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10/18/2025

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This House would (THW) not limit H-1B visas beyond reasonable regulations and administration costs.

Explainer: H-1B visa - what is it and who are its beneficiaries?

Reuters, By Johann M Cherian and Kanchana Chakravarty

September 22, 20253:37 PM EDTUpdated September 22, 2025

Sept 22 (Reuters) - U.S. President Donald Trump imposed new fees on H-1B visas on Friday as part of his wide-ranging crackdown on immigration.

Trump's executive order, which took effect at 12:01 a.m. EDT on Sunday (0401 GMT), hikes the fee for H-1B visa applicants to $100,000. It is a one-time fee applied only to new applicants and not holders of existing visas or those seeking renewals.

WHAT IS THE H-1B VISA PROGRAM?

Established under the Immigration Act of 1990, the H-1B program enables U.S. employers to temporarily hire highly skilled foreign professionals in specialized occupations, primarily in science, technology, engineering and mathematics (STEM) fields.

It requires a bachelor's degree or higher in the specialty, or its equivalent, according to the U.S. Citizenship and Immigration Services (USCIS). A prospective employer has to submit a petition to USCIS on behalf of the beneficiary.

This program caps new visas at 65,000 every fiscal year, excluding 20,000 petitions from those who have earned a master's or higher degree in the U.S., or those employed at an American institution of higher education or some non-profit organizations.

India was the largest beneficiary of H-1B visas last year, accounting for 71% of the approved beneficiaries, while China was a distant second at 11.7%, according to government data.

WHY IS IT SO POPULAR AMONG U.S. COMPANIES?

The visa, which is used by big and small tech companies in the United States, is initially issued for a period of three years, after which it can be renewed for another three.

The program opened the way for American firms to hire millions of highly skilled workers essential to filling talent gaps and keeping them competitive. The program's supporters include Elon Musk, a naturalized U.S. citizen born in South Africa, who has himself held an H-1B visa.

Critics of the H-1B program, including many U.S. technology workers, argue that it allows firms to suppress wages and sideline Americans who could do the jobs.

An H-1B beneficiary has to be paid at least $60,000 annually to be considered "exempt" from certain wage rules, a rule that allows smaller employers and startups to hire on this visa. Big Tech pays much higher wages to their H-1B employees.

**WHICH ARE THE STATES WITH THE MOST H-1B BENEFICIARIES?**

California has consistently ranked first in the country since 2018 in the number of visa applications received annually, according to data from the USCIS.

The state - home to Silicon Valley and multiple tech giants, including Nvidia (NVDA.O), and Apple (AAPL.O) has received about 62,864 applications so far this year.

Texas follows close behind. The state is especially attractive to companies because of its lower tax policies and several companies have their headquarters in the state, including Oracle (ORCL.N) and, notably Tesla (TSLA.O), that moved to the southern state in 2021, following which CEO Elon Musk also shifted his rocket company SpaceX there last year.
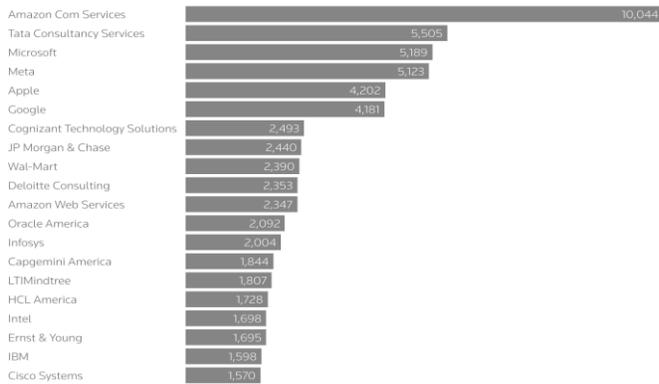
New York is next, with New Jersey trailing behind, given their proximity to Wall Street and major financial institutions such as JPMorgan Chase (JPM.N), and Jefferies (JEF.N),

US states with the highest number of H-1B visa beneficiaries
Tech hubs California, Texas rank on top, trailed by New York and New Jersey
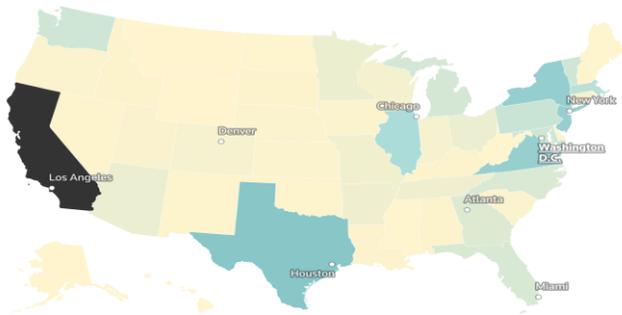
83 — 61,841

H-1B visa approvals in 2024
The technology sector, including tech giants like Amazon and Google, were among the top 20 companies to sponsor the visa during the 2024 fiscal year.

Company	Approvals
Amazon Com Services	10,044
Tata Consultancy Services	5,505
Microsoft	5,189
Meta	5,123
Apple	4,202
Google	4,181
Cognizant Technology Solutions	2,493
JP Morgan & Chase	2,440
Wal-Mart	2,390
Deloitte Consulting	2,353
Amazon Web Services	2,347
Oracle America	2,092
Infosys	2,004
Capgemini America	1,844
LTIMindtree	1,807
HCL America	1,728
Intel	1,698
Ernst & Young	1,695
IBM	1,598
Cisco Systems	1,570

Source: U.S. Citizenship and Immigration Services | Reuters staff

WHO COULD TAKE A HIT FROM THE NEW FEES?

Higher visa fees could increase costs and shrink margins of U.S. companies that have long turned to India and other countries to fill technology roles to meet surging domestic demand. It could further constrain a labor market weakened by Trump's wide-ranging crackdown on immigration that he has pursued since taking office in January.

While artificial intelligence could help plug some staffing gaps, higher costs from visa sponsorships could eventually trickle down to clients. Analysts at Jefferies estimate that the visa fee hike will ultimately hit company margins by 100-200 basis points and hurt profits by 4%-13%.

Big Tech, including Amazon.com (AMZN.O), opens new tab, Microsoft (MSFT.O), opens new tab, Apple and Meta Platforms (META.O), opens new tab, rank among the top sponsors for H-1B visas in the United States, according to data from USCIS.
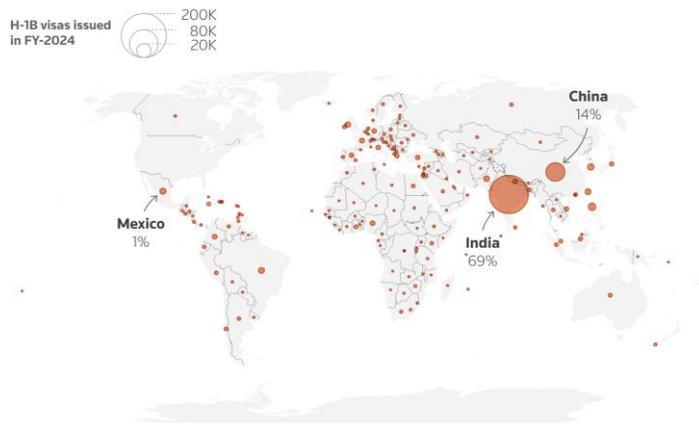
Amazon alone has sponsored over 10,000 visas so far in fiscal 2025. Wall Street banks, including JPMorgan (JPM.N), Goldman Sachs (GS.N), and Citigroup (C.N) also featured among the top 50 sponsors of the program.

Consultancy companies, including Deloitte, PwC, and Ernst and Young, are also likely to be hit.

Outside the U.S., the most affected would be the Indian information technology sector. Tata Consultancy Services (TCS.NS), Infosys (INFY.NS), HCL Tech (HCLT.NS), and LTIMindtree (LTIM.NS), ranked among the top 20 sponsors.

The fee hike could also lead to a drop in the number of students aiming to pursue a degree in the United States.

High-Skilled Visas Have Problems. Trump's $100,000 Fee Won't Fix Them.

New York Times, by Lydia DePillis September 29, 2025

After the White House's startling changes to the nation's high-skilled visa program, employers have moved from shock to acceptance.

Some are strategizing how to work with the new rules. Others are making plans to litigate. And many wish the Trump administration had heeded the piles of ideas to fix the program's central, widely acknowledged failing.

Since the early 2000s, demand for specialized workers has far outstripped a cap that remains where it stood when the H-1B program started in 1990. The government allocates the visas randomly, and outsourcing companies have learned to flood the system with applications for relatively low-paid positions.

The Trump administration said it wanted to stop that practice and reserve the coveted visas for the most valuable workers so they do not displace American software programmers, researchers and engineers. The solutions the administration chose — a $100,000 fee for new visas and a complex weighting system to favor higher-paid jobs — are unlikely to accomplish that.

Instead, loopholes appear likely to allow outsourcing companies to adapt while start-ups, universities and research organizations lose out, according to experts from across the political spectrum.

"Something that addresses the right problem and sounds good on paper can still lead you down the exactly same problematic road," said John Lettieri, president of the Economic Innovation Group, a think tank that has studied the H-1B program.

'A really high barrier'

Any comfort that might have come from certainty about the administration's long-awaited action was erased by the likelihood of legal challenges to the new rules. A provision for exemptions based on the "national interest" — which the White House suggested it might grant to doctors, for example — has kept workers and employers hoping for clemency.

H-1B visas issued by nationality

H-1B visas issued in FY-2024: 200K / 80K / 20K

China 14%
Mexico 1%
India 69%

Source: Bureau of Consular Affairs, United States Department of State | By Vijdan Mohammad Kawoosa

"They want to create a really high barrier that gives them discretion to bring people to them to make a deal," Mr. Lettieri said.

Immigration officials aggressively denied H-1B applications in Mr. Trump's first term, but the support of tech leaders including Elon Musk raised hopes that Mr. Trump might look more favorably on foreign talent now.

The H-1B is America's largest visa category for workers with specialized skills. The annual limit is 85,000, and employers that aren't subject to the cap — including nonprofit universities and hospitals — usually expand the total by at least 50 percent. The visa can be extended for up to six years, or longer if the worker has a pending green card application. In 2019, the last year the Department of Homeland Security provided data, there were about 583,420 H-1B visa holders in the United States. Almost since its inception, the program has been plagued with instances of employers who substituted foreign visa holders for American workers and paid them less. In the early 2000s, the federal government embraced a lottery to allocate scarce visas, with no mechanism to elevate exceptional talents over more run-of-the-mill workers.

Despite the program's shortcomings, economists have generally found that H-1B visa holders boost American productivity and raise wages even for American workers. Politicians and policy experts on both sides of the aisle have called for changes to maximize the program's value.

"It's all random chance, which is insane for a program that should be our flagship high-skilled immigration program," said Jeremy Neufeld, director of immigration policy at the Institute for Progress.

Some possible fixes

To squeeze more benefits from the system, Mr. Neufeld has proposed ranking applications by compensation, so that only the highest-paid workers would be assured visas. Alternatively, the government could devise a points system — similar to Canada's — that would capture other desirable characteristics such as youth and language skills that aren't reflected in compensation. Policymakers could also reduce abuse by awarding more green cards, which allow workers to switch jobs for better offers.

Some solutions would require congressional action. Lawmakers have proposed fixes like requiring employers to look harder for domestic applicants before recruiting outside the country, or banning layoffs of workers who are replaced by visa holders. They have also considered more targeted measures to crack down on wage suppression by outsourcing companies. The Biden administration finalized a rule in its last days allowing for tougher oversight.

The $100,000 fee, however, came out of nowhere.

"Up until this weekend, business felt aligned with the Trump administration on the need to modernize the H-1B program," said Jennie Murray, president of the National Immigration Forum, which helps companies integrate their foreign-born workforces and pushes for immigrant-friendly policies.

The White House said the fee would ensure that employers only submit petitions for workers they need so much that they're willing to pay an extra $100,000 to get them. But the employers that profit the most from H-1B workers — including workers who are relatively low-paid — would still have an incentive to request visas.

"If they keep the H-1B worker for six years, it's a worthwhile investment," said Daniel Costa, director of immigration law and policy research at the labor-aligned Economic Policy Institute.

The largest tech companies could afford the fees, improving their chances in a crapshoot that right now gives them only one in five odds. And the fee is only required for people applying from outside the United States. It is easier for multinational corporations to bring their desired workers into the country on other visa types before transferring them to an H-1B, allowing them to skip the fee. More than half of H-1Bs are granted to people who are already in the United States.

"Primarily, we'll see small businesses being locked out of the program," said Cecilia Esterline, a senior immigration policy analyst at the Niskanen Center, a think tank. "It's kind of incoherent."

A small edge for higher-paid jobs

The other major element of the changes to the H-1B program comes from a proposed rule that would take effect after several months of comment and review. It is intended to give higher-paid positions an edge in the lottery. But rather than ranking them by compensation, it would tie the lottery to four wage thresholds based on occupation and region, giving additional weight to the higher wage levels.

That means a relatively well-compensated worker in a less lucrative profession — like journalism or nursing — could have a better shot than a recent college graduate entering a highly paid field with the potential to earn much more in the future. Employers would still be able to bring people in at the lowest wage levels, which an earlier version of the rule proposed in 2020 would have effectively prevented.

"The whole point — which I emphatically agree with — is to select high-wage H-1B workers," said George Fishman, senior legal fellow at the Center for Immigration Studies, which pushes for more restrictive immigration policy. "This would undermine the basis for the entire rule."

Todd Schulte, the president of the pro-immigration group FWD.us, favors a simple wage floor that would ensure that the visas go only to the highest-paid workers. The median annual compensation of H-1B holders is $120,000. One approach would be to cut out everyone below that level.

"There are things we can do to reform and improve these visa categories," Mr. Schulte said. "But that is absolutely not what we're seeing in any aspect of what is being thrown out now."

New EPI report reveals wage theft on a grand scale in the H-1B visa program
Economic Policy Institute Press Release December 9, 2021

A groundbreaking EPI report uncovers new evidence of widespread wage theft in the H-1B visa program. Thousands of skilled migrants employed by HCL Technologies—an India-based IT staffing firm that places H-1B workers at top corporations like Disney, FedEx, and Google—appear to have been underpaid by at least $95 million, the report finds.

HCL is one of the largest employers of workers with H-1B visas, which is a temporary work visa program that allows U.S. companies to recruit and hire college-educated migrant workers and is the biggest work visa program at roughly 600,000 workers. The H-1B statute requires that employers pay their H-1B workers no less than the actual wage paid to their similarly employed U.S. workers, a key protection for both migrant and U.S. workers. But EPI analysis of an internal HCL document, released as part of a whistleblower lawsuit against the firm, shows that large-scale illegal underpayment of H-1B workers is a core part of the firm's competitive strategy. In almost every HCL job role, records show H-1B workers are paid less than U.S. workers.

The authors explain that these findings are likely significant beyond HCL—suggesting widespread abuses in the H-1B program. Most of the biggest users of H-1B visas are companies that have outsourcing business models like HCL's, and the U.S. Department of Labor (DOL) has failed to enforce wage rules to ensure program integrity.

In particular, DOL props up the abusive outsourcing business model by treating contractor hires differently than direct hires when enforcing the wage and other provisions in the H-1B statute that are supposed to protect H-1B and U.S. workers. This outsourcing loophole allows firms like HCL and big tech companies that use outsourcing firms to get around those provisions, which leads to greater fissuring of the tech labor market.

"Migrant workers on H-1B visas are being systematically cheated out of wages that by law they should rightfully be paid. HCL's actions are tantamount to U.S. immigration policy being used to subsidize the outsourcing and offshoring of decent, high-paying U.S. jobs," said report co-author Ron Hira, who is an EPI research associate and associate professor at Howard University. "The victims include not only the H-1B workers themselves but also the U.S. workers who are either displaced or whose wages and working conditions degrade when employers are allowed to underpay skilled migrant workers with impunity."

The report calls on DOL to launch a sweeping investigation into whether companies are systematically underpaying H-1B workers in violation of the law. If violations are found, penalties should be imposed that are significant enough to deter all H-1B employers from such behavior.

DOL and the Department of Homeland Security should also issue new regulations to update wage rules and the process for allocating H-1B visas among firms, two actions that would go a long way towards improving labor standards in the H-1B program. Further, Congress should also act by passing lasting legislative reforms to fix the H-1B program and stem abuses, and to increase protections for both H-1B workers and U.S. workers.

"Our findings show how tech firms ignore the law and systematically rob migrant workers. This apparent blatant lawbreaking by one of the leading H-1B outsourcing companies should finally prompt action by the federal government to curb abuses of the H-1B program so that it can operate fairly for both migrant workers and U.S. workers," said Daniel Costa, EPI director of immigration law and policy research and co-author of the report.

Trump's De Facto H-1B Ban Will Boost the Trade Deficit, Reduce US Competitiveness, and Have No Impact on Unemployment

Information Technology and Innovation Foundation, By Robert D. Atkinson September 22, 2025

MAGA Republicans have long criticized the H-1B visa program that lets U.S. organizations hire high-skilled foreign workers on a temporary basis, arguing it takes jobs away from Americans. So, it wasn't surprising to see President Trump issue a proclamation on Friday requiring any organization petitioning to employ an H-1B worker to pay a $100,000 fee.

The White House says the fee will have to be paid when companies submit petitions for new H-1B visas—which are typically good for a renewable three-year term—while Commerce Secretary Howard Lutnick described it as an annual fee at the announcement ceremony. But either way, let's be clear: This is a de-facto ban, as few organizations will be able to afford it. And the result will be that traded-sector companies will hire more workers overseas, while the other workers who would have come to America will instead work for foreign competitors of U.S. companies. And to the extent any companies do pay the fee, their cost structure will go up relative to foreign competitors. As a result, domestic U.S. technology capabilities and competitiveness will decline.

The H-1B program enables employers facing a shortage of domestic talent in specialty occupations to hire foreign workers, granting them temporary work authorization. The number of these visas that are available is capped at 85,000 per year, and Congress allows the U.S. Citizenship and Immigration Services (USCIS) to impose a modest administrative fee to cover the cost of processing them. (As such, Trump's proclamation is probably illegal and could be overturned in court.)

If the president is worried about some organizations abusing the H-1B program and hiring skilled foreign workers when they could be hiring skilled American workers, then instead of trying to impose a fee on visa petitions a better solution would be for Congress to allow USCIS to auction off the 85,000 visa slots to the highest bidders. Or Congress could impose a base fee of something like $25,000 and have the cap on the number of visas issued per year be unlimited. Organizations that truly need them will bid up the price and win the auctions, and organizations that can find skilled American workers to hire for less than the auction price plus salary and benefits will do that instead.

The current lottery system leaves too much to chance. If a U.S. company has 10 positions it needs to fill with foreign workers, it would have to submit applications for two or three times as many visas, knowing that many applicants will not be approved. The lottery system also means that U.S. companies cannot ensure they are always hiring the best of the best foreign workers—instead, they are just getting the luck of the draw. Creating an auction for H1-B visas would provide companies with more certainty.

Critics complain that employers only use the program to undercut American workers' wages. But consider that the average wage for H-1B workers is $149,000, far above the U.S. median wage. And the wages also differ considerably, with U.S. high-tech firms paying considerably more. For example, Google's average wage is $179,000, Meta's is $199,000, and Apple's is $200,000.

Indeed, a scholarly, peer reviewed study of the H-1B program in 2010 shed new light on the debate about its impacts on the labor market. The study found IT professionals with an H-1B or other work visa earn on average 6.8 percent more annually than IT professionals who have U.S. citizenship. When the authors controlled for the state in which the IT professionals work and for job titles, the premium declines, but is still significant at 2.6 percent.

Outside of the IT sector, the Milwaukee Board of School Directors employs 351 workers with H-1B visas, paying them $78,000. Evidently, that includes 275 international teachers. The program is also used to bring in nurses and similar human services occupations, which can be a lose-lose proposition. Some of these visas take scarce and valuable workers who could be providing education and nursing services in developing nations that need them, and substitute them for Americans when there would be no real shortage of teachers or nurses if not for the modest salaries. Lots of students can get degrees in these fields. It doesn't require Calculus 2. A visa auction program would lead these organizations to hire Americans and apply market pressure to raise their salaries.

Also, a significant share of H-1B visas go to IT offshoring firms that do most of their work overseas and need some workers here, including to interact with clients. Again, an auction program would likely reduce their share.

There are, however, legitimate shortages of U.S. STEM workers, and putting a de-facto ban on H-1B visas would make several things more likely to happen. First, these American tech firms competing in global markets would instead just hire these workers overseas, either as remote workers (much easier after Covid) or in a foreign affiliate office. The result would be fewer American jobs and a worse trade balance. The reason it would mean fewer jobs is that H-1B visa workers spend their salaries domestically at restaurants and movie theaters, buying cars, etc., which creates U.S. labor demand. If they are overseas, that U.S. labor demand is not created. Meanwhile, the reason trade

balance would be harmed is that these workers will be overseas, but still paid by American companies, leading to increased imports (in this case, foreign labor services).

At the same time, the increased difficulty in hiring STEM workers would mean that U.S. companies would at the margin become less competitive than foreign counterparts, including Chinese companies.

Critics of the H-1B program miss a broader and deeper point: Too many American workers are not high-caliber due to the poor quality of the U.S. education system, including colleges. H-1B opponents assume that a worker is a worker is a worker, and that if companies need a worker for a particular task, they can just hire an American.

Secretary Lutnick made this point at the signing ceremony, saying: "If you're going to train somebody, you're going to train one of the recent graduates from one of the great universities across our land. Train Americans, stop bringing in people that take our jobs." Ah, if only it was that simple.

First, comparatively few Americans get STEM degrees—and many who try don't finish. Indeed, according to the Department of Education, only 41 percent of students who had begun STEM majors in higher education ended up obtaining a STEM degree of any kind in 2009. Part of the explanation is likely inadequate preparation in high school. As of 2016, more high school students in California were taking ceramics than computers science, according to state data. In 2022, 15-year-old U.S. students ranked 28th out of 37 OECD member countries in math.

In the 2011–2012 school year 40 percent of first-year undergraduate students at four-year institutions in the United States took at least one remedial course. The reality is that most graduate students in STEM—72 percent of computer science graduate students, and 74 percent of electrical engineering students—are foreign-born.

More broadly, American students don't perform very well compared to foreign peers. During his 2024 run for the Republican presidential nomination, Vivek Ramaswamy got into hot water for saying the obvious:

The reason top tech companies often hire foreign-born and first-generation engineers over 'native' Americans isn't because of an innate American IQ deficit. A key part of it comes down to the c-word: culture.

He went on to point out: "Our American culture has venerated mediocrity over excellence," and, "A culture that celebrates the prom queen over the math Olympiad champ, or the jock over the valedictorian, will not produce the best engineers." But you are not supposed to say that, so he was vilified.

While China's team won this year's world math Olympiad, America earned second place thanks to a team comprised of students from Asian families. Similarly, most of the students at specialty math and science academies like Thomas Jefferson in Northern Virginia were from Asian families—at least until parents protested and the School Board eliminated the admissions test.

In 2006, 20 percent of U.S. college students completing four-year degrees—and 30 percent of students earning two-year degrees—had only basic quantitative literacy skills, meaning they were unable to estimate if their car had enough gasoline to get to the next gas station, or calculate the total cost of ordering office supplies.

Literacy among those college graduates is also quite low. In 2006, among seniors at four-year U.S. colleges, more than 50 percent of students did not score at the proficient level of literacy. In 2005, only 31 percent of college graduates could read a complex book and extrapolate from it. As the saying in college goes: The students pretend to learn, and the professors pretend to teach. The students pay good money to demand and receive "A's" in response. Saying America has great universities is a good sound bite, but saying it doesn't make it true.

Of course, the response to this reality for decades has been to push for improving U.S. education. But if anything, education is getting worse, especially as universities compete intensely for fee-paying consumers (er, students). But even if we could waive a magic wand and improve education, employers wouldn't realize the benefits for another two decades.

But there is one more factor, intelligence. Anyone who says intelligence does not matter for STEM jobs and knowledge jobs more broadly has not worked in these fields. One does not need to be an Einstein, but workers with above-average intelligence are, let's face it, on average more valuable to an employer than workers with below-average intelligence.

The distribution of IQs in the population is on a bell curve, so 16 percent of people are at or above one standard deviation from the mean (that is, above 115, with 100 being average), and just 2 percent are gifted at 130 or above. That means that there are around 34 million working age Americans above 115, and 4 million above 130. Contrast that to the rest of the world which has 846 million above 115 and 106 million above 130.

So, if you are an employer and you want smarter employees, it is natural to be open to hiring foreign individuals, especially because the unemployment rate for high-IQ individuals already in the United States is likely extremely low.

So, does anyone really think that America would not be vastly better off with 85,000 highly skilled foreign workers moving here per year? The United States would be stronger, more innovative and more competitive, especially against our adversary China, with more overall high-paying jobs.

So, it's time for real debate about this issue. We can turn inward and protect a relatively small number of American workers at the cost of weakening republic, or we can allow U.S. employers to recruit the best and brightest from around the world and have a more innovative and stronger republic. As a patriot, I choose the latter.

How Trump's H-1B Reform Could Harm American Tech Innovation

Time Magazine, by Andrew R. Chow and Tharin Pillay September 23, 2025

President Trump sent shockwaves through the tech industry over the weekend by announcing a $100,000 payment for new employer-filed H-1B visa applications submitted after September 21, 2025. Since 1990, hundreds of thousands of foreigners have come to work for U.S. tech companies via the visa system. But in a proclamation, Trump wrote that the system had been "deliberately exploited to replace, rather than supplement, American workers with lower-paid, lower-skilled labor."

Many experts agree that the H-1B system is flawed and needs amending. But TIME spoke with three professors in economics or business who believe that Trump's new fee system could be counterproductive: that it might push talent overseas; render universities and nonprofits unable to recruit foreign experts; and harm American tech innovation, including in the rapidly emerging field of AI.

The idea that the H-1B visa program has on net taken jobs from U.S. workers is "empirically opposite to the truth," says Giovanni Peri, an economics professor at the University of California, Davis. "Foreign STEM workers have been an incredible engine of growth," he says, noting that multiple studies have found that their presence tends to increase job creation and wealth for America writ large.

The new H-1B fee will "hurt the innovation and competitiveness of the U.S. industry," says Subodha Kumar, a professor at the Fox School of Business at Temple University. "A lot of the innovation and R&D work being done in the U.S. involves people on H-1B visas."

H-1Bs and the tech industry

H-1B visas are designed to allow experts in specialized fields to come work in the U.S. on a non-immigration basis. There are more than half a million U.S. residents on H-1B visas, the U.S. government estimated in 2020. And many of those residents work for tech companies as engineers and IT specialists. A report from the Department of Homeland Security found that 64% of approved H-1B petitions in the 2024 financial year were computer-related. Tech leaders who came to the U.S. with the help of H-1B visas include Microsoft's Satya Nadella, Google's Sundar Pichai, and Zoom's Eric Yuan. One 2021 study found that the number of H-1B visa holders in a state was highly correlated with the number of issued patents, especially in computer science and optoelectronics. Another report found that the top beneficiaries of the program include Amazon (which employed nearly 15,000 workers utilizing H-1B visas in 2024), IBM, Microsoft, Google, and Meta.

In December, Elon Musk wrote on X that "the reason I'm in America along with so many critical people who built SpaceX, Tesla and hundreds of other companies that made America strong is because of H-1B."

A "broken" system

But Musk, the same week, also called the H-1B system "broken," and advocated for major reform. The system has faced intense scrutiny from across the political spectrum, as well as from those inside of it.

Demand for H-1B visas far outstrips the available supply. To address this, a lottery system for applicants was put in place, which critics say is manifestly inefficient. Many workers have to wait for years for a green card—and once in the program, they have limited ability to change companies or found their own start-ups.

Meanwhile, leaders on the left, like Bernie Sanders, have voiced concerns that the system is exploitative. A 2020 study by the Economic Policy Institute (EPI) found that most H-1B employers pay migrant workers less than market rate salaries. And on the right, leaders like Steve Bannon fear that the system takes jobs from Americans.

During his first term, Trump imposed restrictions on the program, with rejection rates of applications spiking. He also tried to ban H-1B visas, but was unsuccessful in federal court.

Trump is now trying a different tactic: A $100,000 payment for new applicants. The announcement caused a panic in Silicon Valley, with tech companies advising their H-1B employees not to leave the country lest they not be allowed back in. However, White House officials said on Saturday that the changes would only apply to new applications, not renewals.

The decision will be met with legal challenges. It is unclear whether Trump has the authority to amend the fee in this way, and it may or may not hold up in court.

But even those who advocate for reform of the program are skeptical that Trump's $100,000 fee will fix things. "I don't think this is the solution to the disruptions we've seen in the job market," says Madeline Zavodny, an economics professor at the University of North Florida.

She says a better approach would be to institute an auction system at the federal level, letting employers bid for the right to hire foreign workers via the H-1B program, while exempting nonprofits, universities, and the like from this process.

Peri adds that raising the cap from 85,000 would enable a more efficient system. He argues that the reason tech companies turn to foreign labor is because the supply of high-skilled workers is simply insufficient to meet demand. "It's already way easier to hire an American than a foreign-born worker," he says. Some researchers, however, dispute the idea that there is a shortage of high-skilled workers in STEM roles more broadly.

Impact on the labor and tech sector

Several tech executives have responded positively to the new fee. OpenAI's Sam Altman said on CNBC: "We need to get the smartest people in the country, and streamlining that process and also sort of outlining financial incentives seems good to me." Reed Hastings, Netflix's chairman, called the tax a "great solution." "It will mean H-1B is used just for very high value jobs, which will mean no lottery needed," he says.

Coreweave CEO Michael Intrator, in contrast, described the new fee as "sand in the gears" for his company.

The impacts of the fee may be most acutely felt by the Indian I.T. ecosystem. About 70 percent of H-1B holders are Indian citizens. Critics now worry that the fee could price out Indian engineers from joining American companies. Dileep Krishna, an Indian entrepreneur, wrote on LinkedIn that the changes might cause Indian tech workers to return home. "Here's to the next generation of Indian talent with global exposure and coming back to India and building for the global markets," he wrote.

Many more Indian tech workers may go to other countries abroad with flourishing industries, like the U.K. According to Zavodny, research shows that when large companies are unable to hire employees on an H-1B, they end up offshoring the work instead. "It goes to Canada, the U.K., or India," she says. Small firms, meanwhile, may simply be unable to hire the talent necessary for them to grow.

Peri adds that the academic and nonprofit spaces could also be hit especially hard. While the number of visas for private sector workers is capped at 85,000 per year—a limit which has been unchanged since 2005—certain employers, including those at certain universities, nonprofits, and governmental agencies, are exempt. In 2024, over 141,000 new visas were approved.

For many employers of workers on H-1Bs at those types of organizations—who also contribute significantly to America's technological lead by conducting cutting-edge research, says Peri—the new $100,000 payment will be prohibitive. Harvard, for example, typically sponsors 125 new H-1B visa petitions every year, which would amount to more than $10 million in annual fees.

Kumar, at Temple, says the move could help the domestic tech job market in the long term—but that a lot of infrastructure will need to be built to make that happen. "In the long run, there will be a push to create the domestic workforce to meet some of these needs," he says. "But that is not an easy task at all. Right now, it will just create more confusion, and tech companies really have to work hard on reducing their losses."

For Peri, there is an irreconcilable tension between the administration's twin goals: protecting American jobs and maintaining the U.S.' position as a global leader in STEM. "I think in the administration there are two types of people," he says. "The ones who are very clear about the negative consequences—the Elon Musk types, business people—and the people who want to cut immigration for ideological reasons," such as Stephen Miller, the White House Deputy Chief of Staff for policy. "We will see who prevails in the long-run," he says.

H-1B visas power the tech industry. But experts say that's not necessarily because of a talent gap.

CBS News, By Julia Ingram and Edited By Alain Sherter Updated on: January 13, 2025

Elon Musk sparked fierce online debate recently when the billionaire said on social media that the U.S. lacks enough top engineers, pointing to immigration as the solution to what he characterized as a dearth of technical expertise. "There is a dire shortage of extremely talented and motivated engineers in America," Musk posted on his social media platform, X, comparing tech companies to a pro sports team scouting players. "If you force the world's best talent to play for the other side, America will LOSE."

The claims are at the center of a divide between supporters of President-elect Donald Trump, who tend to take a hard line against immigration, and technology entrepreneurs like Musk, who along with X runs exploration company SpaceX and electric vehicle maker Tesla, both of which employ many foreign workers hired with H-1B visas.

Yet labor market data suggests that American tech workers aren't in short supply, and critics of the H-1B program say it displaces Americans in favor of foreign-born employees hired at lower salaries. Proponents of recruiting skilled workers from abroad say tech jobs aren't zero-sum, while hiring foreigners with specialized skills can spur innovation and ultimately create more jobs for U.S.-born workers.

Data from the National Center for Education Statistics shows that the number of bachelor's, master's and doctoral degrees in computer science and in engineering conferred in the U.S. reached their highest levels in the 2020-21 and 2021-22 academic years since 1970-71.

Meanwhile, tech and engineering jobs in the U.S. are expected to grow by 7% by 2033, according to the Bureau of Labor Statistics. The share of the science and engineering workforce that is foreign-born has grown over the past three decades, according to the National Science Foundation, while STEM workers have experienced some of the highest employment rates of any occupation over the past five years.

Companies with the most H-1B workers

Tech companies are some of the biggest beneficiaries of the H-1B program, which is intended to allow highly skilled foreigners to work in the U.S. Amazon received the most H1-B visas of any company in 2024, Department of Labor data shows. Microsoft, Google and Meta were also in the top 10, while Tesla now ranks No. 16, according to the National Foundation for American Policy, a nonpartisan think tank focused on trade and immigration issues.

More H-1Bs visas were granted to software developers last year than for any other position.

"The H-1B visa is like the Swiss Army knife of visas. It's used for a lot of different purposes," said John Skrentny, a sociology professor at U.C. San Diego who wrote a book on why STEM graduates choose careers outside of the fields they studied. "If you hear people say that the H-1B visa is very important for attracting the best and brightest to the United States, they are correct. At the same time, the H-1B visa is used for cheap labor."

Investigations including by 60 Minutes and The New York Times have found that some companies have laid off American workers and then replaced them with H-1B hires, sometimes even requiring displaced employees to train their replacements in order to receive their severance packages.

Some of the roles H-1B workers are hired to fill also involve less complicated jobs, like product testing, said Ronil Hira, an associate political science professor at Howard University and a research associate with the left-leaning Economic Policy Institute. These roles don't necessarily meet the visa program's intended goal of outsourcing roles that require unique skills.

In addition to Big Tech companies, consulting firms like Cognizant, Tata and Infosys are also among the largest recipients of H-1B visas, providing tech companies with a steady pipeline of highly educated, well-trained employees willing to work on contract.

These companies are incentivized to find employees that will accept lower pay, Hira said.

"Their business model is to resell labor. If you're reselling labor, the way you become competitive is by having lower labor costs."

A boost to innovation?

Still, evidence of the H-1B program's broader impact on employment in the U.S. is mixed. One study from the IZA Institute of Labor Economics found that the average employer that receives H-1B visas isn't displacing American workers. The research firm found that while companies that received the visas initially did hire more foreign-born workers in response, they also typically experienced growing revenue and were eventually able to hire additional workers.

The effects were greater for smaller employers that only applied for a few visas, the study showed.

"Most of our results are driven by smaller firms because they're the ones for whom the lottery really matters," said Parag Mahajan, one of the study's authors and an assistant economics professor at the University of Delaware. For those companies, he said, "There is a lot of value to looking elsewhere for talent."

Mahajan's study also found that for some companies, hiring a foreign worker on an H-1B visa eventually created jobs for American-born workers because the person's skills can help the company grow.

But some economists, including Hira, take issue with the claim that foreign workers are needed to fill a nationwide shortage in talented engineers.

When there's a shortage of workers for a particular role, wages in that sector rise, Hira said, the same way gas prices go up when oil supplies drop. But labor market data shows that wages in the tech industry have remained relatively stable.

Median weekly earnings in computer and mathematics roles have grown by 0.27% from 2019 to 2023, after being adjusted for inflation, data from the Bureau of Labor Statistics shows. In engineering and architecture roles, wages have declined by 3.53% over the same timeframe.

More firing than hiring

Tech companies have also laid off hundreds of employees in recent years while continuing to sponsor new H-1B visas. An analysis by the Economic Policy Institute found that the top 30 companies hiring the most H-1B workers hired 34,000 new H-1B employees in 2022 but laid off at least 85,000 workers that year and in early 2023.

The layoffs mirror a decline in available jobs in the industry. Job postings in software development on Indeed.com are 67% of what they were in February 2020, according to the job board platform.

How the debate around H-1Bs will translate to policy after Trump takes office is unclear. In his first term, he issued an executive order, dubbed "Buy American and Hire American," aimed at supporting U.S. manufacturing. The order also directed Cabinet members to suggest changes to the H-1B program to restrict it only to the highest-paid or most-skilled applicants.

But in an interview with The New York Post last month, Trump called H-1B visas a "great program." Musk, who has become a close adviser to the president-elect, said he would "go to war on this issue" in one X post.

"I've always liked the visas, I have always been in favor of the visas," Trump said. "That's why we have them."

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