



How the Bipartisan Immigration Reform Bill Will Drive Economic Growth

Background on Immigration Reform and the Economy

Our current, broken immigration system holds America's economy back by turning away top talent and making it difficult for employers to hire the workers they need. It keeps unauthorized workers in the shadows, where they are paid lower wages, creating downward pressure on incomes.

- Our broken immigration system turns away top talent to America's economic detriment. Each year, only 15% of green cards are issued for employment-based reasons, with only 2% going to new applicants attempting to come to the U.S. The backlog for employment-based visas forces some professionals with advanced degrees or exceptional abilities to wait years before obtaining a green card. [Third Way, [5/11](#)]
- Foreign students have received the majority of doctorates awarded in engineering, mathematics, computer sciences, physics, and economics. But instead of providing the opportunity for them to stay, our system sends them abroad to work for our competitors, where they start new businesses, make scientific breakthroughs, and drive foreign economic growth. [Third Way, [5/11](#)]
- Current unemployment rates for US workers in STEM fields are far below the national average and jobs in STEM fields are increasing three times faster than jobs in the rest of the economy. However, American students are not entering these fields in sufficient numbers, and employer access to labor through the H-1B temporary visa program is extremely limited. The cap for H-1B visas was reached only 4 days after the filing period opened this year. [[ITIC/PNAE/Chamber of Commerce](#); Partnership for a New American Economy, [5/12](#); USCIS, [4/5/13](#)]
- According to recent estimates, there are approximately 8 million undocumented immigrant workers in the United States, comprising over 5% of the labor force. Because they do not have legal status, these workers are vulnerable to underpayment and other forms of exploitation. The result is a system that undercuts wages for both undocumented and authorized workers. [Pew Hispanic Center]

Immigration Reform Would Drive Economic Growth and Opportunity

The Border Security, Economic Opportunity, and Immigration Modernization Act would provide more opportunities for entrepreneurs and top talent to stay in the United States, provide employers with access to the labor force they need to create economic growth, and bring undocumented workers out of the shadows.

- **Immigration reform would enhance economic immigration.** The bill would create a new, merit-based system that would award points to prospective immigrants based on education, employment, and ties to the United States. Initially 120,000 merit-based visas would be available with the possibility of increasing each year up to a maximum of 250,000, divided evenly between high-skilled and low-skilled workers. The merit-based system would also allow the employment-based visa backlog to be cleared by 2023 by pro-rating and awarding visas for employment-based applications pending for over three years beginning in 2014.
- **Immigration reform would keep top talent in the United States.** The bill would allow top talent to stay in the United States by exempting STEM graduates who received a master's degree or higher from a United States institution of higher education from the cap on employment-based visas. It would also exempt STEM doctoral degree holders and other highly skilled professionals from the cap, and allocate 40% of the worldwide level of employment-based visas to professionals with advanced degrees and talents in science, art, business, and other high-level professions.
- **Immigration reform would help employers hire the workers they need to fuel economic growth.** The legislation would strike a carefully calibrated balance that would allow employers to hire the workers they need while maintaining job opportunities, wages, and standards for American workers by:
 - Raising the cap on H-1B visas from 65,000 to 115,000, with an option to elevate the cap up to 180,000 based on market conditions regarding the demand for and availability of highly-skilled workers. The market escalator would be conditioned to be responsive to large surges of employer demand early in the fiscal year when unemployment in professional occupations remains low, and would not increase if the occupational unemployment for management, professional and related occupations is at or above 4.5%. Employers who make significant use of the H-1B program would have to pay increased fees and wages to deter abuse.
 - Establishing a new, portable W-Visa for lower-skilled workers that will start at an annual level of 20,000 and then fluctuate to as high as 200,000 in any year based on a statistical formula that accounts for changes in unemployment, job openings, the percentage change recommended by the Bureau of Immigration and Labor Market Research, and data about the proportion of the cap used in the previous year.
 - If the unemployment rate in an employer's area exceeds 8.5%, that employer will have to use a "safety valve" that allows the Secretary of Labor designate additional W-Visa positions if they are truly necessary to meet demand.
 - If an American worker is not identified for the position, W-Visa holders in the United States must be given preference over W-Visa applicants living abroad, and employers would be allowed to exceed the cap on registered positions if one of their W-Visa workers leaves to work for another qualifying employer.
 - Both employers and workers would have to meet requirements regarding recruitment and labor standards.

- **Immigration reform would bring the undocumented labor force out of the shadows.** The legislation would give the 11 million unauthorized immigrants currently in the country one year to apply for Registered Provisional Immigrant (RPI) status if they have been in the country since before December 31st, 2011, pass criminal and security background checks showing they have not committed a felony, 3 or more misdemeanors leading to a prison sentence of longer than 90 days, or voter fraud, pay a \$1000 penalty either in lump-sum or installments, pay back taxes, and pay fees to register for RPI status. RPIs will be considered to be legally present in the United States, allowing them to fully join the labor force and enjoy labor protections that benefit all workers.

Key Facts About Immigration Reform and the Economy

Economic Drag Created by the Current System

- There is a six to 10-year backlog for unskilled workers, and those employer-sponsored immigrants with higher skill levels can face wait times as long as 8 years. Current notable wait times include: [Washington Post, [1/31/13](#); CRS, [12/17/12](#); State Department, [11/1/12](#); State Department, [5/13](#); Third Way, [5/11](#); National Foundation For American Policy, [10/11](#)]
 - 6 years for skilled Chinese workers. [State Department, [5/13](#)]
 - 9 years for professional Indian workers and 11 years for skilled Indian workers. [State Department, [5/13](#)]
- A June 2011 study found that more than one in every four science and engineering firms report difficulty hiring, and a recent survey of national job posting data revealed in STEM occupations job postings outnumbered unemployed people by 1.9 to 1. [McKinsey Global Institute, [6/11](#); [Change the Equation](#)]
- According to BLS, there will be about 1.68 million new American workers aged 25 to 54 in the coming decade - well short of the number of new jobs gained in the American economy. Of the jobs that can't be outsourced or mechanized, 3.6 million would be low-skilled. The need for care workers alone will outstrip the growth of the entire labor American workforce. [BLS, [1/12](#); Center for Global Development, [4/13](#)]
- Undocumented immigrant workers are more likely to experience wage violations than their native-born counterparts. According to a survey, 76.3% of undocumented workers had worked off the clock without pay. One of the most comprehensive investigations of labor-law violations found that 37% of undocumented workers reported minimum wage violations. [National Employment Law Project, [2/13](#); National Employment Law Project, [8/11](#); Center for Urban Development, [9/09](#)]

Economic Contributions of Immigrants

- Research indicates that in the 1990's alone, skilled immigrants helped boost GDP per capita by between 1.4% and 2.4%. [White House, [5/11](#)]
- A study of immigration's impact on the wages of US-born workers shows that new immigration leads to an increase in native workers' wages: 0.4% increase overall (\$191 per year), 0.3% increase for those with less than a high school education (\$82 per year), and 1.1% increase for female workers with less than a high school degree (\$218 per year). [EPI, [2/4/10](#)]

- Immigration boosts earnings, local demand, and wages. Between 1990 and 2004, increased immigration correlated with increased earnings of Americans with a high school degree by 0.7%. Over the long-term, immigration is expected to contribute an earnings increase of 1.8%, and it has been estimated that immigrant workers (unauthorized and authorized) boost the wages of 90% of native workers. [White House, [7/12/12](#)]
- Each foreign-born graduate of a U.S. university who stays in the U.S. and works in science, technology, engineering, or mathematics (STEM) creates on average 2.62 jobs for American workers. [ITIC/Partnership for a New Economy/U.S. Chamber of Commerce, [11/30/12](#)]

Immigrant Entrepreneurs

- Immigrants are 30% more likely to form new businesses than U.S.-born citizens. A 2007 study done by researchers at Duke University and the University of California at Berkeley found that between 1995 and 2005, 25.3% of the technology and engineering businesses launched in the U.S. had a foreign-born owner. Immigrants started 25% of the highest-growth companies between 1990 and 2005, and these companies directly employ an estimated 220,000 people inside the U.S. These immigrant-founded companies include Intel, Google, Yahoo, and eBay. [White House, [5/11](#); Third Way, [5/11](#)]
- Immigrants employ themselves and others. According to the Fiscal Policy Institute, small businesses owned by immigrants employed an estimated 4.7 million people in 2007, and according to the latest estimates, these small businesses generated more than \$776 billion annually. Immigrants are also more likely to create their own jobs. According to the U.S. Department of Labor, 7.5% of the foreign born are self-employed compared to 6.6% among the native-born. [White House, [7/12/12](#)]
- As of 2010, nearly one-fifth (18%) of all Fortune 500 companies had at least one founder who was an immigrant. These companies generated \$1.7 trillion in annual revenue and employ 3.6 million workers worldwide. [Immigration Policy Institute [6/19/12](#)]
- Immigrant business owners make significant contributions to business income. According to estimates by the Small Business Administration, immigrant business owners generate \$67 billion of the \$577 billion in U.S. business income. [White House, [5/11](#)]
- Immigrants of all education levels are contributing to business creation and job growth. More than 37% of all new immigrant business owners do not have a high school diploma, roughly the same amount of new immigrant business owners that have some college or a college degree. [Partnership for a New American Economy, [8/12](#)]
- Immigrant-owned businesses are more than 60% more likely to export than non-immigrant owned-businesses, and more than two and half times more likely to be high-exporting companies. [Partnership for a New American Economy, [8/12](#)]

Economic Benefits of Immigration Reform

- According to the Center for American Progress, under a plan that provides undocumented workers with legal status and eventually allows them to earn citizenship after at least 10 years, GDP would increase by \$832 billion, Americans' incomes would increase by \$470 billion, and the economy would add an average of 121,000 more jobs per year over a decade. Additionally, income of unauthorized workers would be 15.1 % higher within 5 years, resulting in \$69 billion more in federal taxes and \$40 billion more to state and local governments. [CAP, [3/20/13](#)]

- According to the conservative-leaning American Action forum, immigration reform would lead to an increase in real GDP growth from 3.0% to 3.9%, and a potential \$1,700 per capita increase in income. [AAF, [4/13](#)]
- The real wages of less-skilled newly legalized workers would increase by roughly \$4,405 per year, while higher-skilled workers would see their income increase \$6,185 per year. The wages of native-born high-skill and low-skill U.S. workers also increase modestly under comprehensive immigration reform because the “wage floor” rises for all workers. [CAP, [1/7/10](#)]