

Statement of

The Honorable Orrin Hatch

United States Senator
Utah
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JUDICIARY STATEMENT: "EXAMINING THE IMPORTANCE OF THE H-1B VISA TO THE AMERICAN ECONOMY"

Statement of Chairman Orrin G. Hatch

before the

Senate Committee on the Judiciary

Hearing on

"Examining the Importance of the H-1B Visa to the American Economy"

Thank you for being here today. The Committee is holding this hearing because we need to take a careful look at the role of the H-1B visa category in today's economy. Since 1952, this visa category (or its predecessor) has allowed some of the most talented persons in the world to come to the United States. During this time, our nation became a global leader in technology and innovation.

From 1980 to 2000, there was a 623 percent growth in high technology jobs in our country. By the late 1990s, there was a shortage of American workers in that field. In response to the need for a larger high technology labor force, Congress twice increased the numerical limits. In 1998, through the American Competitiveness and Workforce Improvement Act, we increased the annual cap from 65,000 to 115,000 visas.

By 2000, even the newly-raised cap was not sufficient to meet the needs of the industry. For that reason, I sponsored the American Competitiveness in the 21st Century Act, or AC-21. AC-21 increased the level of annual numerical limit to 195,000 visas. We realized that increasing the cap was only a temporary solution to a long-term problem, which is the lack of American students enrolling in fields of math, science, and technology. Therefore, as part of the 1998 Act and again in AC-21, we implemented training and scholarship programs, funded by a \$1,000 fee to be paid by H-1B employers, so that our nation would not have to perpetually look for highly specialized workers abroad.

The latest figures I have seen indicate that more than \$692 million was raised for the education, training, and retraining of American students and workers. According to the General Accounting Office, these programs are attracting a high proportion of minorities and women into the field of science and technology, providing valuable diversity to the hi-tech workforce of the future. Altogether, funds raised through H-1B applications have helped provide training to more than 55,000 American workers, and have funded scholarships for more than 12,500 students in science and engineering.

At the end of this fiscal year, some of the provisions of AC-21 will sunset. If nothing is done between now and the end of this month, the numerical limitation will revert to 65,000, and there will no longer be statutory authority to collect the \$1,000 fee to fund the scholarship and job training programs.

The job market today is much different than it was in 1998 and 2000. There are many who are out of work, including American professionals in the high technology sector. We in Congress have the responsibility to get as much information as we can in order to make the best, most informed decision as to what action should be taken in light of the impending sunset, and what should be done as a long-term solution to protect the interest of American workers without impeding our nation's ability to compete in a global market.

I want to be absolutely clear: I would not support any legislation that is not in the best long-term interest of the American economy and American workers. We should not tolerate any fraud or abuse of the H-1B visa process that would lead to the displacement of hardworking Americans. However, we have to be cautious in identifying the true cause for our nation's unemployment problems. I hope that throughout the course of this hearing, we can find answers to some important questions. Two questions we must answer are whether the presence of highly specialized professionals from other countries actually and significantly impacts the unemployment rate, and whether it is fair to point our fingers to immigrants for all of our economic problems without checking whether facts or figures support such accusations?

For example, we often hear the accusation that U.S. companies are using the H-1B visa to hire cheaper foreign workers. However, recently released figures from the Federal Reserve Bank of Atlanta indicate that the median annual salary of H-1B visa workers, 98 percent of whom hold at least a bachelor's degree, is \$55,000, whereas the median income for U.S. workers who hold bachelor's degrees, consisting of 26 percent of U.S. residents over the age of 25, is \$46,000 per year.

Moreover, assuming that a legitimate U.S. company follows the law and pays prevailing wage, is there really an economic incentive for that company to hire a foreign worker over an equally qualified American?

In addition, figures provided by the Bureau of Citizenship and Immigration Services show that as unemployment rose in the past year, the number of H-1B petitions has also decreased. Specifically, the number of initial applications for computer-related jobs dropped 77 percent from 110,000 in 2001 to 25,000 in 2002. Given this trend, is there sufficient evidence showing that American workers are losing their jobs to incoming foreign professionals?

As we review the impact of immigration on our job market, we must also view the issue in the larger context of what immigrants have contributed to the United States economy. For example, a study from U.C. Berkley shows that Chinese and Indian entrepreneurs are responsible for 29 percent of the technology business in Silicon Valley; in the year 2000, they created over 72,000 jobs. Given these statistics, what would be the larger impact of keeping international talent away from U.S. soil?

We need to ask whether the current anti-immigration sentiment is in the long-term interest of the American economy and American workers. If our nation is to stay competitive, can we do so without having access to the most talented individuals from abroad? If we fall behind other industrialized countries, what would that do to our own economic development, and what are the consequences to American workers and their families if we do in fact fall behind? The Bureau of Labor Statistics projects a 42 percent job growth in the field of science and engineering, and an 82 percent growth in computer related jobs between 2000 and 2010. Can we afford not to have the best talent in the world if we are to continue our role as a leader in innovation and productivity?

By the end of this hearing, I hope that the Judiciary Committee, the Senate, the Administration, and other policy makers will be in a better position to consider the appropriate next step with respect to H-1B visas, both in terms of deciding what to do in light of the impending sunset of key provisions, and in terms of

reaching a long-term solution that would both protect the interest of American workers and secure America's position as a leader in technology and innovation.

Once again, thank you being here at this hearing as we discuss this important issue affecting the well-being of the American workers and of the American economy.