

The H-1B Visa Program

Policy Brief

The H-1B visa is an important legal immigration program that addresses critical workforce needs, strengthens the economy, and benefits Americans—but it shouldn't be the only option for highly educated and skilled immigrants to stay and work in the U.S. Expanding the H-1B program, as well as expanding legal immigration avenues on the basis of education and skills would address many of the challenges facing the H-1B program and ensure that the U.S. can [win the global race for talent](#).

1. U.S. employers use H-1B visas to hire highly educated workers for specialized roles in important industries

The modern H-1B visa program was established under the [Immigration Act of 1990](#). Congress created the visa for immigrants who come to the U.S. temporarily to work in a “specialty occupation,” [defined](#) as a job that generally requires a bachelor’s degree or higher and the “theoretical and practical application of a body of highly specialized knowledge.”¹

Today, U.S. businesses employ workers with H-1B visas in a variety of occupations and industries. The majority of H-1B visas (65% in 2023) are issued for “computer-related” jobs, such as computer scientists, engineers, or analysts. Nearly half of H-1B sponsoring employers (48% in 2023) are in the “professional, scientific, and technical services” sectors, [according](#) to U.S. Citizenship and Immigration Services.

However, employers in other industries, like manufacturing (10%), educational services (8%), and healthcare and social assistance (5%), also hire workers using H-1B visas. For example, the H-1B is the primary visa option for [foreign-born physicians](#) to practice in the U.S. Nonprofit and governmental research organizations also hire workers with H-1Bs to support research efforts—their contributions are so important that Congress exempted these employers from the annual cap and the lottery.

H-1B workers are [well-paid](#) and highly educated. By law, H-1B employers must pay at least the “prevailing wage,” the average wage paid to similar workers in the same geographic area, though [most employers pay more](#). In 2023, the median wage for H-1B workers was \$118,000, on par with [the 90th percentile](#) (\$121,000) of all U.S. wages.

H-1B visa holders are required to hold at least a bachelor’s degree or equivalent education and training. [According to USCIS](#), more than a quarter of new H-1Bs issued in 2023 went to people with a master’s, doctorate, or professional degree.²

2. The H-1B visa program is hugely important and beneficial to the United States

FWD.us estimates that there are as many as 730,000 H-1B holders within the U.S., and an additional 550,000 dependents (like spouses and children), representing nearly 1.3 million U.S. residents. Together, H-1B holders and their spouses³ contribute \$86 billion annually to the U.S. economy and pay approximately \$24 billion in federal and payroll taxes, as well as \$11 billion in state and local taxes each year. H-1B holders also contribute to their local economies; for example, H-1B holders own 300,000 homes and nearly 1 million vehicles.⁴

By helping fill critical positions that require specialized skills, the H-1B visa program allows U.S. businesses to continue [operating and growing](#) in the U.S., which in turn [creates more jobs](#), [raises wages](#), [boosts productivity](#), and [increases prosperity](#) throughout the economy. If employers cannot fill these critically needed roles, many will [move hiring and production offshore](#) to other countries.

H-1B workers [do not harm U.S.-born workers' employment or wages](#), and [restricting H-1Bs does not benefit Americans](#). The program includes numerous oversight measures to prevent employers from misusing the system to undercut U.S.-born workers, some of which were strengthened further through [the H-1B Modernization Rule](#) published in January 2025.

The H-1B visa is a vital recruitment tool for workers with high levels of education and skills, particularly [specialized STEM skills](#) that are relevant to critical and emerging industries like [semiconductor manufacturing](#) and [artificial intelligence](#). As discussed below, H-1B is the primary avenue for international graduates of U.S. colleges and universities to stay and work in the U.S.

Because the U.S. does not have a dedicated visa category for entrepreneurs, many foreign-born founders, especially in technology sectors, start their own companies while employed on H-1B visas. More than 50% of startups valued at \$1 billion or more have [at least one immigrant founder](#), creating an average of 760 jobs each. Without H-1Bs, many of these founders would have been forced to leave the U.S. and start their companies elsewhere.

3. H-1B visas are difficult to obtain, regardless of qualifications

Immigration laws set an annual cap of 65,000 new H-1B visas that can be issued each year, plus an additional 20,000 that are available only to those who have advanced degrees from U.S. colleges and universities. The annual cap is the same as it was in 1990.⁵

With the number of requests to sponsor H-1B employees reliably exceeding the annual cap each year, a random lottery is conducted to select those who will be invited to apply for a visa. Since 2014, the cap has been exceeded within days of filings opening. For fiscal year 2025, approximately [442,000](#) people registered for the H-1B lottery in just three weeks, vying for the pool of 85,000.⁶ An individual's qualifications have no impact on their likelihood of being selected.

Someone seeking an H-1B visa must generally be sponsored by a U.S. employer. The employer files a [certification](#) with the Department of Labor that the employee will be paid the same or greater than

similarly qualified workers and will not be used to displace U.S.-born workers. They also file a [petition](#) with U.S. Citizenship and Immigration Services demonstrating that the job meets the definition of “[specialty occupation](#)” and that the employee meets the education requirements. The employee must also be approved by the State Department for a visa after passing requisite background and national security checks.

Employers pay high prices to hire through H-1B. Filing an H-1B petition costs about \$3,000; along with attorney fees and other expenses, costs can reach nearly \$10,000 per employee. In addition to processing and fraud prevention, H-1B employer fees have also helped fund [billions of dollars](#) in college scholarships and K-12 science education training and support programs.

4. H-1B’s limitations are a challenge to retaining top talent in the U.S., including international graduates

While H-1B was originally intended to fill short-term hiring needs, the program has become the primary entry point for workers with specialized skills, including international student graduates, and highlights the need for new immigration pathways to recruit and retain top talent to the U.S.

In 2023, half of new H-1B visa approvals were for people who were already present and working in the United States; of that group, nearly three-quarters (72%) were previously international students at U.S. colleges and universities, [according to USCIS](#).

Unlike many other countries, the U.S. does not offer a dedicated work permit or a permanent residency pathway to retain international student graduates and other highly skilled workers. There are skills-based green card pathways, but because of low annual caps and extensive backlogs, especially for [people from high-sending countries](#) like India and China, these take years to complete and are not viable for employers who need to hire immediately. Most highly skilled workers and graduates who want to stay and work in the U.S. long term will need to secure a temporary H-1B first, so they can begin working in a legal status while they “get in line” for a green card.⁷

However, the H-1B program was never designed to be a talent retention program. It is too small, narrow, and outdated to effectively manage all of our skilled immigration needs, and these challenges can actually hold us back in the global race for talent.

One of the biggest challenges is the low annual cap. With more than 400,000 people being registered in the lottery each year, the chances of being selected are less than 20%. And in recent years, nearly half of registrations have been for workers with advanced degrees from U.S. institutions. This means that each year, hundreds of thousands of international graduates with master’s and PhDs from U.S. colleges and universities are shut out of the program before they can even apply.⁸ Many are already working through [Optional Practical Training](#); if they cannot secure a visa, they have to leave their jobs and the U.S.

Even if they win the lottery, H-1B status has significant limitations for visa holders and their employers. It is very difficult for visa holders to change their employer, location, or their job, including getting a promotion.

Though they must renew their H-1B visa regularly, travel outside of the U.S. can be difficult and risky. Their spouses can [apply for work authorization](#) only in limited circumstances, and their children can [age out of status and face deportation](#) if they turn 21 before the green card process is completed.

Things are even more challenging for visa holders who hope to stay in the U.S. permanently. As more people enter the H-1B program, the pool of those in “temporary” status with limited agency increases significantly. But the number of available green cards is fixed by law and has not changed since 1990, so there will always be more people “getting in line” than getting out, and wait times get longer and longer.

5. Legislative and policy changes would strengthen the H-1B program and increase retention of top talent

H-1B reform should focus on increasing our ability to win the global race for talent by modernizing the program and relieving pressure through alternative avenues.

The simplest fix would be to simply raise the annual cap, as Congress did temporarily in the early 2000s. Congress could exempt priority immigrants, like advanced degree graduates from U.S. schools, from the caps so they do not have to go through the lottery. (Similar exemptions are already in place for employees of nonprofit and government research institutions.)

Congress should also create alternative pathways targeted specifically at recruiting and retaining graduates and STEM experts, thereby moving them out of the H-1B process. This should include a true post-graduation work visa option for international students to begin their careers in the U.S., separate from training programs like OPT, as well as a dedicated green card option on the basis of a U.S. education.

Similar visa options should be established for STEM experts seeking to work in industries critical to [national security and global competitiveness](#), and for entrepreneurs ready to launch new companies and create jobs in the U.S.

The full success of long-term pathways will depend on addressing the excessive green card backlogs, either by [eliminating them](#) or by reducing them significantly, such as by exempting priority immigrants and derivatives from the annual numerical limits. But anything that ensures that our ability to recruit is not left up to chance by the H-1B lottery, and relieves pressure on that program so it can return to its originally intended purpose, would be an improvement.

Congress should also ensure that integrity measures intended to protect U.S.-born workers are up to date, as well. This should include raising the [wage floor](#) from \$60,000 to at least \$100,000. New measures are needed to prevent [foreign-based outsourcing companies](#)—which pay much lower wages, are more dependent on H-1B workers, and sponsor many fewer green cards—from abusing the program.

Congress should also give H-1B visa holders more agency and protection by making it easier for them to change jobs or employers, pass bipartisan legislation to protect children of immigrants in backlogs from aging out, and strengthen access to work authorization for spouses so they can support their families and contribute to their communities while navigating the legal immigration process.

Endnotes

1. The visa is also available for people working on special Department of Defense projects, as well as certain fashion models.
 2. H-1Bs are “nonimmigrant,” or temporary, visas, typically valid for three years. They can be renewed once. People sponsored for a green card can remain beyond those six years.
 3. Dependents of H-1B visa holders, such as spouses and minor children, can be issued H-4 visas.
 4. Estimates are based on FWD.us’ [methodology](#) for assigning immigration status to respondents in the 2023 American Community Survey, with economic contributions representing aggregate income after the payment of taxes.
 5. Congress increased the cap to 115,000 for 1999 and 2000, and up to 195,000 for 2001, 2002, and 2003. However, Congress failed to renew the increase, so the cap returned to the 65,000 baseline in 2004, and has remained there ever since. The 20,000 cap for advanced degree holders was added in 2006.
 6. As mentioned above, some employers are exempt from the annual caps—mostly nonprofit and government research organizations.
 7. There are also some other temporary work programs, like the J-1 “exchange visitor” or O-1 “extraordinary ability” visa, but these have been [historically underused](#), have strict eligibility requirements, and have their own limitations.
 8. Proposals to award H-1Bs on the basis of wage levels, which are determined in part by work experience, would make it even harder, likely impossible, for many recent graduates to ever secure a visa.
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