Examining Proposals to Create a New Commission on Employment-Based Immigration
Executive Summary

The inability of Congress to pass comprehensive immigration reform legislation in 2006 and 2007 has led some to propose a radical change to immigration policy in the form of a commission to set and regulate the annual admission of low- and high-skilled temporary workers and employer-sponsored immigrants (green card holders). There is no evidence such a policy change would solve the political problems that prevented immigration reform legislation from becoming law or that such a commission would be capable of setting appropriate admission levels so U.S. employers can gain access to talent and create more jobs and innovations inside the United States. The main proponents of a commission – the AFL-CIO and Change to Win (endorsing a proposal by Former Secretary of Labor Ray Marshall and the Economic Policy Institute) and the Migration Policy Institute – actually offer diametrically opposite views on what a commission might accomplish. The former seeks to restrict the flow of foreign labor into the United States while the latter hopes to provide greater access.

Both proposals leave many questions unanswered, including a clear definition of the mission of a commission, the structure and accountability of a commission and the methodologies by which a commission will determine which mix of labor skills, quotas and policies are in the best interest of the U.S. economy. To date, no one has made the case that a commission would not become a new set of obstacles employers must overcome to hire foreign nationals. Even worse, a commission could be an irreversible policy change that threatens to end American companies’ access to highly educated professionals. The commission concept put forward by Marshall would establish an entirely new – and formidable – threshold to be passed before employers could hire foreign workers. Marshall advocates that a commission must find a “certified labor shortage” in an individual’s occupation before one could be admitted on an employer-sponsored temporary visa or green card.

Under the leading proposals, a commission’s annual recommendations would have the force of law unless Congress passed a bill to stop or block the recommendations. If Congress establishes a commission with essentially legislative powers, then Members of Congress would have created a new power center in Washington, D.C. whose authority, in many respects, will rival their own on immigration policy.
Employers would see the most glaring flaw in these proposals as the empowerment of a small group of people to overrule the hiring decisions of thousands of employers. Any attempt to micromanage which foreign-born professionals can be hired is likely to be problematic, since employers do not hire people in the aggregate, in general or economy wide. Businesses engage in ongoing recruitment that identifies individuals who will enable a company to compete better in the domestic or global economy. No small group of people, regardless of their backgrounds, could know how many of such individuals, or which qualifications, U.S. companies as a whole require in a given year.

To focus more attention on this issue, the American Council on International Personnel (ACIP) has posed in this policy paper a series of questions about a commission that employers and policymakers must confront before supporting such a significant, possibly irreversible, and fundamental change in U.S. immigration policy. In conclusion, ACIP recommends that if Congress decides to establish a commission, it should be in a clearly defined and time-limited advisory capacity.
Introduction

It is widely acknowledged that no one is satisfied with the current U.S. immigration system, the basic structure of which has not been fundamentally altered in nearly 20 years despite tremendous changes in the economy, technology and transportation.\(^1\) Today, workers and employers face unprecedented opportunities and challenges arising from the global economy. In the United States, Congress retains the authority to increase or decrease the level of temporary and permanent visas available for employment purposes and to establish criteria that employers and foreign nationals must meet. The appropriate level and mix of employment-based visas has become one of the issues at stake in the debate over comprehensive immigration reform.

A concept that recently has emerged in this debate is that of establishing a commission to set the limits and conditions for the entry of skilled and unskilled foreign-born personnel, including highly educated professionals sponsored for employment on H-1B and L (intracompany transferee) visas, as well as green cards. Some believe that a commission would be better suited than Congress or employers to determine the mix of skills, quotas and policies that will optimize the role of foreign labor in the U.S. economy.

While there may be a role for a commission in comprehensive immigration reform, ACIP believes the leading proposals leave a number of important questions unanswered. Unless and until we are convinced that a commission can regulate the employment-based visa system more effectively and efficiently than Congress, we should be cautious about the powers that would be given to this new authority.

What Is the Mission of a Commission?

The primary proposal for a commission to regulate temporary and permanent employment-based visas has come from an endorsement of the concept by the AFL-CIO and Change to Win in the press statement, “The Labor Movement’s Framework for Comprehensive Immigration Reform.” The press release states the commission proposal “was developed in consultation with Former Secretary of Labor Ray Marshall and the Economic Policy Institute.”\(^2\)
In *Immigration for Shared Prosperity*, Marshall elaborates upon the commission idea:

The United States should create an independent Foreign Worker Adjustment Commission [FWAC] to assess labor shortages and determine the number and characteristics of foreign workers to be admitted for employment purposes. The commission should be led by members appointed to long, non-renewable terms. They should oversee an expert staff of economists, demographers, statisticians, and immigration experts who would work with other agencies as appropriate to determine the need for foreign labor based on analyses of domestic labor supply and demand of workers with appropriate skills and training. The FWAC would recommend employment-based immigration levels, which would become law if Congress did not reject them.³

Marshall argues a commission should “set the conditions and numbers of the various visa categories” and could eliminate entire categories of visas.⁴ He believes this authority is needed because “[e]mployers have been able to ‘game’ the system to get the foreign workers they prefer.” He also contends that temporary visa holders are essentially “indentured” workers.⁵ Marshall concludes that temporary visa categories for employment purposes should be reduced or eliminated and that permanent and temporary visas should only be available where there is a “certified labor shortage.”⁶

Whereas Marshall asserts, in essence, that a commission is needed to prevent foreign labor from entering the country and harming domestic workers, the other leading proponent of a commission, the Migration Policy Institute (MPI), argues a commission is necessary because immigration is a “strategic resource” important to American competitiveness. The authors of an MPI paper, *Harnessing the Advantages of Immigration for a 21st-Century Economy: A Standing Commission on Labor Markets, Economic Competitiveness, and Immigration*, write:

If U.S. firms and the broader U.S. economy are to thrive in a completely unforgiving 21st century globalized economy, labor market immigration must be viewed as a strategic resource that if carefully managed can meet labor market needs while protecting U.S. wages and working conditions, and support economic growth and competitiveness.⁷

The mission of both the Marshall and MPI commissions would seem to determine which foreign workers are in the national interest – a role traditionally left to Congress acting in consultation with their constituents, including employers and organized labor. However, because Marshall and MPI present such different rationales and put forward such opposite perspectives on what this new body would accomplish, it is important to question what the real purpose and outcomes of any commission might be. Would a commission be restrictive or pro-immigration? What methodologies would they use to determine what is in the national interest –
examining data, holding public hearings or meeting with stakeholders? What can Members of Congress, the business community or the general public really expect from a commission?

**What Is the Structure of a Commission?**

How a commission might interpret and implement its mission will be influenced by its underlying structure – the mix of political and non-political appointees, their terms of office, to whom they are accountable and the manner in which Congress and/or the President consider(s) and/or adopt(s) their recommendations.

In *Immigration for Shared Prosperity*, Marshall writes, “The chair and four other members would be chosen by the President, and remaining members would be chosen one each by House and Senate Democratic and Republican leaders.” (Some have argued such an appointment scheme could run into constitutional problems.) Commission members would serve for nine-year terms. The commission would make recommendations annually on the number and characteristics of foreign laborers to be admitted to the United States. These recommendations would become law if Congress did not specifically vote down the commission’s recommended levels.

MPI would give a commission a slightly different composition but would retain the core feature that its recommendations would carry the force of law. MPI’s report states:

> [T]he Standing Commission would be a permanent, independent government agency within the executive branch, comprised of five members who serve staggered five-year terms, renewable once. Members should be appointed by the president with the advice and consent of the Senate. The chair would have a two-year renewable term. No more than three members could be from the same political party. The Attorney General and the Secretaries of Homeland Security, Labor, State, Commerce, Health and Human Services and Agriculture should be ex officio members...The Standing Commission would be required by statute to submit an annual report and recommendations simultaneously to the president and Congress. After a specified period for congressional consultation, unless Congress acted to maintain existing statutory baseline labor market immigration levels, the president would issue a formal Declaration of New Levels, adjusting employment-based green-card quotas and preferences and temporary worker visa limits for the coming fiscal year.

The legal authority of these commissions would be significantly different than previous immigration commissions. Over the past 100 years Congress has, on a number of occasions, established commissions to evaluate the state of immigration and issue recommendations. In
each of these cases such recommendations represented only *advice* and did not carry the force of law absent additional Congressional action. One example is the Select Commission on Immigration and Refugee Policy, chaired by Theodore Hesburgh, which was established by Congress in 1978 and issued its final recommendations in 1981, parts of which were incorporated into the Immigration Reform and Control Act of 1986. Another example is the bipartisan U.S. Commission on Immigration, chaired by the late Barbara Jordan, which was in existence from 1990 to 1997. The Jordan Commission recommended reducing family, employment-based and refugee admissions as well adding enormous fees to the employer-sponsored green card process. Parts of the Jordan Commission’s recommendations were considered but ultimately rejected by Congress in 1996.

Proponents of a commission have not pointed to any precedents where Congress has ceded a large amount of its authority to a standing body of unelected officials, operating in perpetuity, with the power for its recommendations to become law unless Congress passed a separate piece of legislation to block such recommendations.

The terms proposed for commissioners by Marshall and MPI are beyond even the length of time a Cabinet officer can serve for a two-term President. This makes the question of to whom they are accountable extremely important. Supporters have not clearly explained where the power of these commissioners would begin or end. Are commission members executive branch officials with the power to legislate? Unelected legislative officers with executive branch authority? Both? Neither? If members of the commission are executive branch officials appointed by the President, whether or not confirmed by the Senate, then can the President fire and replace them? If they are Congressional and Presidential appointees without Senate confirmation can they be removed for cause? Are there any grounds for dismissal? These are not idle questions, since anyone appointed to this commission would be an enormously powerful force in crafting immigration policy for many years to come.

If one looks at a few of the commissions on immigration operating in other countries, which some have pointed to as examples, one finds that such commissions do not make recommendations that carry the force of law. In the Netherlands, Spain and the United Kingdom, the commissions serve in only an advisory capacity. For example, MPI cites the U.K. Migration Advisory Committee (MAC) as “being established to provide independent and evidence-based advice to government primarily about shortage occupations.” The MAC is
comprised of five independent economists as well as two government officials and is supported by a secretariat. It is tasked with consulting with stakeholders. The MAC was conceived in July 2006 and issued its first set of recommendations -- which do not carry the force of law -- in September 2008. These recommendations were roundly criticized by the business community as out of touch with reality, resulting in on-going dialogue and revisions.

**What Data Would a Commission Rely Upon?**

Both Marshall and MPI argue a commission would be more responsive than Congress in adjusting admission levels to meet economic needs. However, there is no indication that a commission will have access to more timely, more accurate or different information than is currently available to Congress. Marshall would require the commission to admit foreign professionals only where there is a “certified labor shortage.” MPI, on the other hand, seems to believe a commission would open up the labor market to better meet employers’ demands.

One of the most important things to realize about the Marshall proposal is that it recommends a commission both set admission levels and establish an entirely new – and formidable – threshold to be passed before employers could hire foreign workers. Marshall advocates a commission must find a “certified labor shortage” in an individual’s occupation. This would represent an entirely new legal standard for admitting individuals to the United States, and, as Marshall proposes, it would be used not only for H-1B temporary visas but for green cards. Additionally, it appears that this new legal standard would even be employed when companies use L-1 visas to transfer into the United States executives already working for the company overseas.

Marshall recommends this fundamental shift in policy even while admitting the difficulty of determining shortages in an economy as large, diverse and dynamic as the United States. He writes: “Assessments of labor shortages are plagued by the paucity of reliable data and realistic definitions of labor shortages.” In acknowledging that others will raise this question, he writes: “Objection: There are no accurate and timely data to enable the FWAC to measure labor shortages and no definitions and measures suitable for this purpose. Response: This is a valid concern.”
MPI agrees with this criticism and notes that even the most sophisticated shortage analyses have substantial failings and “should not form the basis for setting visa limits” in a dynamic market-based economy.¹⁶

This is because, in brief, a shortage analysis assumes that at any given point in time, the United States’ labor market ‘needs’ are identifiable and static. Both assumptions are highly questionable. Shortage analysis is also fraught with methodological difficulties and fails to account for the fundamentally dynamic process by which the labor market adjusts to changes in labor supply.¹⁷

As the National Foundation for American Policy concluded:

[Marshall’s] commission would ratify and encourage what many see as undesirable outcomes. A key reason a ‘labor shortage’ may not show up in any government data is that employers take creative action to address an inability to hire people they need. For example, in the technology field, if companies cannot find the individuals they need in the United States they can send the work to be done in another country or hire people and place them outside the U.S. A commission would continually determine no ‘certified labor shortage’ exists because companies have made the decision to expand abroad rather than in America due to restrictive visa policies.¹⁸

A shortage analysis would represent a fundamental shift from current law that focuses on creating a level playing field for U.S. and foreign workers by mandating equal wages, benefits and working conditions and requiring employers to search for qualified U.S. workers first in certain situations, while recognizing that in other instances involving multinational operations there is a need to allow employers to transfer international professionals for business continuity. Even in the current labor certification system, the law recognizes that labor markets are specialized and do not require findings that utilize nationwide macroeconomic (or even microeconomic) data that attempt to determine whether the general occupational category of an individual might be experiencing a “labor shortage.” Current law aims to remove any incentives to prefer foreign workers over similarly qualified U.S. workers. Employers also pay significant fees to help educate U.S. workers and to prevent fraud in the immigration system.

The overarching problem is that calculations of shortages tell us nothing about whether a particular employer has identified an individual it believes will improve the operations of the company and help it compete better in the marketplace. The decisions of individual employers would be shunned in favor of an attempt to micromanage the make-up of the labor market.
Discussing the U.K.’s Migration Advisory Commission’s recent selection of “shortage occupations,” a paper by the Forum for Expatriate Management concluded:

*The list . . . did not reflect the realities of talent selection within a global organisation. There was also concern that the administrative aspects of the MAC/government relationship means that it is going to be impossible for the shortage occupations list to be altered quickly to adapt to the UK’s economic needs, particularly during the current unprecedented time.*

The Immigration Act of 1990 provided a path for the U.S. Department of Labor (DOL) to identify occupations where there is a recognized shortage of U.S. workers and which are exempt from labor certification. Over the past almost 20 years, only two occupations have been on this list – professional nurses and physical therapists. The inability of DOL to update this list during the dot-com boom or even during the current recession should provide pause to anyone considering shortage analysis. In fact, in late 2004, when DOL revised their regulation over labor certification, they declined the opportunity to re-visit and update the list of shortage occupations by stating, “[w]e believe it would be inappropriate to make changes to Schedule A in this final rule. However, it may be productive to consider whether we could create a more flexible Schedule A in the future.” To date, DOL still has not engaged in the rulemaking they believe would be necessary to update the list of shortage occupations contained in Schedule A, in part because of the competing priorities inherent in any discussion of expanding the current list.

Even if, despite all practical odds, a commission could come up with a set of data that identifies what is in the national interest at a given point in time, such data will always lag the market, likely by at least two to three years. There are many examples of where this would miss the market, e.g., the dot.com boom and bust, all of the new occupations created by the Internet, bioinformatics, green energy, etc…. Executive branch agencies need flexibility to respond immediately to changed conditions without waiting for a commission to allow them to do so. For example, when Hurricane Katrina hit New Orleans in 2005, many businesses disappeared entirely. However, new industries emerged almost overnight when workers began the recovery and re-building efforts. How do you begin to document shortages in emerging or quickly changing occupations or locations? It is not possible and will only encourage companies to hire people with cutting edge skills outside the United States, where hiring decisions will not need to pass through a commission’s gauntlet.
Would There Be Any Role for Individual Employer Decisions and an Understanding of Global Recruiting Practices?

Employers would see the most glaring flaw in any commission proposal as the empowerment of a small group of people to overrule the hiring decisions of thousands of employers. In 2008, more than 24,000 employers in the United States hired one or more foreign-born professionals on H-1B temporary visas, according to U.S. Citizenship and Immigration Services. This does not include companies that hired low-skilled foreign labor or those hiring only in very specialized labor markets that have their own visa categories, such as those for outstanding researchers and scientists, international managers and executives, artists, entertainers and athletes or certain healthcare professionals.

The market, better than statute, has determined demand for H-1B visas. In fiscal year 2009, applications for H-1B visas outstripped supply by almost 2:1, resulting in a random lottery determining which foreign nationals were ultimately permitted to work in the United States. This lottery also occurred, due to the demand for labor, in the spring of 2008, before the current recession. However, as of May 29, 2009, the government has received approximately 20,000 fewer H-1B petitions than the annual limit permitted for FY 2010, showing that economic conditions, not arbitrary quotas, drive company hiring decisions. Over time the cap has fluctuated between 65,000 to 195,000 visas per fiscal year. In fiscal years 2002 and 2003, when the cap was at its peak, employers used far fewer visas than the annual allotments due to the economy. However, in better economic times, often when the cap has been lower, the annual quota was exhausted early in the fiscal year, resulting in employers not being able to hire foreign professionals in the United States for long periods of time. This resulted in employers moving work abroad and foreign governments and companies actively recruiting foreign professionals who had been denied U.S. visas.

Any attempt to micromanage which foreign professionals employers can hire is likely to be problematic, because employers do not hire people in the aggregate, in general or economy wide. Businesses engage in ongoing recruitment that identifies individuals who will enable a company to compete better in the domestic or global economy. No small group of people, regardless of their backgrounds, could know how many such individuals, or which qualifications, U.S. companies as a whole require in a given year.
Would a Commission Be More Responsive Than Congress?

The worldwide competition for talent has never been greater. Even in a time of recession, employers engage in ongoing workforce planning, and the ability to have the right people in the right place at the right time drives decisions about where to invest and expand operations. ACIP members consistently report that what they need most from an immigration system is predictable and timely access to the foreign professionals they need, either on a temporary or permanent basis. They strive to treat all employees equally and fairly, regardless of their national origin. ACIP members’ major complaints with U.S. immigration laws are not their overall structure, but rather the insufficient numbers of H-1B visas and green cards, per-country limits that discriminate against employees from populous nations, lengthy and unpredictable processing times and inconsistent adjudications that make it difficult to predict if and when a foreign professional will be able to settle and work in the United States.

American employers have invested significant time and resources over the years in working with Congress and the Administration to improve the immigration system. While Congress should have increased the annual limits in various employment-related categories in recent years – or, better yet, exempted certain highly educated professionals or put in place market-based caps – it would be unfair to say that Congress has been completely unresponsive.

Since 1998, Congress has adjusted limits on H-1B visas several times and provided exemptions from the cap for universities and non-profit research institutions and foreign nationals earning advanced degrees from U.S. universities. Congress has also provided for the recapture of unused green cards for use by certain critical occupations and to alleviate backlogs created by per-country limits and agency processing delays, and has even addressed the special needs of industries such as commercial fisheries and professional sports. The question that must be answered is whether a commission would be more responsive than Congress to individual industry and employers’ future needs. Admittedly, the U.S. legislative process has been cumbersome, and Congress has been unable to address the needs of U.S. employers for more temporary or permanent visas for many years. However, little or no assurance is provided in the aforementioned proposals that any commission would have the tools to react better to market forces. In fact, the Marshall proposal focuses on entirely the wrong issue. Rather than looking at protecting U.S. workers through leveling the playing field in the talent pool, the
proposal would have the commission look only to data that treat all workers as merely statistics, and not individuals possessing unique talents.

Both Marshall and MPI envision a commission providing annual adjustments, employment-based immigration priorities and quotas. However, even the U.K.’s MAC took more than two years to issue their recommendations. To the extent that a commission makes timely, predictable and incremental adjustments to the system, it could be a welcome development that would enable employers to develop business plans knowing that their workforce needs will be met. If, however, the changes are untimely, unpredictable or game-changing, employers will not be able to plan confidently and many will choose to shift work to other countries that offer more stable and welcoming immigration policies.

Conclusion

There are a number of questions that policymakers must answer in response to proposals to create any immigration commission. Given the central roles that access and retention of talent play in growth and innovation in the United States at all levels of the labor market, these are not academic questions.

To compete in today’s knowledge-based markets, ACIP members recruit, train and move talent worldwide. This requires efficient, predictable and flexible immigration systems that accommodate everything from allowing employees and customers to meet or train with colleagues around the globe; to enabling international teams to support clients based in multiple countries; to rotating managers and executives through global operations; to allowing international scholars and scientists to conduct joint research, often on a long-term basis; to helping employers recruit and retain foreign talent on a permanent basis where in the best interest of the employee, employer and the nation.

Current U.S. immigration laws and processing problems hinder the ability of American employers to compete in today’s economy. Available evidence indicates an immigration commission possessing the authority to issue recommendations that become law – unless Congress blocks such recommendations – could make the situation worse.
ACIP recommends that significant consideration be given to any proposals to create a commission. Questions about mission, selection, structure, accountability and methodology must be clearly answered in advance of any commission’s establishment. There must be opportunity for employer input into any revisions to employment-based immigration priorities or procedures. The Hesburgh and Jordan commissions could provide a starting point for discussions of how to develop a commission with a clearly defined, time-limited mission, which is restricted to issuing advisory recommendations that could be accepted, modified or rejected by Congress. Those considering proposals to establish a commission must take into account the significant and rapid changes that occur in the U.S. economy and the inherent inability of any small group of people to understand the intricacies of widely divergent businesses and non-profit institutions.

While there may be a role for a commission in comprehensive immigration reform, the leading proposals leave a number of important questions unanswered. Unless and until a convincing case is made that a commission can regulate the employment-based visa system more effectively and efficiently than Congress, policymakers should be cautious about granting powers to any new authority.
Endnotes

1 The Immigration Act of 1990 (Pub.L. 101-649).
4 Ibid., p. 39. “The FWAC’s [Foreign Worker Adjustment Commission] determination of the need for short-term foreign workers will set the conditions and numbers for the various visa categories, but the Commission could decide to eliminate these categories altogether.”
5 Ibid., p. 41. Overall, Marshall’s book is derisive of individuals who enter the United States on temporary visas, repeatedly calling such people “indentured.” Former H-1B professionals take exception to this term. “I was an H-1B visa holder for many years and I never felt like an indentured servant and I haven’t found anyone on an H-1B who feels he is indentured,” said Aman Kapoor, president of Immigration Voice. “An H-1B can always go home and can always change employers. It may take a few weeks but it happens all the time. Placing a label like ‘indentured servant’ is done deliberately to attach a negative label to a visa category, making it appear evil or bad. But it doesn’t conform with the real world. Similarly offended are reputable employers who offer above-average salary and benefit packages and who strive to treat all workers equally and fairly, regardless of their immigration status.
6 Marshall, pp. 18, 22, 27, 39.
8 Marshall, p. 28.
11 Papademetriou, p.15-16.
12 Papademetriou, p. 11.
13 http://www.ukba.homeoffice.gov.uk/aboutus/workingwithus/indbodies/mac/aboutthemac/ (June 6, 2009)
14 Marshall, p. 23.
15 Ibid., p. 25
16 Papademetriou, 12.
19 The Forum for Expatriate Management, Response to Call for Evidence, June 1, 2009.
20 20 CFR 656.15
22 Adapted from statement by Lynn Shotwell, Executive Director, ACIP in National Foundation for American Policy, p. 7.
23 USCIS FY 2008 list of employers that received H-1B visas, as cited in H-1B Visas by the Numbers, National Foundation for American Policy, March 2009, pp. 1-2.
24 http://www.uscis.gov/portal/site/uscis/menuitem.5af9bb95919f35e66f614176543f6d1a/?vgnextoid=138b6138f698d010VgnVCM100000480f3d6a1RCRD&vgnextchannel=91919c7755cb9010VgnVCM10000045f3d6a1RCRD (June 6, 2009).
25 Jay Greene, Case Study: Microsoft’s Canadian Solution, BusinessWeek, January 17, 2008; Paul McDougall, Valuable IT Workers Canada Bound as Congress Fiddles, InformationWeek, July 23, 2008.