EXECUTIVE SUMMARY

Immigration is a dynamic force in our society and economy. For decades, immigration has helped fuel America’s entrepreneurial spirit. However, immigration policy has long been a battleground of competing interests, and its administration has been woefully ineffective.

Our current immigration policy does not adequately address our economic future, and its administration is marked by inefficiency, delay, and frustration. The policy fails to meet the demands of a global marketplace that rewards mobility and skills. CED recognizes that increases in immigration are no panacea for the problems of an aging population and cannot replace basic education and training as the source of a skilled workforce. But an efficient and flexible immigration system can help us confront the economic challenges ahead.

FINDINGS

• **The markets for skilled labor have been very tight in recent years, and the demand for skilled workers will grow rapidly.** Due to an extraordinarily robust economy and a rising demand for skills, employers in many industries have faced worker shortages. The relative wages of skilled workers have risen rapidly, and occupations that require at least an associate’s degree are projected to grow twice as fast as total employment during 1998-2008. [p. 4]

• **Today’s admission system places too little emphasis on meeting the nation’s present and future needs for skilled workers.** The current system fulfills our commitment to family and humanitarian principles, but about 80 percent of legal immigrants face no skill requirements. [pp. 7, 18]

• **Highly skilled immigrants provide important benefits to the U.S. economy.** The overall net economic benefit to the United States from immigration is positive but small, but high-skill immigrants produce disproportionately large benefits. Low-skill immigrants contribute economically, but also depress the wages of poor, low-skill native workers and place a significant fiscal burden on some state and local governments. [p. 12]

• **Illegal migration presents serious economic and social problems.** Unauthorized workers make major economic contributions in agriculture, services, and other sectors. But they typically have little education, and they and their children face formidable difficulties in assimilating to American society. [pp. 13, 28]

• **Backlogs and delays in admitting foreign workers reveal failures in immigration administration and management.** The full process of approval for a foreign permanent worker now takes two to ten years, and as much as half the annual allotment of such visas is unused due to such delays. There is a backlog of over one million total “green card” applicants attempting to adjust to permanent status. Workers, employers, and the economy suffer from the uncertainty and delay caused by these bottlenecks. [pp. 20, 24]

• **Failures in the administration of the permanent visa system have distorted and burdened the temporary visa system.** The H-1B temporary specialty worker visa has now become the backdoor entry for permanent admission. Rapid increases in the H-1B admission ceilings, while alleviating immediate hiring problems, will place intolerable strains on the system in the future. [p. 21]
MAJOR RECOMMENDATIONS

CED recommends an integrated approach to the reform of immigration policy and administration that places greater emphasis on labor market skills. The recommended actions would increase the efficiency and flexibility of the system, while preserving America’s dedication to family reunification and humanitarian admissions. We address five general themes:

(1) Broden the Skill Base [p. 30]
- Double the current 140,000 limit on skill-based, permanent employment visas.
- Do not reduce the limits on the core family-based classes of admission.
- Impose flexible country limits on visas for permanent employees, giving preference to under represented countries and to graduates of U.S. educational institutions after country limits have been met.
- Require college degrees for admissions of non-immediate family (siblings and adult children) as well as for applicants to the diversity lottery.
- Make authorized work status a basic labor standard, but recognize that the effective reduction of unauthorized employment requires a comprehensive approach that addresses the fundamental causes of the problem.

(2) Restructure the Administration of Immigration [p. 32]
- Congress and the new Administration should act immediately to comprehensively restructure the management of immigration.
- The new administrative structure should separate the enforcement of immigration laws from the delivery of immigration services, whether in an independent agency or within the Department of Justice. The authority and policymaking capacity of immigration officials should be consolidated and elevated.
  - The INS and other agencies should collect user fees that cover at least the cost of services and that can be used only to fund delivery and improvement of those services.

(3) Rationalize the Admission of Permanent Workers [p. 33]
- Replace employer certification for admission of permanent employees with an attestation requirement. Admission should require weeks, not months or years. Small random audits of attestation, as well as of employers and visa holders during the first year of employment, would strengthen accountability.

(4) Rationalize the Admission of Temporary Workers [p. 35]
- Reduce the term of the H-1B visa to three years and require that the worker demonstrate intent to return home. This would restore the temporary nature of this program.
- Auction additional H-1B visas if strong demand for temporary foreign labor results in a number of petitions that exceeds the statutory annual cap.

(5) Create Mechanisms for Flexible Policies [p. 37]
- Congress should require its own review of immigration policy and administration at least once every three years.
- Congress should also create a standing Advisory Board to analyze immigration issues and inform congressional review.