



## Contrary to Claims, Skilled Visa Programs are Used as Source of Cheap Foreign Labor, Says New EPI Study

Despite claims from employers that they use skilled guest worker visa programs to attract talented foreign workers and help them remain permanently in the U.S., new evidence shows the visa programs to be mainly a means to help outsource U.S. jobs or recruit cheap temporary labor.

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A new Economic Policy Institute report examines the 20 U.S. employers receiving the most H-1B skilled worker visas and estimates that, on average, these employers apply for permanent residence status on behalf of just 13% of their H-1B workers. The report also examines the 20 employers receiving the most L-1 worker visas and estimates that, on average, they apply for permanent residency on behalf of just 7% of their L-1 workers. (In both visa programs, it is generally the sponsoring employer – not the worker – who is permitted to file for permanent residency on behalf of the worker).

“Proponents of expanding these visa programs argue that it’s in our national interest to attract the best and the brightest workers from around the world and to keep them here permanently,” said Ron Hira, an associate professor of public policy at the Rochester Institute of Technology and the report’s author. “But these employers are saying one thing and doing quite another. They are spinning these workers through a revolving door in order to drive down wages and help send more jobs overseas.”

For example, according to U.S. Department of Labor records, Tata Consultancy Services, ranking 4th in H-1B use in 2008, applied for permanent residence for none of the workers it brought to the U.S. on H-1B visas. IBM India, ranking 10th in H-1B use and 14th in L-1 use in 2008, applied for permanent residence for none of its H-1B or L-1 workers.

The report, [\*Path to Skilled Permanent Immigrants or Cheap Temporary Labor?\*](#), shows how the skilled guest worker visa programs are being used as a strategy for reducing labor costs. In some cases, foreign workers are brought to the U.S. for job training by American workers. After the training, foreign workers return home and do the same work for less pay, while the American workers may be laid off. In other cases, foreign workers are brought to the U.S. temporarily to coordinate operations between the U.S. and workers in their home countries, often because they can be hired to do the job more cheaply.

According to the report, India became the source of 48% of all L-1B visas (a subset of L-1 visas) issued in 2005, up from 10% in 2002, indicating that “it is quite likely that a sizeable share, perhaps even a majority of L-1 visas, are being used to send work previously performed in America to low cost countries.”

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The report found different uses of the visa programs depending on employers' business models: businesses with a significant offshore presence in low-cost countries and those with a more modest offshore presence rely on the visa programs primarily for temporary labor, while those with a traditional business model (with most operations still in the U.S.) are more likely to sponsor temporary workers for permanent U.S. residence.

The report calls for reforms to the visa programs to ensure that they benefit U.S. and foreign workers and the U.S. economy overall. "When skilled foreign workers are needed we should rely primarily on permanent immigration to supply them," the report says.

### ***Background on the H-1B and L-1 Programs***

The H-1B is a three year, non-immigrant visa created under the Immigration and Nationality Act, which can be renewed once for an additional three years. The visa provides employers with the opportunity to temporarily employ foreign workers who possess a bachelor's degree. Employers must sponsor applications for permanent residence, leaving H-1B workers in a severely weakened bargaining position. The L-1 visa is a non-immigrant visa that allows for intra-company transfers within multinational corporations. Unlike the H-1B, L-1 workers must only possess specialized knowledge regarding the general company operations; no higher educational degree is necessary.

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