

The H-2B Guest Worker Program Unnecessarily Lowers Construction Worker Wages in Illinois



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POLICY MEMO

The H-2B program grants visas to foreign workers to become employed at U.S. employers for temporary periods of time. The H-2B program is intended to address worker shortages in unskilled occupations. Migrant workers issued an H-2B visa can be employed for up to 9 months, but their visa may be extended for up to three years. Approximately 115,000 H-2B workers are currently in the United States ([Costa, 2016a](#)).

The H-2B program often lowers wages for *both* foreign-born workers and U.S. citizens.

Employers own and control H-2B visas and workers on the visas cannot switch employers. The H-2B visa program requires that employers pay H-2B workers the local average wage for a particular occupation. However, research has found that vast majority of these jobs pay lower-than-average wages. If an H-2B worker is paid less than the wage promised or works in unsafe working conditions, the foreign-born employee has little power to speak up. Contacting authorities can result in the worker getting fired, which would lead to becoming undocumented and instantly deportable. In addition, unscrupulous employers have further lowered worker wages by setting up sham unions that they control to “bargain” for wages that are lowered than the established prevailing wage rates. These downward pressures have harmful impacts on vulnerable migrant workers who have come to America in search of a better life ([Costa, 2016a](#)).

The H-2B program also hurts U.S. citizens because there is not a worker shortage in many of the H-2B occupations. At President Donald Trump’s Mar-a-Lago Club, for example, nearly 300 U.S. residents have applied for jobs since 2010. Only 17, however, were hired. In the vast majority of job postings, Trump’s Mar-a-Lago filled the jobs with hundreds of guest workers. The Club pursued more than 500 visas since 2010, even though there was no shortage of local workers who were willing to take the jobs ([The New York Times, 2016](#)).

Landscaping and groundskeeping workers make up 41% of all H-2B visa certifications annually and construction laborers account for 3% of all certifications. However, employment of construction laborers *fell* over the decade from 2004 to 2014. Put simply, there was no worker shortage. Consequently, research shows that average hourly wages of landscaping and groundskeeping workers fell by 3.4% and average hourly wages of construction laborers fell by 1.0% over the decade due, at least in part, to the influx of H-2B guest workers nationally ([Costa, 2016b](#)).

By bringing in unskilled and exploited migrant workers, the H-2B program *unnecessarily* increases labor supply in construction occupations that have flat wages and high unemployment rates in Illinois. This lowers wages for U.S. citizens in Illinois that are employed in these occupations.

State	Occupation	H-2B Workers Certified	H-2B Prevailing Wage	Average Wage	Wage Difference	Percent Different from Market Wage
Illinois	Construction Laborers*	20	\$17.98	\$23.00	-\$5.02	-21.8%
	Landscaping and Groundskeeping	622	\$10.50	\$13.17	-\$2.67	-20.3%
Indiana	Construction Laborers	20	\$14.22	\$19.51	-\$5.29	-27.1%
	Landscaping and Groundskeeping	530	\$10.32	\$11.78	-\$1.46	-12.4%
Iowa	Construction Laborers	28	\$15.08	\$15.75	-\$0.67	-4.3%
	Landscaping and Groundskeeping	78	\$11.66	\$12.64	-\$0.98	-7.5%

Source: Costa, 2016b. *FY2013 data.

Contractors can pay significantly less per hour by hiring an H-2B worker instead of a local resident at the average market rate (Costa, 2016b). In Illinois, there were 622 H-2B workers certified for landscaping and groundskeeping work in 2013. The required “prevailing wage” for these workers was \$10.50 an hour, which was \$2.67 less (or 20% less) than the average statewide rate. Construction laborers could be paid \$5.02 an hour less (or 22% less) than the occupational average in Illinois. Even in lower-wage states like Indiana and Iowa, guest workers can be paid between 4% and 27% less than the average wage for landscapers and laborers, which also does not include fringe benefits.

Groups that want to lower middle-class wages for U.S. citizens working in construction jobs across the Midwest have advocated for expanding the H-2B guest worker program. Ideally, the construction industry would pay for the training of the next generation of construction workers, internalizing the full cost of construction to address skilled labor shortages (Philips, 2015). Rather than addressing worker shortages through industry-sponsored apprenticeship programs for local workers paid at the prevailing wage, however, the Associated Builders and Contractors (ABC) has advocated that “any future immigration law must include a new market-driven program to provide a legal path for foreign workers to enter the United States when the economy needs them.”

In Wisconsin, the local ABC chapter has advocated for completely repealing the state’s prevailing wage law, which would cut the middle-class wages of blue-collar construction workers in the state (Philips, 2015). Meanwhile, the Wisconsin ABC has promoted foreign guest workers to drive wages down further. In 11 U.S. states, the construction industry employs more undocumented immigrants than any other industry (Passel & Cohn, 2015). All of these states are located in the American South and either have no prevailing wage law or a weak prevailing wage laws.

Immigrants benefit the economy. But policies that lower wages for both foreign-born employees and U.S. citizens – like the H-2B visa program – hurt workers. The H-2B visa program is exploitative, does not provide unemployed U.S. citizens with a “fair and first shot” at local job opportunities, and should not be expanded, particularly for the construction industry in the Midwest.

Sources

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