

# The H-1B Visa is Critical to American Competitiveness

## *Innovation Ban: What to know about the proposed \$100,000 fee for H-1B visas*

### The Issue

- On September 19, 2025, President Trump issued a [proclamation](#) implementing a \$100,000 fee on all new H-1B visa applications and renewals.
- There has been a tremendous amount of conflicting information and confusion surrounding this policy rollout, including a lack of clarity regarding who will be impacted and when it will go into effect. H-1B visa holders abroad scrambled to return home to the U.S., while others got off airplanes before takeoff to avoid being stranded at U.S. airports.
- The proclamation unlawfully invokes [Section 212\(f\)](#) of the Immigration and Nationality Act (INA) as the authority for the President to levy this fee, framing it as an entry ban for H-1B visa holders.
- A \$100,000 fee on H-1B visas is unlawful. It exceeds the limits of how a 212(f) entry ban can be applied, and it violates the Immigration and Nationality Act's allowance for reasonable fees.
- The harm and confusion of this order led to substantial pushback. The administration seems to want to alleviate concerns, but the core issues with the proclamation remain: [this \\$100,000 fee is a massive, unlawful tax on and threat to American innovation, American jobs and America's ability to attract talent from around the world.](#)
- For years, FWD.us and others have been working to reform our immigration system, including addressing inefficiencies with the H-1B visa program. Implementing a \$100,000 fee for H-1B holders is not a solution in any sense. This action will only serve to cut off our talent pipeline, effectively ending a program that is the backbone of our ability to economically compete in the 21st century, and ultimately hurt American workers by pushing jobs and innovation offshore.

## Why This Matters

- **The H-1B program is a [central component to America's talent pipeline](#).** For decades, the H-1B program has enabled U.S. companies, research institutions, and religious organizations to fill critical roles that cannot be met in the domestic labor market otherwise. Roughly 85,000 new visas are granted annually through the lottery system to corporations. Colleges, universities, and research institutions also rely on H-1B workers. More than 700,000 H-1B holders are currently working across the country. Their contributions drive innovation, strengthen the economy, and support job creation for U.S.-born workers.
- **The consequences would be devastating for job creation, businesses, and research.** If implemented, this tax would effectively eliminate the ability of many companies, particularly startups and small businesses, to use the H-1B program. Even large corporations would likely be forced to shift jobs to other countries to avoid having to pay this new and prohibitive cost. Research universities and government labs, which rely on H-1Bs for postdoctoral talent, would be forced to abandon critical projects without the ability to absorb these impossible costs. This is not a targeted adjustment on the H-1B visa. It is a sweeping tax on innovation.
- **The new policy creates chaos and destabilizes hundreds of thousands of families.** Beyond businesses, more than 500,000 family members of H-1B visa holders live in the United States today. In the hours following the order, H-1B holders abroad dropped everything to ensure they would be able to return home to the U.S. Uncertainty about whether current visa holders are exempt from the fee has created panic and fear, destabilizing communities and workplaces across the country.

## How Should Businesses and Higher Education Institutions Respond?

- **Affirm that this innovation ban is the wrong approach.** Leaders in the business and higher education sectors must speak up about how a \$100,000 fee is designed to effectively eliminate the H-1B program.
  - Be clear about the vast benefits the H-1B visa has to the United States, including that these visas create jobs for U.S.-born workers, raise wages, and spur innovation.
- **Share alternative policy reforms that would make a positive impact on our ability to compete in the global economy.** A simple approach to raise the wage floor to at least \$100,000 and index it for inflation would not only protect Americans from displacement but also ensure more visas are going to the most valuable work.
- **Learn more about H-1B visas** and why all Americans will be better off if we build an immigration system to win the Global Race for Talent. Read our [H-1B policy brief](#) and the [policy goals](#) that will help us win the Global Race for Talent.

## H-1Bs and Retaining International Talent Benefits All Americans

H-1B workers fill critical positions that require specialized skills, allowing 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.

- 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. In fact, without the ability to hire workers on H-1Bs, companies would likely move jobs off-shore, which would consequently reduce job opportunities for Americans. As noted above, off-shoring jobs is also a likely outcome of the \$100,000 fee.
- The H-1B helps us recruit workers in specialized fields and emerging technologies like artificial intelligence, semiconductor manufacturing, 5G, and biotechnology. Being able to create these technologies at home improves our national security and protects us against economic risks like the semiconductor shortage that occurred during the COVID-19 pandemic.
- Together, H-1B holders and their spouses [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.

## Instead of an Innovation Ban, We Need Smart Policy Solutions that Help America Compete

For decades, the United States has been the top destination for the world's best and brightest talent. However, our failure to expand and modernize our immigration system to retain that talent imposes unnecessary limits on our potential, and is now putting that important competitive advantage at risk.

- **Improving the H-1B Visa:** H-1B visa reform should focus on improving our ability to win the global race for talent by modernizing the program and relieving pressure on the system by creating alternative avenues for talent. In particular, Congress should raise the annual cap on H-1Bs, exempt advanced degree graduates from U.S. schools from the lottery, raise the wage floor, and create new visa pathways for international student graduates and STEM experts.
- **Retaining International Students:** The United States has led the world in higher education for more than a century and today, [more than one million international students](#) are enrolled at U.S. colleges and universities. Right now, options are limited for international students to stay in the U.S. after earning their degree. A \$100,000 innovation tax makes this even more difficult. To maintain our competitive edge, we must improve pathways for international students to study and work in the U.S.

- **Growing our STEM Workforce:** To protect our national security, ensure leadership in the industries of the future, and bring manufacturing back to America, the U.S. will need to grow its STEM workforce, including [significantly expanding legal immigration pathways](#). Retaining 100,000 more international students each year would add [up to \\$233 billion](#) to the U.S. economy and reduce STEM-related talent shortages by about a quarter.
- **Expediting Immigration for Highly Skilled Workers:** Growing backlogs and lack of pathways [make the U.S. less attractive to global talent](#) and are driving highly skilled workers already in the U.S. to leave for better opportunities. The U.S. should invest in more streamlined immigration pathways for international students and immigrant STEM workers including updating [Schedule A](#), establishing direct pathways to permanent residency for American-educated students, and formalizing optional practical training (OPT). Read more in [Retaining International Student Graduates: 5 Policy Proposals for Congress](#).

**America should be building an immigration system that strengthens our economy and workforce, not dismantling one of the few tools we have to attract and retain global talent. We must continue to fight for an immigration system that will keep the U.S. competitive in the 21st century.**

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