

# New Insights from the Dept. of Labor PERM Labor Certification Database

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January 18, 2008

# Issues Addressed in This Talk

- Brief review of previous H-1B studies.
- Are the H-1Bs innovators and “the best and the brightest?”

# A Consumer's Guide to Studies on Imported Worker Salaries

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- Hyper-aggregation, e.g. lumping together software developers and computer technicians into one big “IT” category.
- Hyper-disaggregation, e.g. treating Computer Software Engineer and Computer Programmer titles as separate job types (sometimes should do so, sometimes not).

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- NRC, 2000 (commiss. by Congress); employer survey; “H-1B workers in jobs requiring lower levels of IT skill received lower wages, less senior job titles, smaller signing bonuses, and smaller pay and compensation increases than would be typical for the work they actually did.”

## Previous studies (contd.):

- GAO, 2003 (not 2006); IT employer survey; “[Many employers] hired H-1B workers in part because these workers would often accept lower salaries than similarly qualified U.S. workers; however, these employers said they never paid H-1B workers less than the required wage”; also contained a CPS analysis, flawed by hyper-aggregation.

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- Zavodny (Fed. Res.), 2003; indirect study of correlations of broad wage patterns; found no impact on U.S. wages but adverse impact on employment; fatally flawed, as the U.S. workers studied were in sub-college level jobs (H-1B requires at least a Bachelor’s).

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- Matloff, 2003, *University of Michigan Journal of Law Reform*; census data, programmers and electrical engineers; 20% savings for Type I.
- Matloff, 2006, *California Labor and Employment Review*; BLS/NACE, programmers; 39% savings for Type II.

## Previous studies (contd.):

- Miano, 2007, CIS; H-1B application forms, programmers; \$16K below median.

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- Note 2003 GAO statement above: “[many employers] hired H-1B workers in part because these workers would often accept lower salaries than similarly qualified U.S. workers; however, these employers said **they never paid H-1B workers less than the required wage.**”
- And the law is wide open regarding **Type II savings.**

# The PERM Data

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- DOL data on labor certs for employer-sponsored green cards.
- Most, but not all, are H-1Bs.
- Results here are for 2006.
- No data on education, so direct salary comparison is not possible.
- But information on OES skill level is quite revealing.

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- In tech, must use Level II if Master's degree or higher.
- Miano (2007) found that 87% of H-1B prevailing wages were stated by employers to be Level I or II (comments later).

# Level Data by Occupation

## Level Data by Occupation

dataset	I	II	III	IV	number
all	28.7%	40.2%	19.6%	11.5%	51841
soft. eng.	14.5%	50.8%	22.0%	12.7%	6490
prog.	38.8%	40.5%	13.6%	7.0%	2433
elec. eng.	2.8%	77.1%	17.8%	2.3%	597

## Level Data by Occupation

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elec. eng.	2.8%	77.1%	17.8%	2.3%	597

By the way, note that the foreign software workers outnumber the “hardware” (EE) ones by a 15-to-1 margin. This has always been the case. Intel hires EEs, yes, but EEs are not the typical H-1Bs, even among tech workers.

# Level Data for Top Sending Nations

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dataset	I	II	III	IV	number
all	28.7%	40.2%	19.6%	11.5%	51841
India	21.8%	45.7%	20.2%	12.3%	16651
China	25.9%	44.0%	21.8%	8.2%	4988
Canada	23.8%	33.8%	24.2%	18.2%	3678
S. Korea	31.0%	38.3%	19.9%	10.8%	2297
Philippines	53.9%	29.5%	11.2%	5.4%	1639
UK	19.0%	33.6%	25.0%	22.3%	1576

# Level Data for Top Sponsoring Firms

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dataset	I	II	III	IV	number
all	28.7%	40.2%	19.6%	11.5%	51841
Microsoft	25.2%	58.6%	12.3%	0.4%	1208
Intel	0.2%	65.3%	30.7%	0.2%	1091
Motorola	29.7%	63.4%	30.7%	0.2%	475
Sun	10.3%	59.1%	11.5%	19.1%	330
Yahoo!	3.4%	54.9%	39.5%	2.1%	233
Micron	43.9%	29.6%	26.0%	0.0%	196
Google	3.4%	66.7%	25.9%	4.0%	174
Cisco	4.1%	59.3%	27.3%	9.3%	172
Texas Instr.	6.6%	24.6%	34.1%	34.7%	167

(Percentages add to slightly less than 100 due to missing data. This also affects rank ordering.)

# Discussion of Level Data: the Industry's Innovation Claim

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- The vast majority, 70% or so, are in either Level I (“routine tasks... limited if any exercise of judgment”) or Level II (“modestly complex tasks requiring limited judgment”). **Most are not innovators.**
- Contrary to the industry's claim that they import workers from Asia because “Johnny can't do math,” the only countries with large percentages of Level IV workers are Canada and the UK.

# The Best and the Brightest?

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Previous work:

- Foreign students are disproportionately enrolled in the academically weaker U.S. universities (D. North):

department quality	% foreign-born
highest quarter	37.2%
second quarter	44.5%
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lowest quarter	50.6%

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- Foreign students and immigrants have not been awarded top prizes in the field in proportion to their numbers (N. Matloff).

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- Workers who are “the best and the brightest” are paid premium wages.
- Thus, look at the ratio of the actual salary to the prevailing wage, so see if they are getting big premiums.

# Salary Ratios by Occupation

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dataset	median of actual wage/prev. wage
all	1.02
soft. eng.	1.02
prog.	1.01
elec. eng.	1.10

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China	1.04
Canada	1.10
S. Korea	1.00
Philippines	1.00
UK	1.10

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- For the data as a whole, i.e. not restricted to any particular profession, it appears that the typical H-1B is NOT “the best and the brightest.”
- A breakdown by firm would be problematic, as the methods for determining prevailing wage may differ a lot from one firm to another, and the ratios I examined reflect this.