



PARTNERSHIP FOR A  
NEW AMERICAN  
ECONOMY

# THE H-1B EMPLOYMENT EFFECT

H-1BS AWARDED BETWEEN  
2010-2013 WILL CREATE  
MORE THAN 700,000 JOBS FOR  
U.S.-BORN WORKERS BY 2020

When the Department of Homeland Security denied Amit Aharoni a high-skilled, H-1B visa in 2011, the decision had consequences far beyond a single potential worker in the American economy. At the time, Aharoni was the CEO of CruiseWise, a travel-booking firm he founded in 2010 that had hired nine U.S.-born employees in a single year. Without the visa, Aharoni had to relocate to Vancouver, Canada, and he began considering moving his company to that country as well. Given Aharoni's plans to rapidly expand his firm—and quickly bring on dozens more U.S. workers—the visa decision didn't seem to make sense from an economic perspective. "I fear that I may be forced to move the center for gravity of CruiseWise to a different place," Aharoni said at the time, "And that means hundreds of jobs that we'd hope to create, would be not be created in the U.S. but somewhere else."

In Aharoni's case, a story in the national media brought attention to his case and U.S. Citizenship and Immigration Services ultimately reconsidered his petition and granted him an H-1B. In the years since, a larger firm brought

Aharoni's company - and today CruiseWise continues to support jobs as part of a larger firm. But this year, many H-1B applicants will not be nearly as lucky as Aharoni was. It is widely expected that this April, during the first five days of the application cycle, the government will receive far more applications for H-1B visas than the number available each year to private companies. Last year, for instance, 172,000 applications were received in a single week for just 85,000 slots.<sup>1</sup>

Aharoni's story demonstrates why everyday Americans should care about the country's broken H-1B visa system. Immigrants in the country on H-1B visas are often talented innovators or entrepreneurs. Their presence in the United States—and the companies and technologies they create—often result in attractive job opportunities for American workers. Many employers also say H-1B workers are necessary to help them fill positions requiring niche or specialized skills that they would be unable to fill otherwise with local or interested workers. Having the workers to fill such

jobs allows American employers to continue basing individual operations or offices in the United States, a move that creates jobs at all levels—from the engineers and computer programmers based in American offices to the secretaries, HR staff, and mailroom employees that support them.

This fact that H-1B visa holders actually create—not take away—jobs from Americans has been widely supported in the literature. A 2013 paper written by professors at Harvard University looking at the 1995 to 2008 period found that 1 additional young, high-skilled immigrant worker hired by a firm created 3.1 jobs for U.S.-born workers at that same company during the period studied.<sup>2</sup> Other academics have tied each H-1B visa award or labor request with the creation of four<sup>3</sup> or five<sup>4</sup> American jobs in the immediate years that follow. In this brief, we rely on a more conservative estimate of the impact of the H-1B program on the American workforce. Specifically, our brief uses a 2011 report produced by the Partnership for a New American Economy and the American Enterprise Institute that found that every 1 additional H-1B visa awarded to a state was associated with the creation of 1.83 more jobs for U.S.-born workers in the following seven years.<sup>5</sup>

In this brief, we rely on data PNAE obtained through a Freedom of Information Request that allows us to see how many H-1B visas were awarded to each state in the 2010-2013 period. Using those state totals, we apply the PNAE study finding detailed above—that every 1 H-1B visa awarded to a state translates into 1.83 jobs for native-born workers in the seven years that follow—to estimate how many jobs the 2010-2013 H-1B visa awards will create in our economy by 2020. Our findings show that the H-1B program, and the skilled workers it brings, results in a valuable stimulus for our economy by creating jobs for U.S.-born workers. Although the available data allows us to analyze the impact of just four years worth of H-1B visa awards, the impact those visa holders will have expanding employment in the coming decade is quite dramatic. Workers who received H-1B visas from 2010-2013 will create more than 700,000 jobs for U.S.-born workers by 2020.

<sup>1</sup> Maurer, Roy. 2014. "51% of FY 2015 H-1B Petitions Rejected in USCIS Lottery," SHRM, April 14.

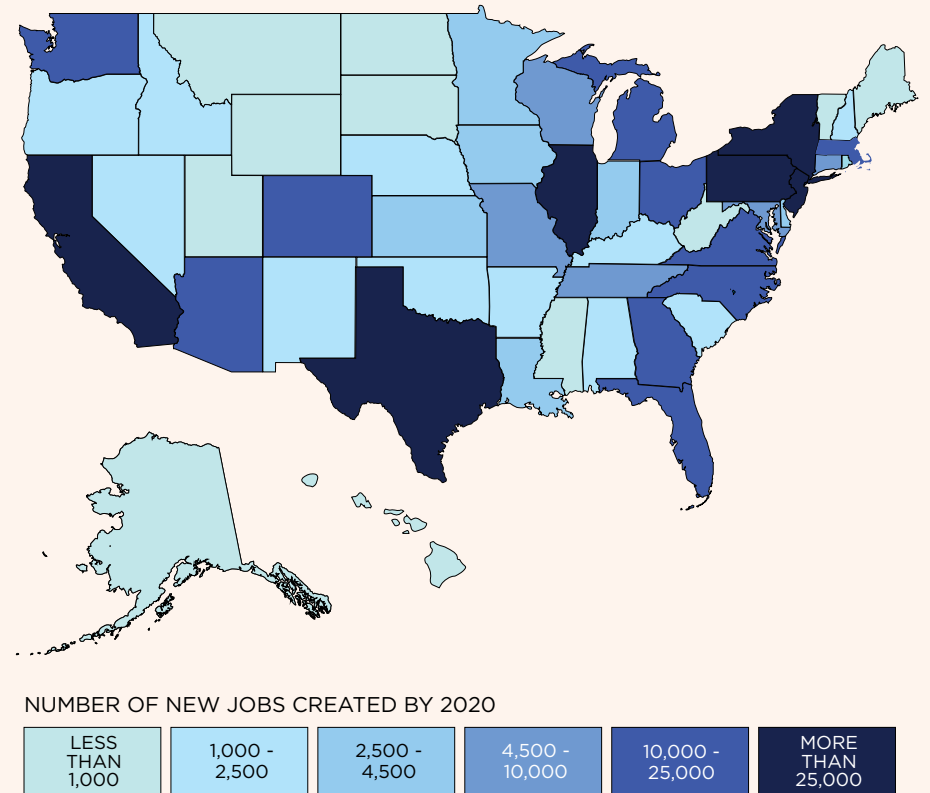
<sup>2</sup> Sari Pekkala Kerr, William R. Kerr, and William F. Lincoln. "Skilled Immigration and the Employment Structures of U.S. Firms." *Journal of Labor Economics* 33, No. S1 (July 2015).

<sup>3</sup> Matthew J. Slaughter. "Job Clocks Background." Hanover, NH, 2013. (available online).

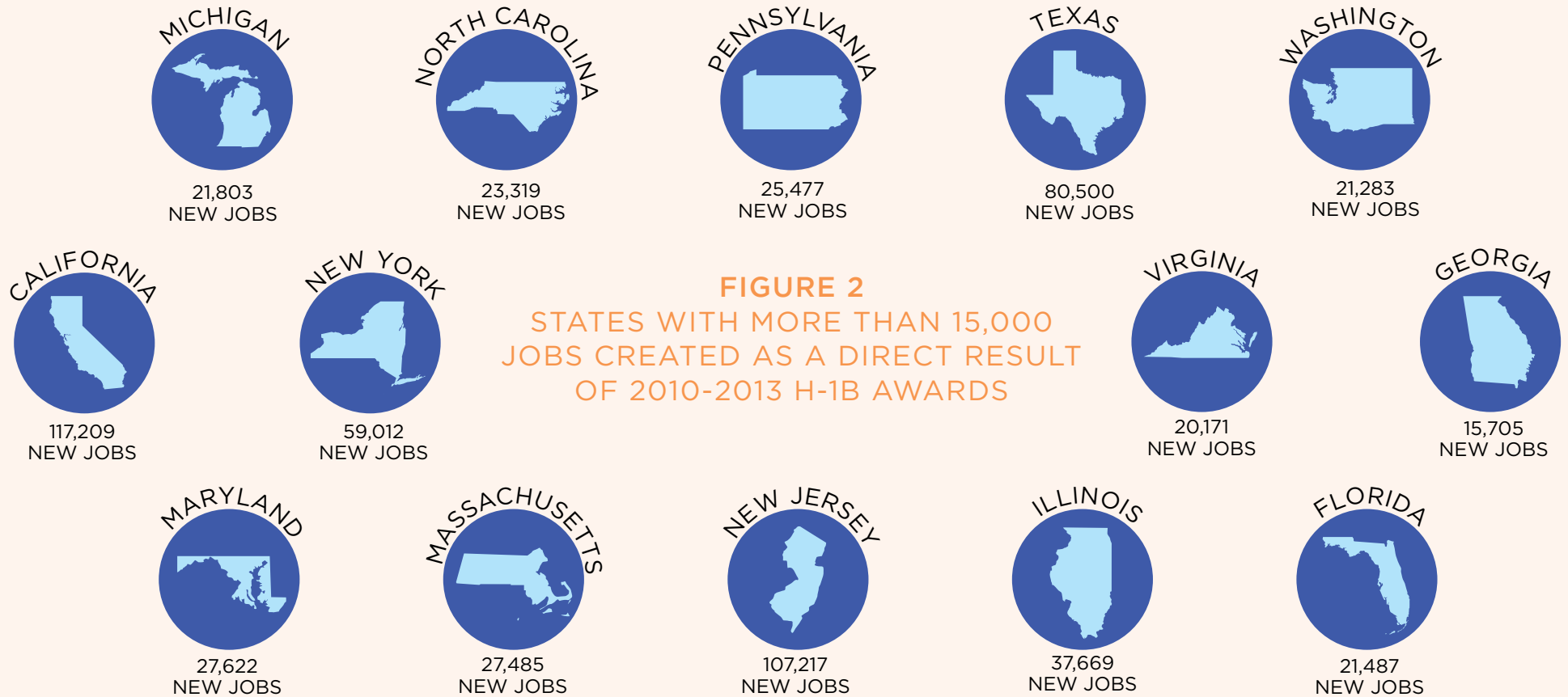
<sup>4</sup> "NFAP Policy Brief: H-1B Visas by the Numbers." National Foundation for American Policy, Washington, DC, March 2009.

<sup>5</sup> Sari Pekkala Kerr, William R. Kerr, and William F. Lincoln. "Skilled Immigration and the Employment Structures of U.S. Firms." *Journal of Labor Economics* 33, No. S1 (July 2015).

**FIGURE 1**  
**BY 2020, THE H-1B VISAS AWARDED FROM 2010 TO 2013 WILL HAVE CREATED A MEANINGFUL NUMBER OF JOBS FOR U.S.-BORN WORKERS IN EVERY STATE**



In some states, the impact of recent H-1B awards over the next decade will be particularly notable. In California, for instance, a state that received more than 64,000 H-1B visas for new workers from 2010 to 2013, more than 118,000 new jobs will be created for U.S.-born workers by 2020. Texas will gain almost 81,000 new jobs. All together, 15 states will see more than 10,000 jobs created in their economy by 2020 as a direct result of the 2010-2013 H-1B visa awards. Of these, four states will see more than 50,000 jobs created for U.S.-born workers.



**FIGURE 2**  
**STATES WITH MORE THAN 15,000**  
**JOB'S CREATED AS A DIRECT RESULT**  
**OF 2010-2013 H-1B AWARDS**

The job creation story also is good news for some areas not typically thought of as centers for high-tech industry, particularly some of the Rust Belt states. Pennsylvania, for instance, was awarded almost 14,000 new H-1B visas during the time period considered in this brief. Those visa awards will translate into more than 25,000 new jobs for American workers by 2020. Similarly, Michigan's U.S.-born workforce will gain almost 22,000 new jobs by 2020. The figures are similar in Virginia, Washington, North Carolina, and Florida.

While this report demonstrates the valuable role that recent H-1B visa awards will play expanding employment and job opportunities for U.S.-born workers in the next five years, the current state of the H-1B program indicates there is much work left to be done. The large unmet demand for visas among companies means that many employers will not get the talent they need in this year's H-1B visa lottery. For many employers this may slow expansion of their firms—or force them to eventually move some of their

operations elsewhere, once again depriving U.S.-born workers of attractive jobs in our innovation-driven economy.

Mat Ellis, the CEO and founder of Cloudability, a Portland, Oregon-based cloud-computing firm, knows this dilemma very well. In 2011, one of his most promising early-stage employees—a U.S.-educated product manager – was forced to leave the United States when she was unable to obtain an H-1B visa. Ellis says without her, a superior had to do much of her work, slowing down the ability to expand in its earliest years. Today he has 40 employees at the firm based in America, but says if he grows much beyond 100 people he will likely open up a second office in another country where he can more easily sponsor and retain talent. “The United States is the best place in the world to find investment capital and support,” Ellis says, “but our immigration policies are making it so we’re not the best place anymore to find the workers you need to really grow a business.”

## APPENDIX CHART: JOB CREATION EXPECTED AS A RESULT OF 2010-2013 H-1B VISA AWARDS

STATE	JOBS CREATED BY 2017	JOBS CREATED BY 2018	JOBS CREATED BY 2019	JOBS CREATED BY 2020
ALABAMA	498	1,095	1,778	2,355
ALASKA	59	108	160	214
ARIZONA	1,238	2,894	4,493	6,120
ARKANSAS	487	1,135	1,771	2,433
CALIFORNIA	22,358	51,623	81,559	117,209
COLORADO	897	2,058	3,402	4,708
CONNECTICUT	1,796	3,954	6,167	8,153
DELAWARE	915	1,803	2,392	2,957
DST. OF COLUMBIA	938	2,015	3,178	4,226
FLORIDA	4,757	10,473	16,367	21,487
GEORGIA	2,998	7,078	11,293	15,705
HAWAII	207	421	628	840
IDAHO	250	531	807	1,067
ILLINOIS	6,388	15,027	25,366	37,669
INDIANA	841	1,774	2,727	3,824
IOWA	542	1,232	1,903	2,620
KANSAS	523	1,205	1,858	2,604
KENTUCKY	545	1,206	1,859	2,495
LOUISIANA	704	1,338	2,040	2,674
MAINE	149	317	460	635
MARYLAND	3,174	8,518	17,835	27,622
MASSACHUSETTS	5,352	12,178	20,325	27,485
MICHIGAN	3,639	8,553	14,523	21,803
MINNESOTA	1,271	2,808	4,295	6,055
MISSISSIPPI	177	380	583	772
MISSOURI	1,304	2,894	4,354	6,115
MONTANA	48	95	124	173
NEBRASKA	401	843	1,287	1,836
NEVADA	279	583	903	1,222
NEW HAMPSHIRE	240	583	956	1,339
NEW JERSEY	17,458	42,480	79,000	107,217
NEW MEXICO	233	481	833	1,128
NEW YORK	13,368	28,745	44,597	59,012
NORTH CAROLINA	3,939	9,406	15,946	22,319
NORTH DAKOTA	127	254	419	569
OHIO	2,427	5,484	8,454	11,855
OKLAHOMA	405	923	1,491	1,919
OREGON	499	1,080	1,595	2,183
PENNSYLVANIA	5,138	11,632	18,802	25,477
RHODE ISLAND	443	886	1,366	1,900
SOUTH CAROLINA	368	763	1,164	1,549
SOUTH DAKOTA	68	158	257	335
TENNESSEE	1,162	2,785	4,345	5,879
TEXAS	16,025	32,967	55,960	80,500
UTAH	335	752	1,200	1,662
VERMONT	159	378	604	813
VIRGINIA	3,740	9,034	14,612	20,171
WASHINGTON	4,156	9,494	15,147	21,283
WEST VIRGINIA	129	245	378	491
WISCONSIN	1,082	2,422	3,806	5,433
WYOMING	37	70	124	171