

In human capital crisis, we need more H-1B visas, not fewer

It's no surprise that the US is ranked among the top three nations in competitiveness according to the latest report from the World Economic Forum. Only Switzerland and Singapore score higher than our nation.



Jerry Haar

Two of the main factors explaining US competitiveness are technology and human capital. In the first instance, the world has seen a quantum leap in the proliferation of technology within the last decade, not only among multinational firms but start-ups, as well. U.S. patents, investment in R&D and the commercialization of products, processes and services are most notable. As for human capital, the U.S. is home to the world's leading universities, and the market's insatiable demand for scientists, technologists, engineers, and mathematicians (STEM) continues unabated.

However, the nation currently faces a human capital crisis—a lack of home grown STEM professionals. American students not majoring in STEM. Fewer and fewer U.S. students are majoring in STEM, either at the undergraduate or postgraduate levels, opting instead for business, education, psychology, and pre-law courses of study.

For decades now, the stopgap measure to fill the needs of companies and institutions confronting a shortage of highly skilled workers has been the H-1B non-immigrant visa program, granting a temporary stay (3-6 years) for the

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STEM professional. Proponents argue that the cap set on these visas (85,000, including 20,000 for U.S. master's degree graduates) is far too low, given industry needs for highly skilled professionals. Opponents cite employer fraud and abuse and wage depression by outsourcing to foreign firms operating in the U.S. in their criticism.

Should the H-1B visa program be dramatically expanded? There is compelling evidence that such benefits accrue not only to U.S. industry but to both the workforce, overall, and to major urban areas in particular. A recent study by UC Davis and Colgate University economists found that H-1B driven increases in STEM workers contribute significantly to total factory productivity growth in the U.S. and across cities. Additionally, U.S. states with a large inflow of highly educated foreign-born workers had faster growth in patenting per person and increased the probability of patenting for natives (by 18%)—what is known as “spillover” impacts.

What about the argument that there are sufficient qualified Americans available to perform STEM jobs, 60% of which are computer-related? Well, if there were there would be no need for the H-1B visa program to begin with. In an analysis by the Conference Board of

job openings in the 100 largest metropolitan areas, 43% of vacancies for STEM occupations with H-1B requests are reposted after one month of advertising, suggesting that they are unfilled compared with 32% of job postings for all non-STEM occupations. Again, American college students choose non-STEM majors but even if they were interested in STEM, college students' high school grounding in science and math is poor compared to students from other countries. For example, in math U.S. teenagers rank lower than their peers in 63 other nations. So, such students may opt out of a STEM major after low grades their freshman year in math and science classes.

What about the argument that H-1B workers depress the wages of native-born workers, leading companies to give preference to them in hiring and even replacing U.S. employees with H-1B workers? In a study by Brookings Institution economists, the researchers found that H-1B visa holders actually earn *more* than comparable native-born workers and even within the same occupation and industry for workers with similar experience. Additionally, H-1B workers in the computer field perform different tasks that complement those of native-born workers (e.g., software developers rather than analysts). These foreign workers are high-quality professionals who increase productivity for their employers and help firms and labs expand with the higher demand for natives.

“The H-1B visa petition process requires that employers confirm that the salary offered to the H-1B worker is

the higher of either the prevailing wage or the actual wage paid by the employer to U.S. workers in the same position,” said Gina M. Polo, Miami-based immigration attorney and Chair of the Florida Bar, Immigration and Nationality Certification Committee.

The emerging STEM ecosystem in South Florida is populated by a very significant number of foreign professionals and entrepreneurs. They have come here through a variety of visa programs.

If our nation, our state and our county are to innovate and compete successfully, foreign talent is indispensable. If and when immigration reform actually becomes a reality, a major increase in H-1B visas granted annually should be a hallmark of any legislative initiative.

MIAMI TODAY

miamitodaynews.com

FOUNDED JUNE 2, 1983
VOLUME XXXIII No. 33
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MIAMI TODAY (ISSN: 0889-2296) is published weekly for \$145 per year; airmail: to Europe \$190 per year, the Americas \$145 per year. Published by Today Enterprises Inc., 2000 S. Dixie Highway, Suite 100, Miami, Florida 33133, USA. Periodicals postage paid at Miami, FL. **POSTMASTER:** Send address changes to MIAMI TODAY, 2000 S. DIXIE HIGHWAY, SUITE 100, MIAMI, FLORIDA 33133.