

Temporary Visas and Wage Pressure

The debate over how many immigrants should be permitted to enter the country each year under a new temporary worker program is clouded by a common misconception: that the greater the number of temporary workers admitted, the greater the downward pressure on the wages of native-born workers. However, this assumption is not supported by the facts.

There is no evidence that decreasing the number of immigrant workers in the U.S. labor market will automatically increase the wages of native-born workers.

- Foreign-born workers do **not** compete with most native-born workers. They have different levels of education, different skills and abilities, and fill different types of jobs. Instead, foreign-born workers **complement** their native-born counterparts. This increases the productivity and the wages of most native-born workers.
 - Immigration fuels the growth of the labor force. This stimulates investment, creates new businesses and new jobs, and tends to increase wages.
 - According to economists Giovanni Peri and Gianmarco I.P. Ottaviano, immigration **raised** the average yearly wages of native-born workers by about 1.8 percent between 1990 and 2004.
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- The wages of native-born workers with at least a high-school diploma (who comprised nearly 90 percent of the native-born population age 25 and older in 2005), increased between 0.7 percent and 3.4 percent, depending on education level.
 - The wages of the declining number of native-born workers without a high-school diploma declined by roughly 1.1 percent.

There is no evidence that the wages of native-born workers are undermined by the presence of immigrants in the labor market.

- Immigration is essential to the growth of the U.S. labor force, especially in jobs that require little education. This is because the native-born workforce is growing older and becoming better educated at the same time the U.S. economy continues to create large numbers of jobs for less-skilled workers.
- According to the Bureau of Labor Statistics, the number of workers in the labor force who are 55 and older will grow by an average of 4.1 percent per year between 2004 and 2014. The growth rate for workers aged 25-54 will be approximately 0.3 percent per year.
- Total employment in service occupations will increase by 19 percent between 2004 and 2014, second only to the increase in professional and related occupations. There will be about 25 million job openings (new jobs plus job turnover) during this period

for workers with no more than a high-school education. This amounts to 45 percent of all job openings.

Immigrants are heavily concentrated among workers with the lowest and highest levels of education (those without a high-school diploma or with a Ph.D.). Most native-born workers have intermediate levels of education. In 2005, 36 percent of all workers age 15 and older with less than a high-school diploma were immigrants and 26 percent of workers with a Ph.D. were immigrants.

The fact that immigrants are concentrated at the extreme ends of the skill spectrum is evidence that they are arriving to fill gaps in the native-born workforce. In 2005, about 15 percent of the labor force age 16 and older (or 22 million workers) was foreign-born. However, foreign-born workers accounted for roughly 39 percent of workers in farming, fishing, and forestry; 33 percent in building and grounds cleaning and maintenance; 26 percent in construction and extraction; and 21 percent in computer and mathematical occupations.

In its current form, the immigration reform proposal before the Senate would do little, if anything, to alleviate the problems that cripple the current immigration system and is unlikely to meet the future labor needs of the U.S. economy.

- In each of the first five years after enactment, the proposal would raise the annual limit on permanent, employment-based visas from the current limit of 140,000 to approximately 247,000.

- However, 90,000 of these 247,000 visas would be used to reduce the backlog of green-card applications by immigrants who, for the most part, already are in the United States and who are working in high-skilled and less-skilled jobs. As a result, the proposal actually would provide for as few as 157,000 **new** workers per year.
- Moreover, **only 10,000** of these 157,000 slots for “new” workers would be reserved exclusively for the workers needed to fill the growing number of less-skilled jobs that require little formal education. This is little more than the current system, which reserves only 5,000 employment-based green cards for less-skilled workers.

- Since the Senate proposal would establish a “point system” for employment-based visas, it is highly unlikely that any of the less-skilled workers could get employment-based visas beyond the 10,000 that are reserved for them. This number

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is clearly inadequate to meet the current labor demand for less-skilled workers. The Senate proposal would provide at best a modest increase in the number of permanent, employment-based immigrants entering the United States each year. And it would **eliminate** the categories of family-based immigration that are most likely to introduce new, working-age adults into the U.S. economy: the unmarried adult children of U.S. citizens and LPRs; the married adult children of U.S. citizens; and the adult siblings of U.S. citizens.

- In FY 2006, 64,167 adult, family-based immigrants (and 20,091 of their spouses) entered the United States under these four categories. If the current Senate proposal had been in place in 2006, more than 84,000 adult, working-age immigrants would have been **denied** entry into the United States through family-based preference categories.
- In other words, the current Senate proposal would have admitted only about 73,000 new, permanent immigrants to fill available jobs in FY 2006; a number hardly sufficient to meet the growing demand for immigrant workers—especially if only 10,000 of those workers were admitted to fill less-skilled jobs.

The proposed temporary worker program can not compensate for the flaws inherent in the other provisions of the Senate plan.

- Under the immigration-reform proposal now being debated in the Senate, 200,000 workers would be admitted into the United States each year on two-year visas. This number is far **less** than the estimated net increase in the size of the undocumented population in the United States of about 500,000 per year.
- A temporary worker program that limits the number of workers entering the country each year for only a two-year stay to 200,000 would provide no **net** increase in the number of immigrant workers. By the third year, new temporary workers would simply be replacing those temporary workers who had left.
- As currently formulated, the Senate immigration reform proposal is unlikely to meet the growing demand for immigrant workers in the United States, particularly in occupations requiring less-skilled workers. **At best, the proposal would maintain the dysfunctional status quo.**

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