

CHALLENGES AND SOLUTIONS FOR THE NEXT PRESIDENT AND CONGRESS



COMPETING TO WIN

IMMIGRATION IN FOCUS

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A Working Immigration System Strengthens Manufacturing

Introduction

The immigration system in the United States is broken. From concerns about security at the southern border to confusion over a legal immigration system that is unresponsive to employer needs, both Democrats and Republicans agree the immigration system is not functional. The system as it stands today frustrates those who must deal with a sprawling bureaucracy and cumbersome process that does not appear to be accountable to anyone.

In 2014, with only 85,000 visas available, companies looking to hire foreign-born talent filed 236,000 visa applications. This fierce competition among employers for visas has led to a perverse effect that can force jobs overseas.¹ Students coming to the United States for school must legally attest to the fact that they will return home, essentially forcing some of the most highly educated, competitive people in the world to look outside of the United States for employment. There is an imperative for change, but the existing political reality is preventing much-needed reforms.

Reform of the immigration system will not be a simple task. Even small changes in the regulatory sphere can affect thousands of manufacturing employees and cost millions of dollars. Careful consideration also must be given to address the apprehensions of many Americans over issues such as border security. Funding for border control and the number of agents continue to increase, yet there is broad dissatisfaction with outcomes. Far from precluding reform, these concerns should spur a significant update and modification of the broken and dysfunctional immigration system as we know it today.

“Rather than making them, of talking about putting up a fence,
why don’t we work out some recognition of our mutual problems?”
— **Ronald Reagan**, candidate for president of the United States, 1980

In 2013, only 16 percent of new legal permanent residents were admitted through the employer-driven system² due to a large focus on family-based visas. Such visas are important, but the current system does not reflect employer market forces and workforce demands. Employers face extremely high barriers to welcoming additional talent from American universities, including paperwork and a process that is cumbersome, costly, time-consuming and frustrating—with no guarantees that the talent remains on our shores.

Congress and the next administration have an obligation to completely tackle this public policy challenge that is top of mind for many Americans. Manufacturers believe a grand deal for immigration reform, one that can and will put our country first, must be negotiated in 2017.



¹ <http://www.bloomberg.com/news/articles/2014-05-22/vancouver-welcomes-tech-companies-hampered-by-u-dot-s-dot-work-visa-caps>

² <http://www.migrationpolicy.org/article/frequently-requested-statistics-immigrants-and-immigration-united-states>

Three Big Trends Shaping the Immigration Landscape for Manufacturers

Trend 1: A Changing U.S. Workforce

The demographics of the United States and its workforce are changing, and the population is steadily growing. Latinos and individuals from Asia are the fastest-growing segments of the population.³ However, research from the Bipartisan Policy Center concludes, “There is no clear evidence that immigration has brought forth a decline in native-born employment or labor force participation. There has been very little divergence in the native-born and foreign-born unemployment rates, and a breadth of research indicates that immigration can be complementary to native-born employment, as it spurs demand for goods and services.”⁴

Trend 2: An Unauthorized Population Exists in the Shadows

According to a report issued by the Pew Research Center in 2015, “There were 11.3 million unauthorized immigrants in the U.S. in 2014. This population has remained essentially stable for five years, and currently makes up 3.5% of the nation’s population. The number of unauthorized immigrants peaked in 2007 at 12.2 million, when this group was 4% of the U.S. population.”⁶ Employers—manufacturers in particular—go through many hoops to ensure they are not knowingly hiring undocumented workers. But the reality is that the immigrant workforce has had success in finding opportunities not traditionally filled by native-born workers. While many members of this population segment lead stable lives contributing to the economy, their uncertain status does not create certainty for employers, employees or families. “The most important way immigrants benefit the U.S. economy, according to academic literature, is their possession of different skills and job preferences from those displayed by native-born Americans, thereby making the latter more productive.”⁷ By not permitting a segment of the population to legally work and reside in the United States, we are denying the opportunity for broader economic growth.

Trend 3: Reform Is More Challenging Than Ever

Due to legislative barriers, changes that can be made by executive orders are limited. The next administration and Congress need to be bipartisan and not let true reform wait another 30 years. The system as it exists today results in a quagmire that frustrates both employers who are not familiar with the process as well as those who continually engage in the significant regulatory morass. The limited yet complicated system drives the world’s best minds to pursue opportunities abroad. Development of a lesser skilled immigration program directly affects the unauthorized population. Border security impacts international trade. Philosophically, we have a history of welcoming immigrants, yet security threats can create a tendency toward isolationism. Manufacturers expect leaders to work through these difficult issues and develop outcomes for improvement that address security, grow the economy and reform the broken immigration system as we know it.

America’s Challenge: A Fair and Improved Approach to Immigration That Grows the Economy

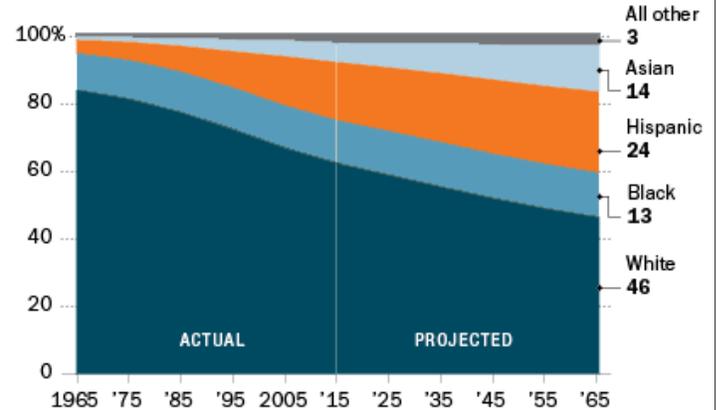
We must ensure that manufacturers have reliable access to talented individuals at all skill levels.

The Challenge

Access to talented individuals with a high-quality education and advanced skills is critical to manufacturers’ capacity for innovation and long-term business success. Companies continue to report thousands of unfilled jobs and experience multiple challenges in finding qualified people required for today’s advanced manufacturing workplaces. The technology advances and high productivity that dominate the modern manufacturing landscape demand a smart, safe and sustainable manufacturing workforce. Opportunities are available for all skill types, and employers are seeking a diverse pool of workers in order to meet current demands and needs. Employers need to know there will be people available—with all skill types—for employment today and in the future.

The changing face of America, 1965–2065

% of the total population



Note: Whites, blacks and Asians include only single-race non-Hispanics; Asians include Pacific Islanders. Hispanics can be of any race.

Source: Pew Research Center 2015 report, “Modern Immigration Wave Brings 59 Million to US, Driving Population Growth and Change Through 2065”

PEW RESEARCH CENTER⁵

³ https://www.americanimmigrationcouncil.org/sites/default/files/research/new_americans_in_the_voting_booth_the_growing_electoral_power_of_immigrant_communities_final.pdf

⁴ <http://bipartisanpolicy.org/blog/immigration-and-the-labor-force/>

⁵ <http://www.pewresearch.org/fact-tank/2016/01/27/the-demographic-trends-shaping-american-politics-in-2016-and-beyond/>

⁶ <http://www.pewresearch.org/fact-tank/2015/11/19/5-facts-about-illegal-immigration-in-the-u-s/>

⁷ http://www.manhattan-institute.org/pdf/e21_02.pdf



The Stakes

We are harming our nation's GDP and driving down competitiveness by not advancing an approach that fixes all parts of our broken immigration system. A recent study by the Bipartisan Policy Center modeled temporary worker programs with fixed numerical limits, as is current practice. The study showed, "The number of new 'replacement' workers entering the economy was unable to keep up with the decrease in the number of unauthorized immigrant workers. This reduced GDP."⁸ The same report also stated that reform to the immigration system would bring additional revenue to the economy. "Cumulative deficits would fall by nearly \$1.2 trillion over a 20-year period. About \$180 billion of this reduction would occur in the first decade, and \$990 billion in the second decade."⁹

The Solutions

Manufacturers should look toward a complete approach to reforming the broken immigration system that achieves long-lasting and structural changes to federal immigration statutes. The number of available visas and green cards should reflect market demands. Examples of needed changes include:

- Increasing the number of employment visas;
- Increasing the annual green card allotment; and
- Allowing for unused visas to "roll over" from year to year;
- Creating a functional system for lesser-skilled workers.
- Eliminating the "per-country limits" on green cards;

We must offer career opportunities to keep talent onshore and contribute to our global competitiveness.

The Challenge

U.S. colleges and universities are the best in the world, and they educate and train thousands of top minds from every corner of the planet each year. On average, 50 percent of those graduating from U.S. universities at the master's and doctoral levels in STEM fields (science, technology, engineering and mathematics) are foreign nationals. It is counterproductive to educate and train the world's great minds and then send them elsewhere to compete against us. According to a 2013 study, "International students account for 70 percent of the full-time graduate students (master's and Ph.D.s) in electrical engineering, 63 percent in computer science, 60 percent in industrial engineering and more than 50 percent in economics, chemical engineering, materials engineering and mechanical engineering."¹⁰ Of note, as part of the student visa agreement, foreign students who come to the United States are required to state that they do not intend to stay here after graduation. Sadly, our government has created a dead end for these students. This is an illogical approach if we are serious about economic growth and competitiveness and want to stay true to our nation's founding principles of opportunity and freedom.

The Stakes

Immigrants have established more than half of U.S.-based start-ups valued at \$1 billion or more,¹¹ and immigrants or children of immigrants founded 40 percent of the 2010 Fortune 500 companies.¹² Without changes to the immigration system, we are driving innovators overseas, and through inactivity in Congress, we are forcing job creation overseas.

The Solutions

Immigration reform needs to include fundamental changes in the method of determining the number of employment-based visas. Other basic solutions such as simplifying the procedures for temporary or nonimmigrant visas and allowing dual intent for foreign-born students will take a large step toward solving the problem.

⁸ <http://bipartisanpolicy.org/library/assembling-the-pieces-the-economics-of-step-by-step-immigration-reform/>

⁹ http://cdn.bipartisanpolicy.org/wp-content/uploads/sites/default/files/BPC_Immigration_Economic_Impact.pdf

¹⁰ <http://www.nfap.com/pdf/New%20NFAP%20Policy%20Brief%20The%20Importance%20of%20International%20Students%20to%20America,%20July%202013.pdf>

¹¹ <http://nfap.com/wp-content/uploads/2016/03/Immigrants-and-Billion-Dollar-Startups.NFAP-Policy-Brief.March-2016.pdf>

¹² <http://www.renewoureconomy.org/sites/all/themes/pnae/img/new-american-fortune-500-june-2011.pdf>

We must address the issue of the estimated 11 million unauthorized workers in the United States.

The Challenge

In 2014, about two-thirds (66 percent) of undocumented adults had been living in the United States for at least a decade, compared with 41 percent in 2005. A declining share of unauthorized immigrants have lived in the United States for less than five years—14 percent of adults in 2014, compared with 31 percent in 2005.¹³ Over the years, immigrants who have spent time in the United States are now part of the fabric of our society, holding jobs and sharing opportunities in a dynamic society that offers the hope of education and economic advancement.

The Stakes

Approximately 11 million unauthorized workers live in the United States, uncertain if a small fender bender or job audit will lead to deportation and separation from their families. This is also the one facet of immigration reform that causes the most controversy. The heated and emotional nature of this debate over the undocumented population makes significant immigration reform a major challenge for employers. An effective method of tackling the undocumented population issue remains a necessity for broader changes.

The Solutions

We need to reaffirm our commitment to a legal immigration system and implement a fair and effective process to address the estimated 11 million unauthorized workers living in the United States. The goal of deporting all illegal immigrants is impractical, expensive and runs counter to our highest ideals as a nation.

We must advance a rigorous and fair employment verification system to ensure employers have confidence in hiring workers.

The Challenge

The 1986 passage of the Immigration Reform and Control Act made it illegal, for the first time ever, to hire an unauthorized worker. Since that time, employers have had to try to verify that the workers they hire are eligible for employment in the United States. In 1997, the federal government instituted an E-Verify pilot program. This program determines workers' eligibility by comparing information from an employee's I-9 form to data from U.S. government records. Over time, this program was mandated for use by all government contractors. Soon certain states started to mandate it, and many companies started to voluntarily adopt the practice. However, with no functional system in place that enables employers to recruit and employ lesser-skilled foreign workers, identity theft among recent immigrant populations is significant. Furthermore, many small businesses and businesses that manage employees in the field need access to a more portable system.

The Stakes

Employers want to know they are hiring a legal, stable workforce. In recent years, employers have become targets of immigration enforcement efforts,¹⁴ causing not only significant investments in private verification systems, but also a distrust of government policies that can be applied in a seemingly inconsistent manner. In addition, the patchwork of state-level verification requirements only increases costs, confusion and uncertainty.

The Solutions

Compliance and enforcement mechanisms should respond to illegal use by bad actors. Employers need a reliable, accurate and efficient employment eligibility verification system that also provides fair enforcement of the laws. A federal verification system should preempt state laws regarding verification and limit employer liability. Abuse of the legal immigration system should be addressed in a manner that allows for the appropriate punishment of bad actors without structurally damaging programs for the use of compliant companies.

“Lost amidst the national debate on immigration reform is the critical fact that we need to attract workers from abroad to maintain the long-term growth of our labor force. U.S. fertility rates are right at population replacement levels, and labor force participation has been in decline since the 1970s. Thus, without immigration, we are headed toward a stagnant or even declining labor force in the not-too-distant future, with dire implications for economic growth. Getting immigration right is an economic imperative for the 21st century.”

— Scott Clemons, chief investment strategist, Brown Brothers Harriman

“The Unsung Economics of Immigration,” Guest Commentary, *Forbes*, September 2014

¹³ <http://www.pewresearch.org/fact-tank/2016/11/03/5-facts-about-illegal-immigration-in-the-u-s/>

¹⁴ <http://www.laborlawyers.com/immigration-enforcement-continues-to-target-employers-part-2>



We must implement a workable border security plan that improves safety and security at border crossings.

The Challenge

Without a functional system regulating immigration of lesser-skilled workers, the government does not know who is within our borders. It cannot monitor those who are off the grid, creating security and employment risks. In addition, employers who have valued workers and wish to ensure stability and sponsor them for permanent residency cannot do so. The United States needs to more closely manage its immigration pipeline in order to avoid illegal activity and reduce growing risks.

The Stakes

There is currently no method for employers to hire lesser-skilled foreign-born employees who do not already have a visa through an alternate method of immigration. Employers can sponsor more highly educated people with advanced skills, agricultural workers or seasonal workers. A foreign national who wants to come to the United States to work cannot “go to the back of the line.” There is no line to immigrate to the United States. Construction workers, HVAC technicians, plumbers, meatpackers, welders and other skilled workers have no means to legally join the workforce where jobs are open and available.

Having no legal method of entry encourages illegal immigration and identity theft. It places hard-working immigrants and employers at risk. Furthermore, many immigrants may desire shorter-term employment and want to return to their home countries. The current system makes it nearly impossible for that type of circular migration. It also does nothing to ensure that American workers are considered for those jobs before looking to an immigrant worker. Addressing the gaps in the immigration system will make significant strides toward fortifying domestic security.

The Solutions

A structured and formal lesser-skilled immigration system would strengthen border security by discouraging undocumented immigrants looking for work from coming to the United States. The work currently being filled by undocumented workers should first default to American workers and then be filled through a formal process that allows for robust documentation with the goal of providing stability for the worker and the employer.

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THE UNITED STATES WINS WHEN WE LEAD

Conclusion

The United States continues to be a country built by immigrants and a place for immigrants, more than anywhere else in the world. The current dysfunctional immigration system is hurting the economy, damaging growth and breaking up families. Since the system is broken, it is the job of those who lead the country to address these issues head-on and fix the system. The president has limited power to change the immigration system alone and must work hand-in-hand with Congress to create an immigration system that is reflective of the 21st-century workforce, the demands of a modern manufacturing economy and the need to generate widespread prosperity for all Americans. A working immigration system will put our country first.

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