The Politics of H-1B Visa Limits

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Political Science Senior Thesis

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April, 2012

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Abstract

In recent years, the number of H-1B Visa (Temporary Work Visa) issued has increased tremendously. Various lobbying groups are devoted to persuading Congress to revise immigration laws and to increase the work visa issuance cap. The purpose of my study is to find out the how the H-1B Visa policy is effected by analyzing the lobbying expenditures of different economic sectors. Although there are abundant studies on the factors that affect immigration policies, there are few studies that concentrate specifically on the H-1B Visa. I combined campaign finance data and annual work visa data to assess the relationship between lobbying expenditures and visas issued. Additionally I look at the volume of visa sponsorship by employment sectors. Analysis has shown a strong positive correlation between lobbying expenditures and H-1B Visa limits. The implication of this result is that H-1B Visa policy is less determined by need and more by political influence.

Introduction

There are two reasons I am really interested in H-1B visa. As an international student, getting an H-1B visa after graduation is my next step in order to stay here in the United States. Another reason is one of the stories that appeared on Washington Post really drew my attention: an Indian family who had been working in the United States for 6 years. Because of the expiration of their H-1B visas, they had to go back to their home country and go through the whole process again to get a new H-1B visa. Although they bought houses, cars, paid taxes and they had a regular social life in the US, they might still get rejected because of the annual visa cap (Rosin, 2000).

The H-1B visa is one of the various visa types in the United States. It is a non-immigrant visa under the Immigration and Nationality Act, section 101(a)(15)(H). In 1965, the act abolished the national origins quota system and replaced it with a preference system that focused on immigrants' skills and family relationships with citizens or United States residents. The H-1B visa allows United States employers to temporarily employ foreign workers in specialty occupations. If a foreign worker in H-1B status quits or is dismissed by the sponsoring employer, the worker must either apply for and be granted a change of status to another non-immigrant status, which is subjected to approval, or leave the United States. (Congressional Budget Office, 2006)

In order to obtain an H-1B visa, employees are required to have highly specialized knowledge in a field of human endeavor including but not limited to architecture, engineering, mathematics, physical sciences, social sciences, biotechnology, medicine

and health, education, law, accounting, business specialties, financial analysis and as well as arts, and are required the attainment of a bachelor's degree or its equivalent as a minimum. H-1B visa duration of stay is six years maximum.

Due to the shortage of high-tech skilled workers, the battle between contribution-hungry politicians and the profit-hungry economic sectors have resulted in huge increases in issuance of temporary work visas to skilled foreign workers. But The Department of Homeland Security and Congress are concerned more about just foreign workers. They must balance questions such as: How to prevent terrorism? How to protect the United States citizens' jobs? Thus, many interests are concerned about how many H-1B visas are issued and how to influence the annual numbers. Various high tech firms and dozens of other economic sectors spent a lot of money on lobbying groups and lobbying activities to push Congress to loosen the H-1B visa policy and raise the annual cap. The current H-1B visa annual cap is 65,000.

Literature Review

This literature review focuses on various aspects of H-1B visa policies. I reviewed the previous studies related to the H-1B visa as a political program, different economic sectors' contributions and economic sectors' efforts on lobbying to push Congress to pass the bill on H-1B visa policy reform and raise the H-1B visa cap. The goal of this research paper is to find out the how the H-1B Visa policy is effected by political interests and economic sectors' lobbying expenditures and lobbying activities.

H-1B Visa is A Political Program

One key aspect of this research paper is to understand that H-1B visa issuance is a highly political program. Various employers across different economic sectors spend money on lobbying groups and lobbying activities to persuade Congress to raise the visa cap. Politicians work hard on persuading Congress to pass bills to reform H-1B visa policy and to loosen the restrictions.

Alter's (1998) report drew Washington's attention on the need for immigrant skill in the information technology area. Because of poor American mathematics and science education, information technology really needs to import high-tech skilled foreign workers to keep the industry running. To a certain degree, Congress is willing to give more chances to H-1B visa applicants, but meanwhile they put more limits on it in the name of protecting the United States workers. Invest groups and interest groups are focusing on asking for a budget for corporate information technology to hire lobbyists to

persuade the Congress to issue more H-1B visas without too many stipulations. (Alter, 1998)

Some big city mayors also dedicated in persuading Congress to raise the H-1B visa cap. Klossner (2011) offers information on the views of Michael R. Bloomberg, mayor of New York City on H-1B visa cap in the United States. He states that Mayor Bloomberg believes in eliminating the cap on H-1B visas because restrictive United States visa policies, particularly limitations on employment-based visas and green cards, are a form of 'national suicide.' The report also mentions that Mayor Bloomberg has long called for eliminating the visa cap to ease access to employment-based green cards. (Klossner, 2011)

Economic Sectors and Their Efforts on Lobbying Activities

There are so many economic sectors like education, agriculture, physical health and mental health, finance, law, computer program, business, technology, engineering, electricity, arts and many more are willing to make efforts to hire more qualified foreign workers. I reviewed the previous studies on these different economic sectors especially information technology and business. This aims to see how these economic sectors are affecting the H-1B visa policy and their contribution to the United States.

In the late 1990s, there was an article written by Mandell (1998). The article reports on the lobbying efforts of information technology companies for the American Competitiveness Act--an employment bill that would increase the number of H-1B work

visas which would allow more foreign workers to work in the United States. Clinton's administration opposed the bill, saying that bring more foreign workers will hurt Americans by taking their jobs away. But the information technology industry supported it. The author studied the opponents of the bill. Findings show that more H-1B visas will reduce the skilled and unskilled workers shortage in many industries. (Mandell, 1998)

Similarly, Thibodeau's (2002) article is also concentrating on H-1B visa for information technology workers. Thibodeau is a professional computer programmer. He has special views regarding the H-1B visa program of the government the caused lots of information technology employers lose employees. Due to this, he examined that lobbyists are hired and lobbying activities are organized to lobby the Congress to increase the cap of the visa program. (Thibodeau, 2002)

Three years later, another article by Thibodeau appeared in Computer World that reports that IT industry is spending more money on lobbying to push Congress to set a higher H-1B Visa cap. The IT industry gives the ideas that among the legislative proposals, a flexible cap that would provide a method for increasing the annual H-1B limits once a certain level is reached. So IT industry advocates the Congress for adjusting the visa limits. (Thibodeau, 2005)

During George W. Bush's administration, the political focus was on terrorism and homeland security. Mr. Bush's changes in the immigration system made the business interests gather together and force the White House to reconsider the right of immigrants

by focusing on the sensitive topic: economy. The businessmen stated that Mr. Bush's changes stopped not only tourism and trade, but also the United States firms from hiring foreign workers and the consulate generals from issuing the H-1B visas. Businessmen put efforts on lobbying with three major goals. They are: make it easier for foreigners to enter the United States, shorten the queues for visa interviews and raise the annual visa cap. Businesses and their lobbyists are really pushing the Congress to make some changes and they are also begun to fight on behalf of 12 million undocumented workers to get their legal work visa. (Economists, 2003)

A report by Taylor (2007) examines that Google Inc. has also been lobbying the United States Congress for H-1B visa reform. H-1B visas give foreign-born workers with specialized skills chances to work in the United States on a maximum period of six years. A Google executive testified before the House Judiciary Subcommittee on Immigration about the practical impact that the United States immigration system has on technology companies like Google. Google is not the only company that has expressed the goal of increasing the number of work visa issuance. Samsung Semiconductor even expressed public support for a bill then under consideration in the House and the Senate to raise the H-1B visa cap to twice as much as currently. (Taylor, 2007)

Ellis'(2007) research found that United States retailers are lobbied against a proposed immigration reform bill on H-1B visas. The Congress has different opinions over this reform bill because it gives an estimated 12 million illegal immigrants in the country the temporary legal statutes, which will lead to the next step—citizenship. The

report contains a letter from Retail Industry Leaders Association to Senate Majority Leader Harry Reid, stating that the retail industry should be held accountable for people they hire and requiring him to remove the stipulation that corporations have to verify the legality of their contractors' and subcontractors' employees. (Ellis, 2007)

Foodservice industry is also working on pushing Congress to revise the H-1B visa policy. An article appeared on Nation's Restaurant News (2006). The article reports on the need for the foodservice industry to protect vital workforce by lobbying for immigration reform in the United States Congress. Among estimated 12 million total undocumented workers in the country, there are 12 percent of them are foodservice workers. The National Restaurant Association indicates that over the next decade the number of jobs in the foodservice business will increase one and a half times as fast as the U.S. labor force. The failure to come up with a workable immigration plan has produced wild results during the mass nationwide protests. (Nation's Restaurant News, 2006)

Kerr (2009) reviewed previous studies, which examined 193 of the most innovative firms in the US during 2001-2006 and findings showed how firms' characteristics are associated with lobbying for different issues and for lobbying overall. He especially focused on lobbying for immigration and trade. The authors paid attention to H-1B visas as well as investigated how firms adjusted their lobbying activities in response to large policy changes related to the H-1B visa, and demonstrated how specific

lobbying efforts by firms depend upon their underlying characteristics and the economic conditions that they face. (Kerr, 2009)

Facchini, Mayda and Mishra (2011) found out that interest groups play a key role in shaping immigration policy. They analyzed the impact of political organizations by business lobbies and workers associations on the structure of the immigration policy. They started with theories that link immigration to business lobby activities from both pro and anti immigration. Then they created the industry-level dataset on lobbying expenditure from different interest groups, and also look at the number of the visa issuance and union membership rates. By combining those datasets, their studies showed powerful evidence that both the supporters and opponents of the immigration policy play a statistically significant role in both political and economic ways in shaping immigration across sectors. The figures and tables in this article shows that the expenditure on the business sector and the number of visa issued on the corresponding sector are directly proportional while the union membership rates and the number of visa issued are inversely proportional. This article proved strongly that immigration barriers are higher when the labor unions are more important and the barriers are lower when businesses invest more expenditure on lobbying. (Facchini, et al, 2011)

Lobbying Expenditure on Immigration Policy

One of Amegashie's (2004) studies indicates that immigration policy, to a certain degree, is driven by lobbying activities of labor and the capital. The contest between a

firm lobbying activity and a union will decide the number of immigrants. After the number of immigrants is decided, the firm and the union are bargaining over the wages of the local workers. The author proposed that lobbying contest is an all-pay auction. Lobbyists who put more efforts are more likely to win the certainty. The author's findings show that the cost of lobbying activities, the reservation wage of immigrants, the size of the union and the price of a firm's products are all the elements that influence the permissible number of immigrants. (Amegashie, 2004)

Methodology and Findings

This research paper focuses on how lobbying expenditures affect the limits on H-1B visa. More specifically, how lobbying expenditures change the annual H-1B visa issuance number. I argue that in a comparison of each fiscal year from 1998 to 2010, those that have more lobbying expenditures will be more likely to have a higher H-1B visa issuance number than will those that have less lobbying expenditures. To test this hypothesis, I set the unit of analysis, defined the variables and gathered all the data.

Unit of Analysis

This paper is aimed to examine how H-1B visa issuance number changes year by year by the effect of lobbying expenditures. The unit of analysis is each fiscal year from 1998 to 2010.

Variables

Dependent Variable

For the analysis, this paper uses a dependent variable that measures the fiscal year H-1B visa issuance number from 1998 to 2010. The data was gathered from the U.S. Department of State under the visa statistics. This data set has all the number of issuance of all visa types from fiscal year 1998 to 2010. Since the paper is concentrating on H-1B visa, the data for other visas were not gathered.

(Table 1 about here)

Independent Variables

The independent variables related to lobbying expenditures and contributions are gathered from Center for Responsive Politics (www.opensecrets.org). Under lobbying expenditure for different issues, I gathered the data from lobbying for immigrants issues. All the data was collected from 1998 to 2011 and this matches the time period of my dependent variable data set. The data consist of Immigration Clients, Immigration Reports, Computer/Internet Dollars, Computer/Internet Lobbyists, Computer/Internet Clients, Labor Dollars, Labor Lobbyists, Labor Clients, Health Professional Dollars, Health Professional Lobbyists and Health Professional Clients. Among all the independent variables, Immigration Clients is the variable that measures the total number of immigration clients annually. Immigration Reports measure the number of reports listing issue area each fiscal year. Computer/Internet Dollars measure the total lobbying expenditure of computer/internet sector on H-1B visa program; Computer/Internet Lobbyists measure the total number of lobbyists hired by the Computer/Internet sector; and Computer/Internet Clients measure the total number of clients that the computer/Internet sector dealt with each year. The same explanation also applies to Labor Dollars, Labor Lobbyists, Labor Clients, Health Professional Dollars, Health Professional Lobbyists and Health Professional Clients. These independent variables will test if the H-1B visa issuance number will cause corresponding changes according to the change of each independent variable.

From the U.S. Department of State I also got all the H-1B visa petitions from fiscal year 2010. There are more then 330,000 cases. I categorized them into fifteen

economic sectors such as Computer, Health, Finance, Education, Engineering,

Technology and Agriculture. First I did a frequency test to determine what were the most

frequent economic sectors that deal with H-1B visa issuance.

(Table 2 about here)

Table 2 shows that the most frequent three economic sectors are Computer,

Business and Health. According to this, I constructed a line graph with the dependent

variable and the three independent variables. (I divided the number of H-1B visa issuance

by 100 since the number is too big. Thus, the relationship is more obvious.)

(Graph 1 about here)

Graph 1 shows that the trend of number of H-1B visa issuance matches pretty

well with the three independent variables, especially matches the Computer/Internet

lobbyists variable. Table 1 and Graph 1 are completely different tests, but the results

indicate that the number of H-1B visa issuance is closely corresponding with the trend of

each of the independent variables.

With these results, I then furthered my tests. I did correlation test between the

dependent variable—the number of H-1B visa issuance and three of the dependent

variables—the most frequent economic sectors—Labor Lobbyists, Computer/Internet

Lobbyists and Health Professional Lobbyists. Results all show the significant affect of

independent variables on number of H-1B visa issuance.

(Table 3 about here)

Table 3 shows that P-Values (Sig. 2-tailed) of the correlation between the number

of H-1B visa issuance and labor lobbyists, the number of H-1B visa issuance and

computer/internet lobbyists and the number of H-1B visa issuance and health

professional lobbyists are .031, .016 and .025, which are all smaller than .05. This

indicates the null hypothesis represents an unlikely occurrence and may be rejected. Thus,

the hypothesis of more lobbying expenditure results higher number of H-1B visa issuance

is accepted. Also, all the Pearson values are close to 1. The closer the Pearson value is to

1, the stronger the relationship is. These findings will lead to deeper analysis.

So I did linear regression and scatter/dot between dependent variable the number

of H-1B visa issuance and each of the independent variable computer/internet lobbyists.

(Table 4, 5 and 6 are about here)

There are several values to look at in Table 4. First, Constant (73983.031) is the

Y-intercept which equals to 73983.031, and the regression coefficient equals 40.216. The

regression equation for estimating the effect of number of computer/internet lobbyists on

number of H-1B visa issuance is:

Number of H-1B visa issuance=

73983.031 + 40.216 * number of computer/internet lobbyists.

For each one-unit increase in the number of computer/internet lobbyists, there is a

40.216-unit increase in the number of H-1B visa issuance.

Sig. (.016) is P-Value. In this case, P-Value is less than .05. Thus, null hypothesis

may be rejected. Also, the absolute value of t-ratio (3.589) equals to 3.589. This number

is greater than 2. This also proves that the null hypothesis represents an unlikely

occurrence.

The absolute value of T-Ratio is 3.589. As long as the absolute value of T-Ratio is equal or greater than 2, the relationship is positive and strong.

According to the graph, R-square equals .72. This means that 72 percent of the number of H-1B visa issuance is explained by the number of Computer/Internet Lobbyists. The rest of the number of H-1B visa issuance, 28 percent, remains unexplained by the number of computer/internet lobbyists.

The same tests and explanations are applied to other two sets of variables: number of H-1B visa issuance and labor lobbyists, number of H-1B visa issuance and health professional lobbyists, which shown in Table 5 and Table 6.

Conclusion

My hypothesis is that a fiscal year with more lobbying expenditures will be more likely to have higher number of H-1B visa issuance than a fiscal year with less lobbying expenditures.

After running the frequencies test of all the 15 economic sectors, result shows that the most frequent three are computer, health and business. The correlations and regression tables show that lobbying expenditure has a significant affect on the number of H-1B visa issuance. Graph 1 shows that the visa is corresponding to the independent variables and a strong positive relationship is appearing in the graph. Thus, my hypothesis is accepted.

Appendix

Table 1.
Classes of Non-immigrants Issued Visas (Detailed Breakdown)
(Including Crew List Visas and Border Crossing Cards)
Fiscal Year 1998-2010
Class: H-1B   **Description:** Temporary worker of distinguished merit and ability performing services other than as a registered nurse

Year	1998	1999	2000	2001	2002	2003	2004
Number	91,360	116,513	133,290	161,643	118,352	107,196	138,965

Year	2005	2006	2007	2008	2009	2010
Number	124,099	135,421	154,053	129,464	110,367	117,409

Table 2.

Frequency Test of 15 Economic Sectors

	Frequency	Percent	Valid Percent	Cumulative Percent
1. Computer	144650	43.9	43.9	43.9
2. Business	37423	11.4	11.4	55.3
3. Health	34272	10.4	10.4	65.7
4. Education	26768	8.1	8.1	73.8
5. Finance	24567	7.5	7.5	81.3
6. Engineering	20828	6.3	6.3	87.6
7. Bio-Chemic	13376	4.1	4.1	91.7
8. Technology	11208	3.4	3.4	95.1
9. Arts	6592	2.0	2.0	97.1
10. Law/Legislation	2428	.7	.7	97.8
11. Others	1964	.6	.6	98.4
12. Mental Health	1901	.6	.6	99.0
13. Environment	1416	.4	.4	99.4
14. Agriculture	1084	.3	.3	99.7
15. Aero/Space	684	.2	.2	99.9
Final Category_15	1	.0	.0	100.0
Total	329162	100.0	100.0	

Table 3. Correlations between dependent variable and three independent variables.

Correlations

		Number of H-1B Issued	Labor Lobbyists	Computer/ Internet Lobbyists	Health Professionals Lobbyists
Number of H-1B Issued	Pearson Correlation	1	.798[*]	.849[*]	.816[*]
	Sig. (2-tailed)		.031	.016	.025
	N	13	7	7	7
Labor Lobbyists	Pearson Correlation	.798[*]	1	.909[**]	.964[**]
	Sig. (2-tailed)	.031		.005	.000
	N	7	7	7	7
Computer/Internet Lobbyists	Pearson Correlation	.849[*]	.909[**]	1	.969[**]
	Sig. (2-tailed)	.016	.005		.000
	N	7	7	7	7
Health Professionals Lobbyists	Pearson Correlation	.816[*]	.964[**]	.969[**]	1
	Sig. (2-tailed)	.025	.000	.000	
	N	7	7	7	7

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4. Linear Regression and scatter/dot between dependent variable number of H-1B visa issuance and independent variable Computer/Internet Lobbyists.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	73983.031	14246.192		5.193	.003
	Computer/Internet Lobbyists	40.216	11.205	.849	3.589	.016

a. Dependent Variable: Number of H-1B Issued

R² Linear = 0.72
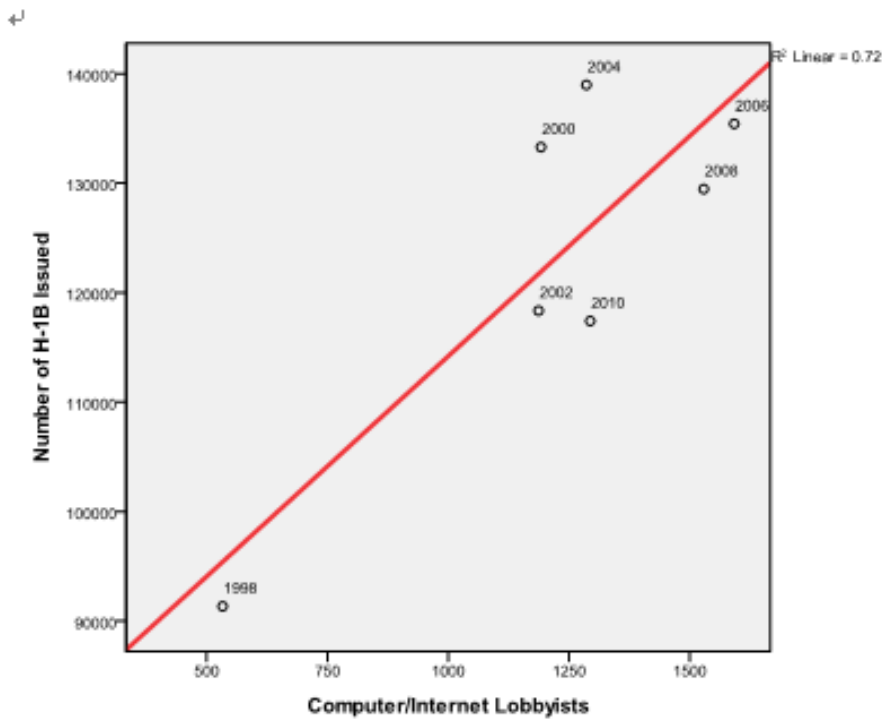
Table 5. Linear Regression and scatter/dot between dependent variable number of H-1B visa issuance and independent variable Labor Lobbyists.

Coefficients[a]

| Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	25541.329	33321.241		.767	.478
	Labor Lobbyists	233.471	78.845	.798	2.961	.031

a. Dependent Variable: Number of H-1B Issued
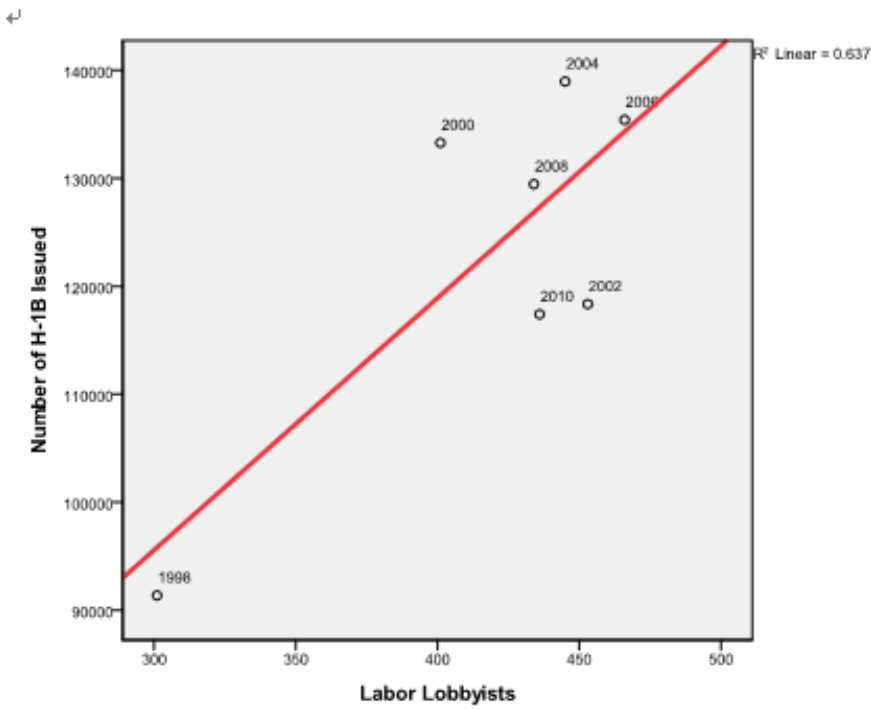
Table 6. Linear Regression and scatter/dot between dependent variable number of H-1B visa issuance and independent variable Health Professional Lobbyists.

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	30808.903	29602.237		1.041	.346
	Health Professionals Lobbyists	126.729	40.131	.816	3.158	.025

a. Dependent Variable: Number of H-1B Issued

R² Linear = 0.666
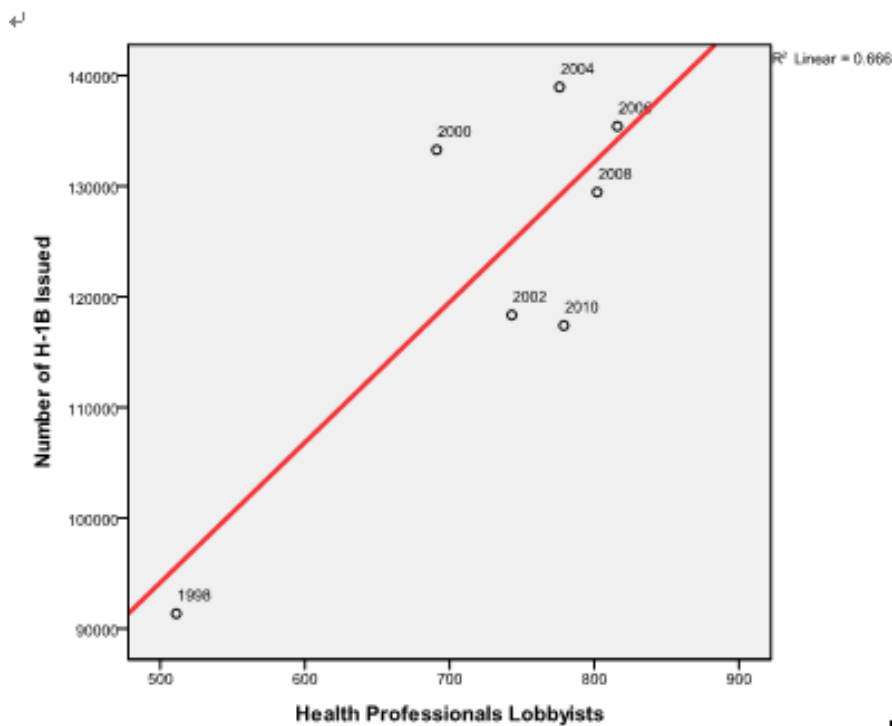
Graph 1. Line-Chart of four independent variables and the variable of number of H-1B visa issuance divided by 100.
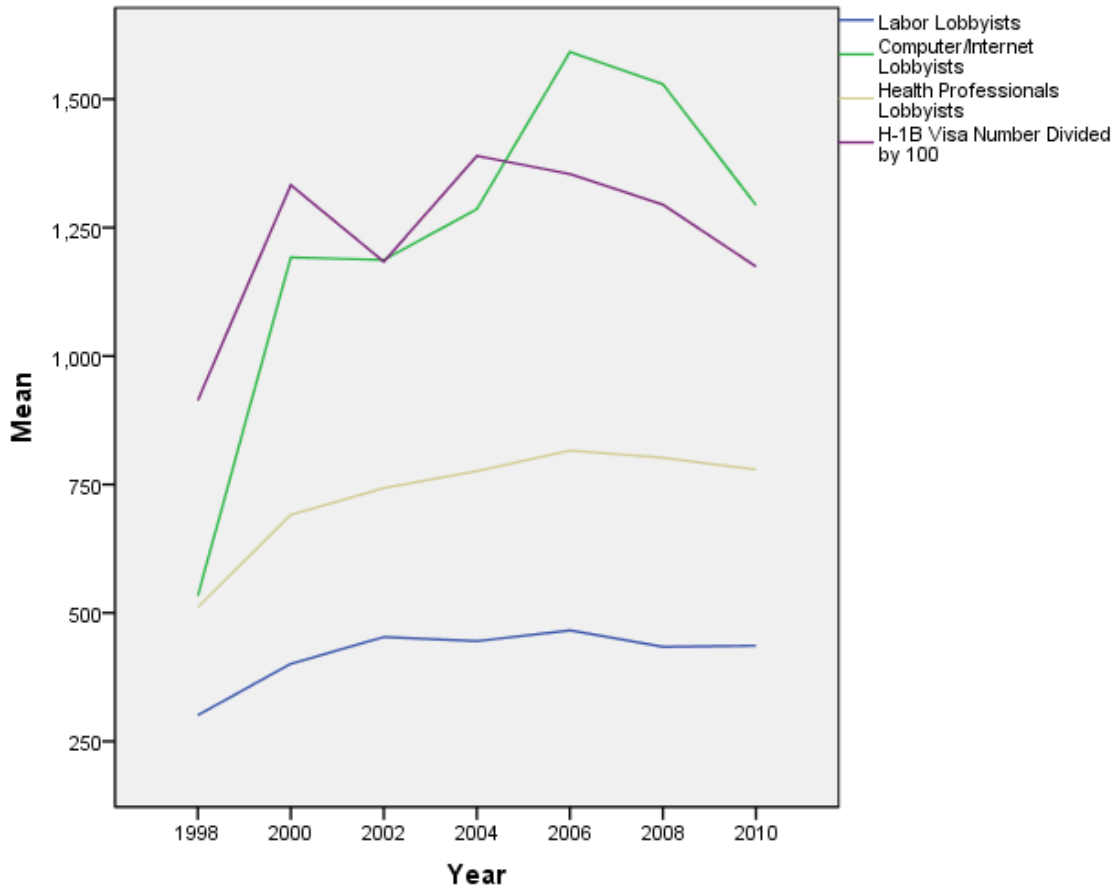
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