also face the grim prospect of no longer having a student visa and having to self-deport from the only home I've ever known. It's really disheartening to think that after all the investment in my education by this country, I might not even have the ability to work here as a doctor, especially when our country's facing a growing physician shortage.

All of us have had positive impacts in the communities that raised us and want to continue contributing to this great nation. All we need is for our country to finally recognize us and ensure us through the America's Children Act a certain future in the only place we consider home.



**Pragnya Vella**

I am a road trip expert. Growing up I probably spent more time in a car on the highway than at home watching *Little Einsteins* like normal children. Instead of cartoon TV, I had the sound of my baby sister's wails and the blur of cityscapes to keep me entertained. The shortest amount of time I've ever lived in a place was for a total of 2 months, and before I moved to Wisconsin at the age of eight, the longest time I'd lived in a place in the USA was one year. Usually, when someone moves somewhere, they expect to live there. But my house was never a home to me. Every time I got out of my car and walked into my new apartment, I always knew it would just be another pitstop in the road trip that was my life. I was gold at goodbye. Every time I packed up my bags for the next city, I felt like I was packing up bits of my identity and leaving the rest behind. Most of the time, my parents weren't even able to live together because when they got a job in different states, they didn't have many other options than to take it. Consequently, I'd have to take turns living with each parent, moving between states every couple of months.

Maybe I should've started from the very beginning of this road trip. The first time I moved was at 2 years old. After the very first moment my parents held me in their arms when I was born, they decided that they wanted better opportunities for their first-born daughter. And so my dad had packed a suitcase, and left on his very first flight leaving India. Every couple of months he'd come back to visit his family and then leave to go back to his job in the land of opportunity. After he'd gotten settled my mother and I followed him. I held onto my mother's finger with my tiny hand and followed her onto an airplane for the first time to the only place I have conscious memories of- The United States of America. And it was at that age- before I could even spell the word home, that I lost the definition of one. Every couple of months, my

family would do that again- I'd pack my bags, grab my parent's hand and travel to a new state in the USA.

This strenuous situation was a result of my parent's immigration status. Though the problems faced by undocumented immigrants are advocated for, the problems faced by myself and over 250,000 children in the US are seldom talked about. We are known as Documented Dreamers- children who have legally immigrated to the USA and lived here for most of our lives, yet face the threat of deportation at the age of 21 and not considered US citizens. This group of people is not to be confused with Dreamers and DACA. Because of the fact that we legally immigrated to the USA, we do not meet the requirements for DACA protections. We are not allowed to work, apply for scholarships, and live in constant fear of being deported if our Visas do not get renewed every 3 years. We are not covered in immigration policies such as DACA or talked about in government discussions. My family, despite having applied for a green card and citizenship 14 years ago, have received neither. In the land of opportunity, we are denied the same opportunities as the friends, classmates, and colleagues we grew up with.

My friend who had a near perfect MCAT score was denied acceptance to every medical school that he applied to because he faced international student acceptance rates despite being American in every way except for on paper. Every three years Documented Dreamers must renew their visas to stay in the country and I've known plenty of people in my city alone who've gotten deported because they were unable to get them renewed. When I was nine, my family and I went to India for my aunt's wedding. Though my dad and I were able to get our visas approved to come back to the USA, my mom was not. At first, I thought my mom and little sister would stay in India for a couple days and then come back home. Days turned into weeks, and weeks into months, and I found myself grappling with the absence of my mother and sister. Birthdays

passed, holidays came and went, and the ache in my heart only deepened. At 9 years old, I did not know what was going to happen to my family or what to tell my friends when they asked why I lived without my mom. While my dad was at work, I would go home everyday after school to an empty house and make myself ramen noodles for a snack and eat leftovers for dinner. A year later, my mom was able to come back to the USA only because she gave up her work authorization and reapplied as a dependent on my dad's visa. When my grandfather died of a heart attack two years later, I could not even go to his funeral because my family knew that if we left the country again, we wouldn't be able to come back.

Despite constantly facing problems due to my immigration status, I had never felt that these rights were something that I could fight for. I have known many others in the same situation as my family and yet all we had ever done was sit around and wait for a green card that was constantly getting backlogged. The average wait time for Documented Dreamers from India or China to receive a green card is 100 years. It was only during this summer that I realized that this flaw in our immigration system was something that I could work toward fixing. That was when I heard of the America's Children Act.

For the entirety of my sophomore year I had self studied AP Microeconomics, and took the exam for it in May. I'd come into my economics teacher's room during lunches and advisory periods and learn about monopolies, market systems, and economic profit all so that I could apply for a research position over the summer with a renowned economics professor at my dream college- University of Chicago. The day that I received my acceptance letter was possibly the happiest day of my life. I knew I couldn't receive the \$2,000 stipend that was supposed to be given to researchers for this program because I didn't have a green card, but I was more than willing to work as a volunteer. I had rejected all my other internship offers to do this one, and

was expecting this to be the highlight of my high school life- I'd be 16, have this incredible opportunity to do what I love with a professor I admired, and have my driver's license.

However, two weeks later I was sitting in my US History class when I received an email at approximately 9 am. It contained 3 sentences. 3 sentences that made me realize that no matter how hard I worked, the land of opportunity only has opportunities for certain people. I had gotten an email that said that I would no longer be able to do the internship, because it is illegal for me to volunteer for a paid position. That summer I turned 16 but I didn't get to do the University of Chicago research internship, I didn't get my license because the process is much longer when you don't have a social security number, and I spent most of it crying to sad music. I felt hopeless after realizing the weight of all the restrictions my immigration status put on what I could do.

The America's Children Act will effectively address the challenges we face by giving immigrants like me work authorization and many other basic benefits- creating a more inclusive and just society for everyone regardless of their identity- so that someday we might do away with the pit stops in life and allow everyone to find a place they call home.



Statement for the Record  
 Refugees International  
 Unlocking America's Potential: How Immigration Fuels Economic  
 Growth and Our Competitive Advantage  
 Senate Budget Committee  
 September 13, 2023

Thank you for the opportunity to submit this statement for the record.

Refugees International is a nongovernmental organization that advocates for lifesaving assistance and protection for displaced people in parts of the world impacted by conflict, persecution, and forced displacement. Refugees International does not accept government or UN funding, which helps ensure that our advocacy is impartial and independent. Refugees International actively works on advancing labor market access for forcibly displaced people, highlighting their desire for self-sufficiency and their ability to contribute to local economies. Refugees International also houses the Refugee Advocacy Lab, an initiative to grow the movement for U.S. leadership on the protection and inclusion of forcibly displaced people, with a focus on improving access to the workforce.

From hospitality to manufacturing, industries across the United States are facing unprecedented workforce shortages. At the same time, people who have come here seeking safety are prevented from entering the labor force due to current immigration law requiring that asylum seekers wait 180 days after they have applied for asylum to receive work authorization. This waiting period was put in place more than 25 years ago with the intention of preventing immigrants from filing asylum claims just in order to get a work permit. But it has certainly not had a deterrent effect at least over the last decade. It instead has left talented, willing, and able asylum seekers in precarious economic conditions and unable to fill much-needed jobs rather than rely on local services. As one man who fled political persecution in Venezuela, where he used to run a business installing kitchens, [told a reporter in New York City](#): "There are no words to describe the anxiety [of not having a legal work permit].... I'm a working person.... used to living

on what I produce." He [said](#) he did not want to live in a shelter but to work in open construction jobs he saw advertised.

The best legislative fix for this is [H.R. 1325 Asylum Seekers Work Authorization Act](#), which shortens the waiting period to apply for work permits to 30 days. The bipartisan bill has the support of the U.S. [Chamber of Commerce](#), the [American Hotel and Lodging Association](#), several local and state government officials, and legislators from both parties in the House of Representatives. It is simpler and more comprehensive than other bills addressing this issue because it covers the entire asylum seeker population and makes asylum seeker work permits continuously valid through the entire asylum adjudication process, thus eliminating administratively burdensome work permit renewal applications. This means that asylum seekers will not lose jobs and employers will not lose valuable employees if renewals are not processed before existing work permits expire.

Recently, there have been several administrative solutions proposed as work-arounds to avoid addressing the statutory 180-day waiting period for asylum seekers to receive work authorization. Most involve the Biden administration granting asylum seekers other temporary statuses like Temporary Protected Status or parole so that they can apply for work authorization immediately. However, these solutions still require Congressional action of increased appropriations to United States Citizenship and Immigration Services (USCIS) specially devoted to the adjudication of work authorization applications as has been included in the [Senate's FY24 budget request](#) (page 102). Without more resources to adjudicate applications, it will take many months to make needed immigrant workers eligible for hire.

No one disagrees that we need fundamental reforms to the U.S. immigration system that will allow increased legal migration to boost U.S. economic growth. Congress must also do much more to rationalize the U.S. asylum system—including reform of the immigration court. But there are workers already in the United States who want to, but cannot, do the jobs that employers need. The clearest way forward is passage of the Asylum Seekers Work Authorization Act and appropriation of sufficient funds to USCIS to adjudicate work authorization applications. This is a clear win-win-win for business, state and local governments, and people seeking safety who want to provide for their families and contribute to their communities.