

Does the H-2B Visa Program Make Sense?

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In my testimony I will show that the H-2B program that allows employers to bring in seasonal workers to do non-agricultural, unskilled work is not needed. There is absolutely no evidence that we have a shortage of workers to do the kinds of jobs typically done by H-2B workers. Real wages for less-educated Americans show stagnation or decline. Analysis by occupation of the kinds of jobs done by H-2B workers also shows little to no wage growth or outright decline. If there was a shortage of such workers, as proponents of the program argue, wages should be rising rapidly as desperate employers bid up wages. Furthermore, the share of young and less-educated native-born workers in the labor market is at or near a record low. The only evidence of a labor shortage is from testimonials of employers who want to bring in ever more foreign workers. The idea that there are no Americans willing to do this kind of work is also unsupported by the data. The majority of workers in H-2B jobs such as landscapers, maids, amusement park attendants, construction laborers, and cooks are native-born Americans. And there are millions of native-born Americans and legal immigrants already here who do this kind of work who will face added job competition if Congress increases the H-2B numbers.

Introduction

My testimony is not focused on the H-2B *per se*. While the regulations governing the program are certainly important, I focus on the larger issue of whether the program is even needed in the first place. The entire justification for the program, that the supply of domestic workers willing and able to do seasonal non-agricultural jobs that require modest skill levels, is inadequate. My testimony will show that there is general agreement that the wage and employment picture for less-educated workers in this country looks dismal, both in the short term and the long term. This is a clear indication that workers are not in short supply. If anything, the available evidence indicates that there is a huge oversupply of such workers.

Immigration's Impact on Native Employment

Although there is debate among economists about how much immigration impacts the employment opportunities of natives, there is good research indicating that the impact is negative. Borjas, Grogger, and Hanson in a 2010 article found that immigration reduces the employment of less-educated black men and increases their rate of incarceration.¹ Their conclusions are similar to another 2010 study by Shihadeh and Barranco. Other academic studies have also found that immigration reduces job opportunities for natives. A more recent analysis by Federal Reserve economist Christopher Smith in 2012 found that immigration reduces the employment of U.S.-born teenagers.² This is consistent with work by Sum, Harrington, and Khatiwada (2005) showing the immigration has a significant negative impact on the employment

¹ Borjas, George J., Jeffrey Grogger, and Gordon H. Hanson. 2010. "Immigration and the economic status of black men", *Economica* 77: 255-282.

² Christopher L. Smith. "The Impact of Low-Skilled Immigration on the Youth Labor Market" *Journal of Labor Economics*, Vol. 30, No. 1 (January 2012), pp. 55-89.
<http://www.jstor.org/discover/10.1086/662073?uid=3739936&uid=2&uid=4&uid=3739256&sid=21101890864913>

of younger workers.³ It would be a mistake to think that every job taken by an immigrant is a job lost by a native. But it would be equally wrong to think that adding workers to country does not adversely impact labor market outcomes for those native-born Americans and immigrants already here who compete with the new arrivals.

H-2B Visa Occupations

The vast majority of petitions are by employers trying to fill low-wage jobs that require modest levels of skills and education. Looking at the latest data available shows this pattern. Of petitions filled in the first half of fiscal year 2016, the median hour wage being offered is just \$12.39 an hour. Almost two-thirds of the jobs require no experience and 95 percent indicate that there is no minimum level of education needed. Some of the top occupations are landscapers and grounds keepers, maids, amusement park attendants, construction laborers, cooks, movers, production helpers, waiter and waitress, cafeteria attendants, and dishwashers.⁴ These are not highly specialized jobs that require particular skills that no American or legal immigrant already here can fill. In fact, as I will show, the majority of workers in these occupations were born in the United States.

There Are No Jobs Americans Don't Do

Based on the Census Bureau's American Community Survey (ACS), there are 950,000 native-born Americans who are landscapers and grounds keepers, and they comprise three-fourths of workers in that occupation. Fifty-one percent of maids are native-born and there are 880,000 of them. Two-thirds of construction laborers are native-born and there are 1.3 million of them. Seventy percent of cooks are U.S.-born and there are 1.8 million of them.⁵ The list can go on and on. (See Table in this testimony) The ACS allows for detailed analysis of all 472 separate occupations and it shows that there are only a tiny handful of majority-immigrant occupations and there are no occupations that are comprised entirely of immigrants.⁶ The majority of people doing the kinds of jobs done by H-2B workers are native-born Americans.

Declining Wages for the Less-Educated.

Economists disagree about almost every topic. But there is a near consensus that wages for those without a college education have declined or stagnated both in the short term and long term. For example, real wages for those without a high school education declined 21 percent from 1973 to 2011, and declined 8 percent among those with only a high school education.⁷

³ Andrew Sum, Paul Harrington, and Ishwar Khatriwada, "The Impact of New Immigrants on Young Native-Born Workers, 2000-2005", Center for Immigration Studies *Background*, September 2006.
<http://www.cis.org/articles/2006/back806.html>.

⁴ <https://www.foreignlaborcert.doleta.gov/performance/data.cfm>

⁵ All these figures are based on the author's calculation using the 2014 public-use file of the ACS.

⁶ Steven A. Camarota and Karen Zeigler, *Are There Really Jobs Americans Won't Do?* 2013
<http://cis.org/are-there-really-jobs-americans-wont-do>

⁷ Lawrence Mishel, Josh Bivens, Elise Gould, and Heidi Shierholz, *State of working America*, EPI Press
<http://stateofworkingamerica.org/chart/swa-wages-table-4-14-hourly-wages-education/>

Since 2011, stagnation and decline have been the rule for such workers, for both for men and women.⁸

There are exactly the kinds of workers who are employed in the top H-2B occupations. This is entirely inconsistent with the idea that unskilled workers are hard to find and retain. If they were, wages should be rising rapidly for these individuals.

Wages in H-2B Occupations

The table reports annual wage figures for many of the top H-2B occupations that can be readily matched to the Census Bureau's American Community Survey. The table shows that there has been little to no real wage growth in most these occupations. (All wages are in 2015 dollars.) In nine of the 12 occupations there was an outright decline in wages and in one of the occupations there was basically no change. Inflation-adjusted wages declined by more than 10 percent for food preparation and serving workers and forest and conservation workers. And wages declined by more than 5 percent for ushers and ticket takers, resort desk clerks, and security guards. Stagnation or decline is a clear indication that such workers are not in short supply. The largest increase was for production helpers and maids, who experienced an increase of 9.1 percent and 4.1 percent respectively. Of course, these increases amount to just 1.3 percent and .06 percent average annual increases in wages. These are not very large increases and are not an indication that employers are desperately bidding up wages trying to find or retain scarce workers. Equally important, these are still low paying occupations.

Of occupations shown in the table, the highest paid are forest workers, who make slightly over \$33,000 a year. At roughly \$32,000, production helpers are second. Many of these jobs pay less than \$26,000 a year. These are low paying jobs even for those that work full-time and year-round. After all, the median hourly wage being offered is just \$12.39. The 12 occupations shown in the table employ 8.7 million native-born Americans. It simply makes no sense to add more workers to these occupations given what we know about average wages and wage trends.

Declining Employment for the Less-Educated

As already indicated, H-2B jobs generally require little education or experience and are done by workers with modest skills. Employment trends among such workers are abysmal. There are dozens of statistics I could site showing just how bad the situation is for less-educated Americans. Here are some examples: The figure shows the share of adult native-born Americans ages 18 to 65 by education level employed in the first quarters of 2000, 2007, and 2016. There has been a massive decline in work. Although there has been some recovery since the depths of the Great Recession, the fact remains that the share of working-age, less-educated Americans working has not come close to returning to pre-recession levels, which were already low in 2007 at the start of the recession.

As recently as 2000, 52 percent of native-born Americans (ages 18 to 65) with a high school diploma worked, in 2007, before the recession, it was 49 percent, and in 2016 it was 42 percent. If we look at those with only a high school education and no additional schooling, 74 percent had a job at the beginning of 2000, by the start of 2007 it was 71 percent, and in the first quarter of this year it was 65 percent. The decline in work for the less educated is long-term,

⁸ Elise Gould, *2014 Continues A 35-Year Trend Of Broad-Based Wage Stagnation*. 2015, EPI
<http://www.epi.org/files/pdf/stagnant-wages-in-2014.pdf>

large and board, impacting all races. In the first quarter of this year, 24 million adult native-born Americans with no education beyond high school were not working.⁹ That is, they were officially unemployed, meaning they were not working, but had looked for a job in the last four weeks, or were entirely out of the labor force. It is worth adding that there were almost six million less-educated immigrants also not working. It should also be noted that these figures do *not* include those in prison.

Of course, many individuals not working do not want to work and some cannot work. But even if only half of the roughly 30 million less-educated working age adults not employed want to work and could do so, it still represents 15 million potential workers. This is a huge supply of potential workers that businesses could draw upon.

Declining Teen Summer Employment

One other group of workers that should be considered in this discussion is teenagers. In the summer of 2015 just 40 percent of native-born Americans ages 16 to 19 were in the labor force (working or looking for work). It was just 34 percent among immigrant teens. But as recently as 1994, 64 percent of native-born teens were in the summer labor force. Last summer 11.3 million teens did not work and this summer the number will almost certainly be very similar. At first glance this might not be a concern, but in fact it is very disconcerting. Professor Andrew Sum at Northeastern University has been writing on the difficulty that young and less-educated workers face in the labor market for some time, and the significant problems it creates for them through their life. He observes:

*A substantial and growing body of literature on the early labor market experiences of young adults over the past thirty years indicates quite consistently that employment during the high school years generates a diverse number of favorable short-term and long-run positive impacts on their employability, wages, and earnings, especially among those who do not go on to complete any substantive amount of post-secondary education. Teenagers who have more frequent and intensive employment in the labor market during their junior and senior years of high school tend to have greater participation and less time unemployed during their first year following high school.*¹⁰

The huge share of teens who now do not work will almost certainly impact how they do as they move forward in life, particularly those that do not go on to college. The kinds of jobs filled by H-2B workers in many cases are exactly the kinds of seasonal jobs teenagers currently do and

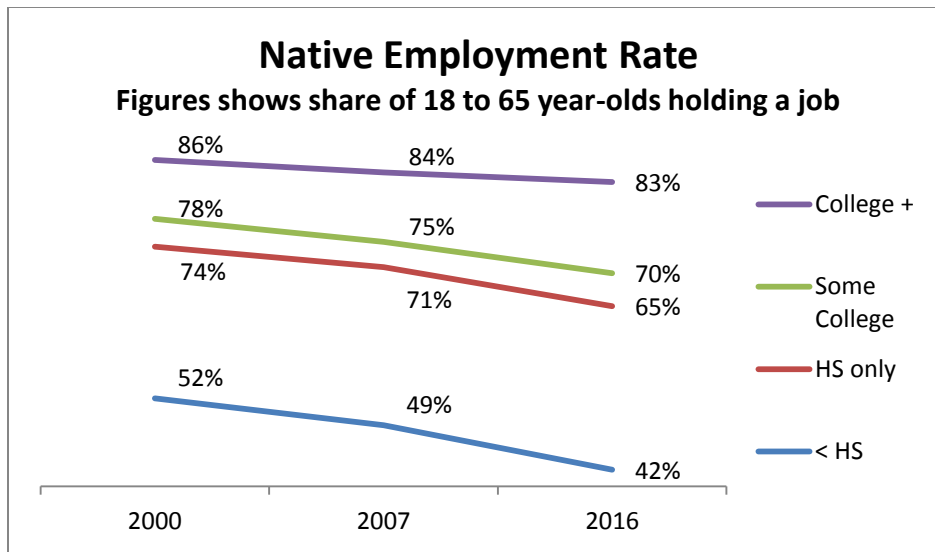
⁹ All figures are from the author's calculations based on the public-use files of Current Population Survey collected in January, February, and March of 2000, 2007, and 2016.

¹⁰ *The Projected Summer 2007 Job Outlook for the Nation's Teens and the Implications of Summer Employment for Jobs for America's Graduates' Programs*. Paper Prepared for the Jobs for America Graduates. Alexandria VA, April 2007. Page 20. The paper can be found at: www.skillscommission.org/pdf/commissioned_papers/Education%20and%20Labor%20Market%20Outcomes.pdf. For a more extensive review of many of the problems created by young people not working see: *Confronting the Youth Demographic Challenge: The Labor Market Prospects of At Risk Youth*. Sar Levitan Center for Social Policy Studies, Baltimore, 2000.

Conclusion

To be sure, relative to the size of the labor force, the H-2B program is small. But there is simply no economic justification for it. The program itself is indicative of larger issues, such as the enormous number of less-educated immigrants given green cards each year and the widespread toleration of illegal immigration. When it comes to immigration and programs like the H-2B visa, more consideration should be given to the impact on the poorest and least-educated members of our society who work at the bottom of the labor market.

All Workers (Immigrants and Natives)											
	2007	2008	2010	2013	2014		Percentage change 2007-2014	Average annual change 2007-2014	Native share of occupation	Number of Natives in Occupation	
Occupation	Annual Wage and Salary					Dollar change					
Janitors and building cleaners	\$30,785	\$30,527	\$30,761	\$30,417	\$30,403	-\$382	-1.2%	-0.2%	73.2%	2,035,318	
Cooks	\$23,590	\$23,242	\$22,937	\$22,403	\$22,557	-\$1,033	-4.4%	-0.6%	70.0%	1,758,957	
Construction laborers	\$32,651	\$32,850	\$34,847	\$32,983	\$33,299	\$648	2.0%	0.3%	65.2%	1,277,808	
Grounds maintenance workers	\$23,784	\$23,747	\$24,122	\$23,584	\$23,796	\$12	0.1%	0.0%	65.8%	978,501	
Security guards & gaming surveillance	\$39,303	\$37,657	\$39,239	\$37,713	\$36,922	-\$2,381	-6.1%	-0.9%	86.9%	948,973	
Maids and housekeeping	\$18,575	\$19,144	\$20,413	\$20,028	\$19,336	\$761	4.1%	0.6%	50.6%	882,152	
Combined food preparation and serving	\$22,886	\$21,552	\$21,628	\$23,137	\$20,319	-\$2,567	-11.2%	-1.6%	87.5%	364,447	
Dishwashers	\$20,568	\$21,445	\$19,842	\$19,827	\$19,957	-\$611	-3.0%	-0.4%	67.0%	232,828	
Hotel, motel, and resort desk clerks	\$26,427	\$26,830	\$24,753	\$24,305	\$24,582	-\$1,844	-7.0%	-1.0%	84.6%	131,865	
Ushers, lobby attendants & ticket takers	\$27,700	\$26,159	\$23,085	\$28,501	\$25,725	-\$1,976	-7.1%	-1.0%	90.3%	43,381	
Helpers-production workers	\$29,423	\$30,045	\$30,623	\$29,705	\$32,101	\$2,679	9.1%	1.3%	68.6%	36,211	
Forest and conservation workers	\$37,634	\$39,672	\$31,639	\$36,198	\$33,490	-\$4,144	-11.0%	-1.6%	80.2%	14,597	
Source: 2007 to 2014 public-use files of the American Community Survey, full-time year-round workers ages 18 and older. All figures are in 2015 dollars. Native percent & number are for all individuals in the labor force 18 and older.											



Source: Center for Immigration Studies analysis of public-use files of the January, February, and March Current Population Surveys from 2000, 2007, and 2016.