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Measuring the Impacts of the H-2B Visa Program on U.S. Labor Markets: Three Recent Quasi-Experimental Studies

The H-2B visa program allows U.S. employers to hire temporary foreign workers in nonagricultural industries if no U.S. workers can be found to fill these jobs and other requirements are met. H-2B positions in recent years have frequently involved landscaping work, forest work, hotel housekeeping, amusement park work, and meat cutting.

The Immigration Reform and Control Act of 1986 (IRCA) subdivided the previous H-2 program for temporary workers not requiring "distinguished merit or ability" into the H-2A agricultural and H-2B nonagricultural temporary worker visa programs. The H-2A visa has no numerical limit, while the Immigration Act of 1990 set an annual limit of 66,000 H-2B visas. In 2005, this annual limit was divided (by Division B, Title IV, §405 of P.L. 109-13) into limits of 33,000 visas for each half year. In recent years, Congress has authorized the Department of Homeland Security (DHS) to make additional H-2B visas available.

Employers who want to hire workers through the H-2B program must first obtain labor certification from the U.S. Department of Labor (DOL) that (among other requirements) domestic workers are not available for the position at wages specified in regulation. Obtaining labor certification involves attempting to recruit domestic workers and posting the job with State Workforce Agencies, which publicize the job to unemployed workers in the local area and in nearby states. Only after this "labor market test" can DOL approve a Temporary Labor Certification (TLC). Employers must have an approved TLC before they can petition DHS's U.S. Citizenship and Immigration Services (USCIS) for permission to bring in foreign workers, who, if abroad, must then apply for visas from the U.S. Department of State.

Congress has held hearings on the H-2B program. Program advocates say it addresses domestic labor shortages and could be expanded without harming U.S. workers. Some program critics say there are no domestic labor shortages, and H-2B jobs should be done by U.S. workers. Project 2025 calls for phasing out the H-2B program to "put the interests of American workers first." Other program critics say having H-2B workers' visas tied to a single employer leaves these workers vulnerable to abuses.

Challenges in Measuring Impacts

Fundamental challenges make it difficult to measure the impacts of the H-2B program. These challenges are discussed below, as are steps taken to address them.

Selection Issues

The firms that apply for and use H-2B visas are not typical of U.S. employers; they are a *self-selected* group. They tend to have larger employment and more revenues per worker than other firms in their industries. This *selection* issue means that comparing employment and wage outcomes for employers that use the H-2B program (and their employees) with employers that do not use the H-2B program (and their employees) will not yield accurate estimates of the impact of the H-2B program. To address this issue, the studies summarized below examine employers that applied for a TLC, and compare outcomes for employers whose TLC applications were or were not processed due (in part) to random chance.

Time Lag

Studying the impacts of the H-2B program using comprehensive employer data takes time. For example, research access to tax data requires a lengthy application and approval process. This affects the timeliness of results.

Quasi-Experimental Studies

Because of the above-mentioned measurement issues, research on the H-2B visa program has not directly examined its impacts until recently.

Beginning in 2018, there have been elements of randomness (discussed below) in the way DOL processes TLC applications. Having applications processed or not—due, in part, to random chance—makes it possible to avoid selection bias issues in studying the impacts of the H-2B program by comparing outcomes for firms whose TLC applications were processed with outcomes for firms whose TLC applications were not processed due to this randomness. Studies using random variation that was not intended to be an experiment are called *quasi-experimental studies.* They provide the best available evidence of how H-2B petition decisions affect employer and employment outcomes.

Three recent quasi-experimental studies of the impacts of the H-2B program on employment and wages in the United States are summarized below. All three of these studies use data on firms selected or not selected to receive H-2B visas due (in part) to random chance. They differ in examining different years, with different procedures for selecting which TLC applications were processed; they use different data; and they examine different outcomes.

All three studies find positive impacts on H-2B employers of being randomly selected to receive a TLC, such as a greater likelihood of staying in business, with no evidence of negative spillovers on employers that did not participate in the H-2B program (and their employees). The third study asked firms about their employment of U.S. workers and found firms gaining access to the H-2B program by chance increased their employment of U.S. workers. None of these studies examine working conditions or the extent of employer violations of worker rights.

Amuedo-Dorantes, Arenas-Arroyo, Mahajan, and Schmidpeter (2023)

This study examines outcomes for employers that applied for a TLC on January 1, 2018, for positions starting April 1, 2018. DOL received about 4,500 applications on January 1 for 81,000 positions, well exceeding the 33,000 positions available for the second half of the fiscal year. DOL decided to process the applications in order by the exact time they were received and USCIS only accepted cap-subject petitions received by February 27. Thus, TLC applications submitted by 7 a.m. on January 1 were more likely to result in approved H-2B petitions than applications submitted later the same day. Employers did not know in advance that this would happen, and so which applications submitted on January 1 resulted in approved H-2B petitions and which did not was essentially random.

Using the publicly available TLC and H-2B petition data matched with confidential tax data on firms, the authors compare employers whose TLC applications were submitted before and after 7 a.m. on January 1. They find early-morning TLC application—and hence access to H-2B workers—temporarily increased firm employment by about the number of H-2B workers and temporarily increased payrolls by about the amount required to pay the H-2B workers (there was no evidence that hiring H-2B workers meant lower wages for other workers). Access to H-2B workers increased firm revenue and likelihood of survival. The impacts of access to H-2B workers were generally larger in states that require employers to use E-Verify, which makes it more difficult to hire workers without work authorization.

These authors also examine outcomes for firms in the same geographic location and industry that either did not apply for the H-2B program or applied after 7 a.m. and did not gain access to H-2B workers, and found no statistically significant impact on the employment, payroll, revenues, or survival for these likely competitor firms.

Mahajan (2025)

This study examines outcomes for employers that applied for TLC in 2020. DOL expected to receive more petitions than would be accepted in that year and instituted a new lottery procedure, randomly assigning each TLC application a letter from A through E. Applications were then processed in alphabetical order of their random group assignments; only those assigned to groups A or B were able to hire H-2B workers. For the second half of FY2020, firms applied for TLC before COVID-19 severely disrupted the economy, but approved H-2B workers could not start work before April 1, 2020.

Using publicly available TLC and visa petition data matched with confidential tax data on firms, the author compares applicants that applied for TLC and were assigned to groups A or B with those who were assigned to groups C, D, or E. He finds that employers assigned to groups A and B were two percentage points more likely to stay in operation in 2020, generated 6% more in revenues, and disbursed 24% more in payroll during 2020, relative to employers assigned to groups C, D, or E.

These impacts of the H-2B program did not come at the expense of nearby businesses that did not participate. Employers that did not participate in the H-2B program but were located in the same counties as employers assigned to groups A or B were more likely to be in business, had higher payroll growth, and had higher revenue growth during 2020 than those located in the same counties as employers assigned to groups C, D, or E.

Clemens and Lewis (2024)

This study examines outcomes for employers that applied for TLC in 2021 and 2022. In these years, applications for TLC were randomly assigned a letter (A-G), and were then processed in order of their random group assignments. In 2021 and 2022, a higher fraction of employers in group A hired H-2B workers than employers in groups B-G.

The authors surveyed members of the National Association of Landscape Professionals, the Outdoor Amusement Business Association, the Seasonal Employment Alliance, and the American Seafood Jobs Alliance, asking members of these associations about their use of the H-2B program. They show the survey responses they received from employers that tried to use the H-2B program came from employers typical of H-2B applicants.

The authors found employers who reported in the survey that their H-2B TLC applications were randomly assigned to group A had higher employment, higher revenues, and greater investments of capital than employers who reported that their TLC applications were in groups B-G. The employers in group A did not report hiring fewer U.S. workers than employers in groups B-G. Among employers in rural areas, those in group A hired more U.S. workers than those in groups B-G. Because being in group A (and thus more likely to hire H-2B workers) raised firms' revenues, the authors conclude it is unlikely firms that hired H-2B workers would have chosen to hire unauthorized workers instead of the H-2B workers.

The authors conclude that gaining access to H-2B workers increases hiring of domestic workers because these employers have few substitutes for the labor provided by H-2B workers. They argue that H-2B workers are hired for jobs that are difficult to replace with machines, and note that employers in group A had greater capital investments than employers in groups B-G.

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