

## **President-Elect Trump Tech Series:**

### **H-1B Visa Reforms and the Impact on the US Tech Industry**

*By: Rapid Access International November 2016*

President-elect Donald Trump ran his election campaign with grandiose ideas of “Making America Great Again”— however when it came to the specifics of how he intended to accomplish this goal, his ideas become unclear. This is particularly true with his plans for technology, and innovation – he managed to run his whole campaign without having a firm stance on either of these issues. Though not having a firm stance on these topics, Donald Trump did make enemies with predominant figures in the industries that influence technology and innovation. The H-1B visa program is a key issue that President-elect Trump will be addressing in his presidency, and this has US tech companies feeling uneasy.

#### **H-1B Visa**

The H-1B visa is a non-immigrant visa which falls under section 101(a)15(H) of the Immigration and Nationality Act which allows for employers to sponsor foreign workers in specialty occupations.<sup>1</sup> Currently, over 65,000 work visas and 20,000 graduate student visas are administered every year, and make up for a substantial percentage of the workforce in IT industries. Large IT corporations bring in foreign laborers stateside through the H-1B visa to fill tech positions at lower wages.

#### **Benefits of the H-1B Visa for IT Companies**

There are many benefits for companies to employ foreign workers through H-1B visas. Employees under the visa are tied to their company contract, as opposed to American workers who can shop around with other companies seeking higher wages. Because of their binding contracts, if the employee decides to leave the company which sponsored their visa, the employee loses their legal status and must return to their home country. This benefits IT companies in instances where they must conduct mass layoffs – the employees under H-1B visas are much easier to dispose of compared to their American counterparts.<sup>2</sup>

#### **President-Elect Trump’s Stance**

Donald Trump has vigorously campaigned on restricting immigration, which could encompass restricting the amount of H-1B visas issued. He has noted that there are no restrictions for companies to employ American workers first, and that there is no incentive to hire American workers for higher rates than temporary non-immigrant laborers.<sup>3</sup> During Trump’s campaign trail, he proposed to raise the current

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<sup>1</sup> [https://en.wikipedia.org/wiki/H-1B\\_visa](https://en.wikipedia.org/wiki/H-1B_visa)

<sup>2</sup> <http://www.the-american-interest.com/2016/11/28/trump-vs-silicon-valley/>

<sup>3</sup> [https://www.washingtonpost.com/news/fact-checker/wp/2016/03/21/donald-trump-flip-flops-then-flips-and-flops-more-on-h-1b-visas/?utm\\_term=.852b2a951ec4](https://www.washingtonpost.com/news/fact-checker/wp/2016/03/21/donald-trump-flip-flops-then-flips-and-flops-more-on-h-1b-visas/?utm_term=.852b2a951ec4)

minimum wage for H-1B workers from \$60,000 to \$100,000. This could potentially encourage US companies to consider hiring American workers, however also would raise operating costs, and ultimately lower wages for American workers.<sup>4</sup>

Trump has gone back-and-forth on his views of this issue – at one point criticizing these visas for overlooking qualified Americans, and at other times claiming that it's important to retain foreign talent. Though Trump's opinion has been unclear on this subject, his intended appointee for Attorney General's views have been very straight forward.

### **Senator Jeff Sessions**

Donald Trump intends to appoint Senator Jeff Sessions for Attorney General, which has tech giants up-at-arms because of his longstanding stance against H-1B visas. Last year, Sessions introduced new a legislation that made H-1B visas less available to large tech firms. In November 2015, Sessions claimed:

*"It represents the obliviousness of Congress and some of these economic forces to the reality of what's happening: Half of STEM graduates are not finding jobs in STEM<sup>5</sup> fields,"<sup>6</sup>*

Firms such as India-based Infosys and Tata Consultancy abuse the H-1B visas system by importing thousands of workers to the US who will work for lower wages than Americans. These positions are generally low-paid contracting positions and almost never result in the visa-holder attaining a green card. He essentially claims that the US has the educated workforce to succeed in these tech jobs, and that leaders in the IT industry need to be more socially responsible and employ Americans instead of importing cheaper foreign labor.

### **Calls for Reform**

The struggle is real for H-1B workers - without being able to switch jobs because of fear of deportation, employers have a stranglehold on their income. Only large corporations benefit from the H-1B system. Facebook founder Mark Zuckerberg is a major advocate for change in the visa program. He not only supports the reformation of the program, but also expanding the visa program in general. Zuckerberg backs the FWD.us group – an immigration lobbying group – to increase minimum wages, and also give incentives to sponsor H-1B workers for green cards.<sup>7</sup>

### **Conclusion**

It is unclear what the future of the H-1B visa will be under President-elect Donald Trump. He has claimed that these foreign workers are taking American jobs, and also claimed these workers are valuable assets to the United States. Trump intends to appoint Senator Jeff Sessions to Attorney General, who holds a very hard stance against the visa program in general. What is known, is that the H-1B visa systemically has many faults, and will be greatly reformed with the incoming presidency. What is not known, is what exact changes will be implemented, and who will benefit.

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<sup>4</sup> <http://www.cio.com/article/3146126/outsourcing/trump-presidency-could-sound-death-knell-for-it-outsourcing.html>

<sup>5</sup> STEM – Science, Technology, Engineering, Mathematics

<sup>6</sup> <http://www.the-american-interest.com/2016/11/28/trump-vs-silicon-valley/>

<sup>7</sup> <http://fortune.com/2016/11/21/h1b-tech-industry-visa-donald-trump-jeff-sessions/>