

VISA LABOR CAPS



**POLICY
PRIMER**



INTRODUCTION

Labor shortages have been plaguing the United States in a variety of industries, limiting consumers access to the services they need. This has been particularly problematic in the healthcare industry where it is expected that up to 47% of workers are planning to leave their job within the next three years. These shortages are felt across a wide array of industries including tech and manufacturing, indicating a clear and present need for more skilled workers in order to meet consumer demand.

Although there are plenty of skilled workers internationally who are willing to come work in the United States, visa labor restrictions and caps prohibit these workers from emigrating and helping fill the labor gap. Retrogression – a process that occurs when an annual visa limit is approaching and that delays visa processing for qualified international workers – makes it more difficult to meet America’s labor demand.

HOW CONSUMERS ARE IMPACTED

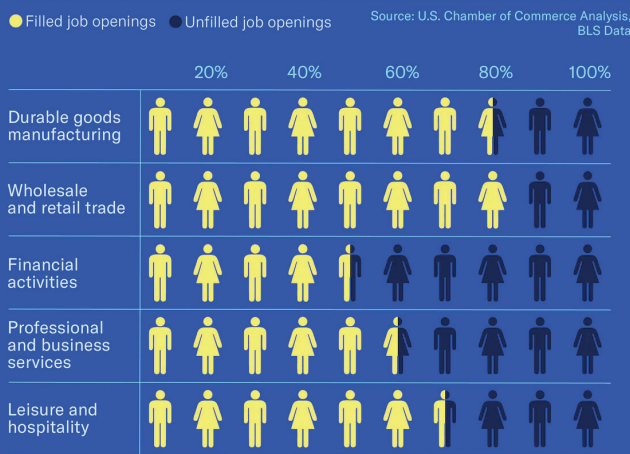
In general, consumers feel the effects of labor shortages throughout the United States through both inflated prices and a lack of access to the goods and services they need.

The healthcare industry has been particularly affected by what is now known as the 'Great Resignation,' in which almost half of US healthcare workers have sought out new jobs. With lingering strains on the healthcare system due to the Covid-19 pandemic, consumers and patients will suffer limited access to their healthcare providers and skyrocketing prices for their services. In reality, understaffing in healthcare

means (even) longer wait times in emergency rooms and urgent care facilities, as well as for crucial services like imaging, labs, exams, and routine or surgical procedures. When their health and wellbeing is on the line, consumers and patients deserve to have access to quality care without delay.

Healthcare is not the only area where a shortage in skilled workers is harming consumers. According to the [US Chamber of Commerce](#), industries ranging from manufacturing, to financial services and STEM are also in a precarious position due to visa caps and labor shortfalls. The result is demand outpacing production, leading to limited available goods on store shelves, higher prices and longer wait times for services. When companies can't secure the skilled workers they need, consumers are the hardest hit.

Labor force shortage by industry
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WHAT FUELS THE SHORTAGES

The key factor fueling US labor shortages is the arbitrary caps and quotas placed on employment-based visas granted to international skilled workers.

According to [US Citizen and Immigration Services](#), approximately 140,000 immigrant visas are available each fiscal year for noncitizens (including their spouses and children) who seek to immigrate based on their technical skills. Instituted in 1990, these visa quotas have seen minimal updates to reflect the modern US economy, which has more than tripled in size from about \$6 trillion in 1990 to almost \$21 trillion



in 2023.

Despite the visa cap being set at 140,000, it has been shown that 65,000 available employment-based visas remained unused at the end of FY 2021 due to capacity constraints in processing applications. This problem of untapped work visas has compounded over time. For 72 of the 96 years between 1922 and 2017, the U.S. government has issued fewer employment-based visas than were allocated under the cap. The result is an estimated 4.5 million unused employment-based visas during that time period.

Other factors that fuel labor shortages include the complexity, time, and financial burden associated with applying for and securing an employment-based visa. Applicants must be extremely diligent when filling out forms and adhering to deadlines, or risk denial. The application and approval process can take 1-3 years, and due to capacity constraints on US Citizenship and Immigration Services, there are often application backlogs that can add additional years onto the process. Applicants from countries such as the Philippines, who have a large population of nurses looking to help fill the healthcare shortage in the US, are facing the adverse effects of the [backlog](#) with countless months added to their wait time for pending applications.

This backlog is compounded by retrogression, which occurs when the fiscal-year limit for a specific type of visa is reached. As a result, workers seeking to come to the US face increased delays regardless of the US labor shortage and despite many visas going unissued in previous fiscal years. Earlier this year the State Department enacted retrogression by establishing the EB-3 final action dates for Rest of World countries, Mexico, and the Philippines to keep number use within the FY 2023 annual limit. As a result, even fewer workers from these countries in need of EB-3 visas will be coming to the US anytime soon - despite the need for their labor.

Finally, the process [can cost](#) thousands of dollars in administrative, processing, biometric, and legal fees, further reducing the pool of available talent.

BRIDGING THE LABOR SHORTAGE GAP

In order to mitigate the repercussions consumers face from labor shortages, the US should increase the number of visas granted to skilled workers from around the world who are eager to help fill the gap. This would be a dramatic windfall for the healthcare industry and all who depend on them, in addition to the tech, manufacturing, and financial services sector which would all benefit as well. As a consequence, the number of visas granted should be consistent with economic demand, meaning the visa cap should be significantly increased from 140,000 annually to at least 420,000.

In addition to increasing the amount of employment-based visas issued per year, the US should utilize all unclaimed visas from previous years to bridge the gap as quickly as possible, thus ensuring that future labor shortages cease to negatively impact American consumers. This will help deter retrogression and unnecessary barriers to addressing the country's labor shortages.

Artificial constraints that limit US Citizenship and Immigration Services should be removed and the application process streamlined to relieve significant backlogs that prevent international skilled workers from entering the US labor market as they're needed. By streamlining the process, policymakers can reduce the burden placed on applicants, and reestablish the US as the most attractive country in the world for skilled workers.



CONCLUSION

Labor shortages in the United States are a serious concern that must be addressed. As the US pushes toward a full economic recovery post-pandemic, it is imperative that skilled workers be granted access to meet consumer demand. Policymakers should reexamine current employment-based visa quotas and reform processes with an eye toward filling the labor gap as quickly as possible and deterring visa retrogression.

By increasing the number of employment-based visas granted annually and leveraging unused visas from previous years, the US could rectify labor shortages, increase economic output, and ensure that American consumers have world class access to the highest quality goods and services they both need and enjoy.



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