

# H-1B Workers: An Asset for America's Fiscal Health

*Near-term fiscal impact estimates for the federal government and state and local governments*

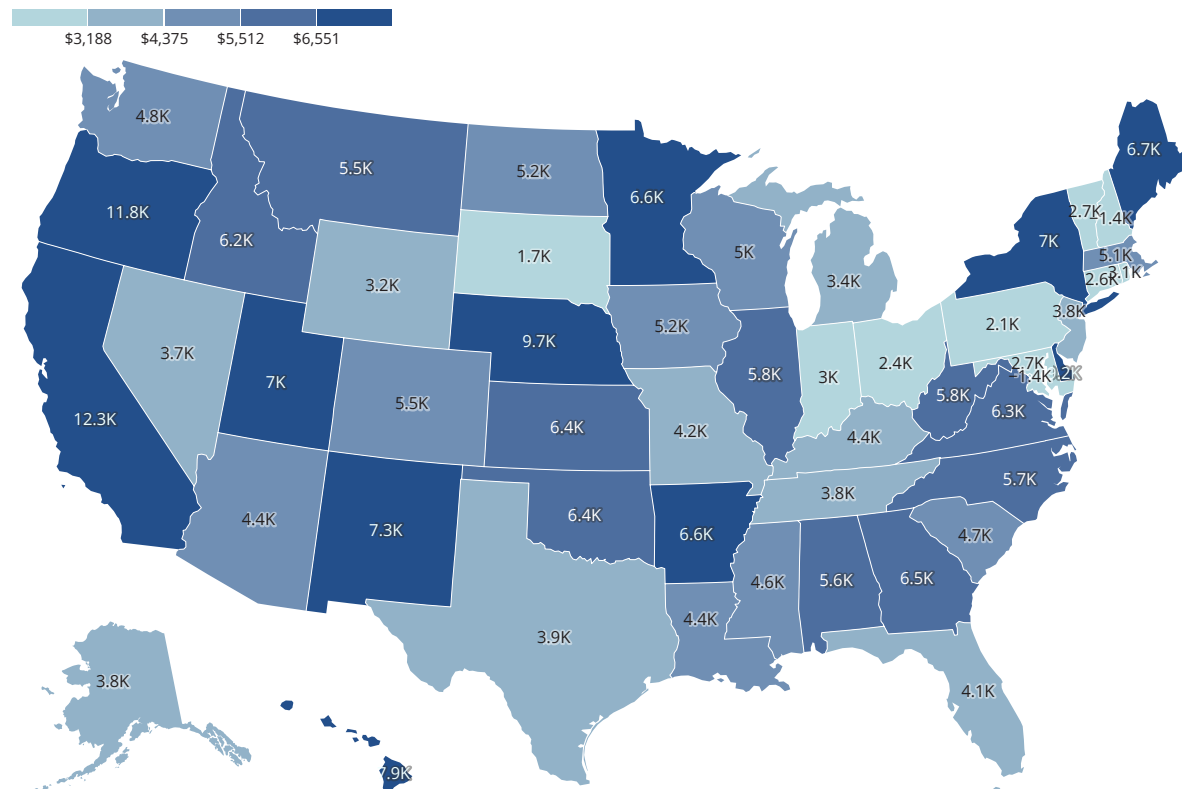
## H-1B Workers Make a Meaningful Fiscal Contribution

H-1B visa holders generate substantial positive fiscal balances at every level of government — contributing far more in taxes than they consume in public services.

- **Federal:** The average H-1B household contributes \$30,050 net to federal finances annually. This positive fiscal impact is 2.6 times the \$11,530 contribution of a typical U.S. household and directly reduces pressure on the federal deficit.
- **State and local:** State and local governments benefit too, with a net average of \$5,040 per H-1B household. H-1B workers are a net fiscal positive in 49 states.
- **Helping low-income states:** Lower-income states see strong returns. Mississippi and West Virginia net \$4,600 and \$5,780 per H-1B household, outperforming 21 other states.

### Fiscal impact of an H-1B household by state

Baseline scenario



Based on the median wages of approved continuing applications for a visa extension.

Source: Department of Labor and the U.S. Census Bureau.

## Targeted Reforms Can More than Double the Positive Fiscal Impact

Two policy improvements — expanding work authorization for H-1B spouses and shifting to wage-based visa selection — would substantially increase H-1B fiscal contributions.

### Topline fiscal impacts

Level of Government	Baseline	H-4 Reform	Wage Ranking	Wage Ranking w/ H-4 Reform
State + Local	\$5,040	\$7,670	\$7,980	\$10,650
Federal	\$30,050	\$45,850	\$48,700	\$65,020

Baseline estimates are based on the median income of approved petitions for a visa extension. H-4 reform assumes that all H-1B spouses are allowed to work in the United States. Wage ranking incorporates wage estimates from EIG's H-1B lottery reform proposal. State + Local impacts are the average across states.

Source: Department of Labor, USCIS, U.S. Census Bureau, OMB, Bloomberg FOIA, Brannon et al. (2019).

- **H-4 Reform:** Currently, H-1B spouses on H-4 visas can only work if the H-1B holder is in the green card backlog. Extending work authorization to all H-4 spouses would raise the average state and local fiscal impact to \$7,670 and the federal impact to \$45,850.
- **Wage Ranking:** Implementing EIG's proposal to select H-1B applications based on lifetime earnings would increase median H-1B wages approximately 36–43 percent, raising the average state and local impact to \$7,980 and the federal impact to \$48,700.
- **Both Reforms Combined:** Adopting both EIG reform proposals would double the fiscal benefits of the H-1B program, increasing the average state and local impact to \$10,650 and the federal impact to \$65,020.

## Spillover Effects on Native Workers Strengthen the Broader Fiscal Outlook

The fiscal contributions of H-1B workers extend beyond their own tax contributions. Positive spillovers on native-born workers and the economy enhance their positive contributions.

- **Native workers benefit on net:** Skilled immigration raises wages for most native workers. While some workers face more competition, they do so in an economy with higher entrepreneurship, more innovation, and stronger industry growth. The net wage effect on domestic workers from skilled immigration is overwhelmingly positive.
- **Innovation drives long-run fiscal returns:** H-1B workers are an engine of American innovation. One estimate attributes 32 percent of all U.S. innovation since 1990 to immigrants. The fiscal value of this activity — through expanded tax bases, new industries, and higher productivity — dwarfs any near-term cost.
- **Green cards unlock further fiscal gains:** By law, H-1B workers cannot be self-employed. But after green card receipt, many H-1B workers go on to found innovative companies — companies which themselves generate tax revenues.