



# Immigration, Labor Displacement and the American Worker

January 2016

**FACT:** Protecting the jobs and wages of American workers is a clear objective of U.S. immigration policy. One of the reasons Congress set limits on the number of immigrants we admit to this country is to protect job opportunities and prevent the erosion of wages for American workers. Virtually every nation on earth limits immigration for this reason. While it may be in the short-term interest of some businesses to flood the labor market with foreign workers—many of whom are prepared to accept poorer wages and working conditions—doing so undermines core national interests.

**FACT:** Immigration has been outpacing job growth in the U.S. for decades and is a contributing factor to unemployment, wage erosion, and declining labor force participation. Between 2000 and 2014, two new immigrants were admitted to the United States for every new job that was created by our economy. Between 2007 and 2015, all net new jobs created by the U.S. economy were filled by immigrants, legal and illegal.

During the ten-year period between 2005 and 2015, large-scale immigration swelled the ranks of working age adults by 25 million, while the number of people employed in the U.S. grew by just 7 million.

For the first time since the Great Depression, the majority of American households fall outside the income range that defines them as middle class. This phenomenon is not just an economic one; it threatens long-term social stability in the United States.

**FACT:** There is no labor shortage in the United States. The U.S. labor force participation rate now stands at just 62.6% of the working age population. Among workers with less than a high school diploma, the participation rate is a mere 45.4%. For those with a high school degree, but no college participation rate is just 57%. That is the lowest it has been since the 1970s, before many women were fully integrated into the U.S. labor force. Some 90 million working age adults in the U.S. are not participating in the labor force. Even accounting for those who are remaining in school longer, or are stay-at-home parents by choice, there is still a huge untapped supply of workers in this country.

**FACT:** Lower skilled American workers have seen the sharpest declines in income. Since 1970, real income for the bottom 90% of workers in the U.S. has declined by 8%. Over the same period, the foreign born population has grown by 325%. While there are many factors that have contributed to this phenomenon, the influx of more than 50 million immigrants has skewed the law of supply and demand in favor of employers. The impact has been particularly hard on those in the bottom 20% of wage earners. Just between 2009 and 2014, they have experienced a 5.7% decline in wages.

**FACT:** Higher skilled workers are increasingly undermined by mass immigration and guest worker programs. Two-thirds of U.S. STEM graduates are working outside their fields of study. Moreover, wages for STEM degree holders have not kept pace with other college graduates in the U.S. economy.

Some 675,000 H-1B guest workers and L-1 visa holders (intra-company transfers) are employed in the U.S. These workers compete directly with skilled U.S. workers.

**FACT:** Employers can hire H-1B workers, even when American workers are available, or even lay-off U.S. workers in order to hire H-1B workers. There is a popular perception that companies can only hire H-1B guest workers if American workers are not available, and that they are barred from laying-off American workers and replacing them with foreign workers. These perceptions are false. Guest worker programs are riddled with loopholes written by business lobbyists that allow their clients to bring in foreign workers pretty much at will. Recent examples of companies laying off U.S. workers and forcing them to train their foreign replacements include Disney and Southern California Edison.

**FACT:** The Obama administration is blatantly abusing executive authority to make an end-run around statutorily mandated limits on foreign workers. In May 2015, the Obama administration began implementing a unilateral action to grant work authorization to spouses of H-1B guest workers. These spouses had been admitted on H-4 visas, having agreed to the terms that these visas allowed them to live in the U.S., but not seek employment here. U.S. Citizenship and Immigration Services estimates that the administration's action will result in nearly 180,000 H-4 visa holders being granted work authorization during the first year, and some 55,000 spouses will be granted work permits in each subsequent year. This rule is being challenged in court by FAIR's legal affiliate, the Immigration Reform Law Institute, on behalf of Save Jobs USA, a coalition of U.S. workers.

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**In addition to legal challenges to the administration's actions, FAIR recommends that Congress adopt clear language barring the issuance of work permits to foreign nationals who are not expressly eligible to work under the terms of their admission to the U.S.**

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In November 2015, the Obama administration introduced a proposed rule that would allow foreign graduates with STEM degrees to work in the United States for up to three years after completing their

degrees under the Optional Practical Training (OPT) program. Previously, eligibility for the OPT program was limited to one year. Not only will these foreign graduates will compete directly with American STEM graduates, but they will have a distinct advantage over their American counterparts. Because they will be classified as students, employers will not be required to pay payroll taxes for these workers. Companies could save an estimated \$10,000 per year, per OPT worker, thereby creating a huge incentive to bypass American graduates. IRLI filed suit challenging an earlier attempt by the administration expand OPT eligibility on behalf of displaced U.S. workers. That lawsuit successfully blocked implementation of that rule. However, in complete disregard for its impact on U.S. workers, the administration has proposed another rule seeking an even longer extension of OPT eligibility.

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FAIR recommends the abolishment of the OPT program. Foreign students are granted admission to the U.S. under the express condition that they are to return home upon completion of their degrees. Allowing F1 visa holders to work in the U.S. for an additional three years beyond stretches the definition of student beyond any reasonable bounds.

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In December 2015, the Obama administration issued a proposed rule that would allow unlimited three year extensions for current H-1B workers seeking permanent residence. If this rule were to go into effect, it would vastly increase the number of “temporary” guest workers competing for skilled jobs in the U.S.

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The H-1B visa program was established as a program to allow the temporary admission of foreign workers with unique skills or qualifications. It is currently being used to admit workers whose skills and qualifications closely match those of available U.S. workers. This latest proposed rule change would also make many H-1B visa holders permanent workers.

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