

Trump's Next Immigration Move to Hit Closer to Home for Tech

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- Executive order draft discusses overhauling work-visa programs
 - Reforms could impact how tech companies recruit employees
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President Donald Trump's clash with Silicon Valley over immigration is about to become even more contentious.

After the new president banned refugees and travelers from seven predominantly Muslim countries, Google, Facebook, Salesforce, Microsoft and others [railed against](https://www.bloomberg.com/news/articles/2017-01-28/google-facebook-reflect-tech-dismay-on-trump-immigration-order) the move, saying it violated the country's principles and risked disrupting its engine of innovation. Trump's next steps could strike even closer to home: His administration has drafted an executive order aimed at overhauling the work-visa programs technology companies depend on to hire tens of thousands of employees each year.

If implemented, the reforms could shift the way American companies like Microsoft Corp., Amazon.com Inc. and [Apple Inc.](https://www.bloomberg.com/quote/AAPL:US) recruit talent and force wholesale changes at Indian companies such as Infosys Ltd. and Wipro Ltd. Businesses would have to try to hire American first and if they recruit foreign workers, priority would be given to the most highly paid.

"Our country's immigration policies should be designed and implemented to serve, first and foremost, the U.S. national interest," the draft proposal reads, according to a copy reviewed by Bloomberg. "Visa programs for foreign workers ... should be administered in a manner that protects the civil rights of American workers and current lawful residents, and that prioritizes the protection of American workers -- our forgotten working people -- and the jobs they hold."

The foreign work visas were originally established to help U.S. companies recruit from abroad when they couldn't find qualified local workers. In many cases, the companies are hiring for highly technical positions in the fields of science, technology, engineering and math, or STEM. But in recent years, there have been allegations the programs have been abused to bring in cheaper workers from overseas to fill jobs that otherwise may go to Americans. The top recipients of the H-1B visas are outsourcers, primarily from India, who run the technology departments of large corporations with largely imported staff.

"Immigrant STEM workers have contributed an outsize share to founding new companies, getting patents, and helping build up American companies, which in turn because of their success have created tens of thousands, hundreds of thousands of jobs," said Gary Burtless, a senior fellow at the Brookings Institution who does research in labor markets. "Discouraging such people to apply for visas to enter the United States to work -- I can't imagine how that can be considered to be in the American national interest."

The Trump administration did not respond to a request for comment on the draft. The proposal is consistent with the president's public comments on pushing companies to add more jobs to the U.S., from auto manufacturing to technology.





<https://www.bloomberg.com/graphics/2017-trump-immigration-ban-conflict-of-interest/>

It's not clear how much force the executive order would have if it is signed by the president. Congress is also working on visa reforms and the parties will have to cooperate to pass new laws. Zoe Lofgren, a Democratic congresswoman from California, introduced a bill last week to tighten requirements for the H-1B work visa program.

"My legislation refocuses the H-1B program to its original intent – to seek out and find the best and brightest from around the world, and to supplement the U.S. workforce with talented, highly-paid, and highly-skilled workers," Lofgren said in a statement.

India's technology companies, led by Tata Consultancy Services Ltd, <https://www.bloomberg.com/quote/TCS:IN> Infosys and Wipro, have argued they are helping corporations become more competitive by handling their technology operations with specialized staff. They also contend the visa programs allow them to keep jobs in the U.S. and that if they have to pay more for staff, they will handle more of the work remotely from less expensive markets like India.

"Inspections and investigations in the past have shown no cases of wrongdoing by Indian IT services companies, which have always been fully compliant with the law," said R Chandrashekar, president of Nasscom, the trade group for India's information technology sector. "The industry is open to any kind of checks in the system, but they should not cause any hindrance to the smooth operation of companies."

Wipro and TCS declined to comment for this story.

A spokeswoman for Infosys said the company is monitoring the U.S. visa proposals, but it is too early to assess their impact given the uncertainty of what will be approved.

"We continue to hire and invest locally," the company said in an e-mail. "However, given the skill shortages in the U.S. and the availability of technically skilled workforce in various global markets, we also rely upon visa programs to supplement these skills. For the long term, we are

also exploring new operating models to ensure business continuity as we navigate this dynamic environment. This includes reducing our visa dependency and efforts towards making Infosys a preferred employer in the U.S.”

Wipro, Infosys and TCS shares all tumbled Tuesday along with other Indian tech services companies, pulling down the NSE Nifty Index. Wipro fell the most in nine months, while [Tech Mahindra Ltd.](https://www.bloomberg.com/quote/TECHM:IN) <<https://www.bloomberg.com/quote/TECHM:IN>> dropped the most in almost two years.

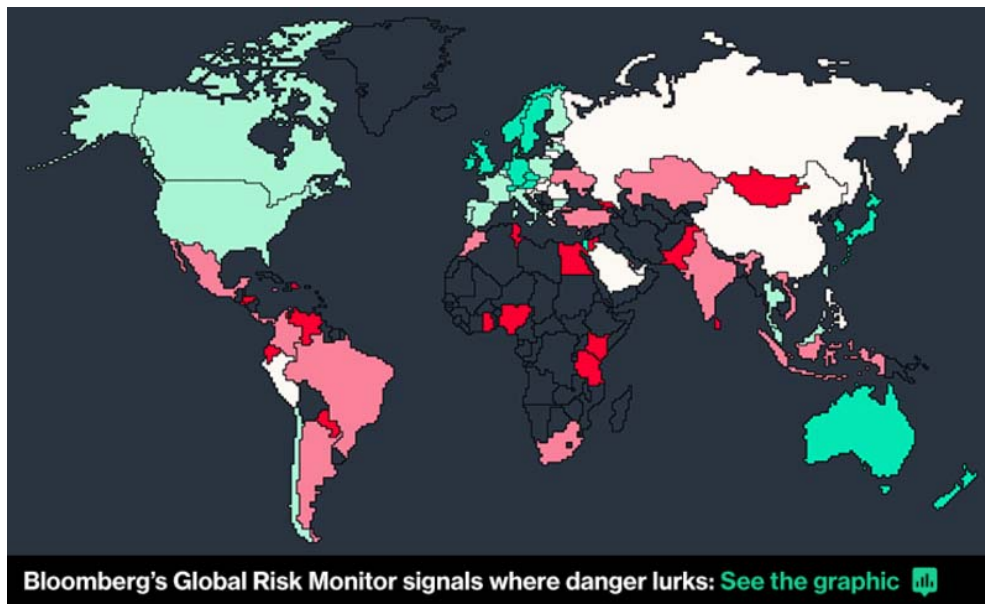
[Cognizant Technology Solutions Corp.](https://www.bloomberg.com/quote/CTSH:US) <<https://www.bloomberg.com/quote/CTSH:US>> , a New Jersey-based company that is one of the heaviest users of the H-1B program, saw shares fall 4.4 percent Monday, the most in four months.

The draft of Trump's executive order covers an alphabet soup of visa programs, including H-1B, L-1, E-2 and B1. The first is a popular program with technology companies and is aimed at allowing them to bring in high-skill workers when they can't find local hires with the appropriate skills. The legislation caps the number of people who can enter the U.S. annually at 85,000, including those with undergrad and master's degrees.

In recent years though, outsourcing companies have received the most H-1B visas, while other tech companies have struggled to get all they want. In 2014, the most recent year for which data is available, the top five recipients were all outsourcing companies, led by Tata Consultancy.

Ron Hira, an associate professor at Howard University, who has done extensive research on the subject, points out workers at outsourcers are typically not treated as well as others. The median wage at outsourcing firms for H-1B workers was less than \$70,000, while Apple, Google and Microsoft paid their employees in the program more than \$100,000, according to data he collected. That suggests the American companies are going after true, highly skilled employees, while the outsourcers are recruiting less expensive talent, he said.

The proposed Trump order is also aimed at bringing more transparency to the program. It calls for publishing reports with basic statistics on who uses the immigration programs within one month of the end of the government's fiscal year. The Obama administration had scaled back the information available on the programs and required Freedom of Information Act requests for some data.



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Whatever specific changes are implemented, they are likely to add to the expenses for India's technology companies. That may accelerate a shift to new kinds of services, such as cloud computing and artificial intelligence, said [Raja Lahiri](http://bit.ly/2jICGrJ) <<http://bit.ly/2jICGrJ>> , partner at the Mumbai-based partner at consultancy Grant Thornton India

“The visa challenges are not going to go away easily,” he said. “They will continue to be a challenge for Indian IT companies.”