

Overview of the H-1B Skill Training Program

In response to demands from industries that were experiencing skill shortages in cases such as information technology, Congress enacted the Immigration Act of 1990 (IMMACT). IMMACT created the H-1B visa category, which was established for nonimmigrants who sought to work in high skill or specialty occupations, and established annual limits of 65,000 on the number of H-1B visas granted. IMMACT was implemented in 1992. In a subsequent effort to help employers access skilled foreign workers and compete internationally, Congress enacted the American Competitiveness and Workforce Investment Act of 1998 (ACWIA 1998) in October 1998. The provisions of that Act creating technical skills training grants have since been superseded by the American Competitiveness in the Twenty-first Century Act of 2000 (ACWIA 2000).

These high skill and specialty occupations require theoretical and practical application of a body of highly specialized knowledge and sometimes may even require full state licensure to practice in the occupation. These occupations require at least a bachelor's degree or higher and/or experience in the specific specialty. They may also require recognition of expertise in the specialty through progressively responsible positions relative to the specialty.

ACWIA 1998 increased the annual limit temporarily to 115,000 in fiscal years 1999 and 2000 and 107,500 in 2001. In addition, a \$500 user fee was imposed on employers for H-1B applications. The Act authorized the use of 56.3% of the fee to finance the H-1B Technical Skill Training Grant Program. Grants funded under the Act have the longer term goal of raising the skill levels of domestic workers in order to fill specialty occupations presently being filled by temporary workers admitted to the United States under the provisions of the H-1B visa.

ACWIA 1998 described eligible grant applicants as local Workforce Investment Boards (WIBs) or a consortia of local Boards. Current grantees are local WIBs, as established under section 117 of the Workforce Investment Act (WIA), that have proposed to carry out specifically designed skill training programs or projects for employed and unemployed workers through one-stop delivery systems or a regional consortia of local boards, as established under section 121 of the WIA. Regional consortia may be interstate.

WIA provides a framework for a national workforce investment and labor exchange system designed to meet both the needs of the nations's businesses and the needs of job seekers and workers who want to further their careers. ACWIA 1998 provided resources for skill training in occupations that are in demand by employers. One measure of this demand is the number of employer H-1B applications for workers. The information technology and health industries generate the most H-1B applications.

The current grant initiatives are building on similar Employment and Training Administration (ETA) initiatives that address skill shortages including: the June 1998 and 2001 dislocated worker technology demonstrations; the regional skills consortium-building awards announced in March 2000; the Individual Training Account demonstration grant awards announced in February 2000; and the skills strategies partnership training/system-building demonstration awards, which were announced in June 2000. Each of these efforts was intended to strengthen linkages between employers experiencing skill shortages in specific occupations and the publicly funded workforce development system.

In June 1998, \$7.5 million in JTPA Title III dislocated worker funds was awarded to 11 organizations throughout the country to train workers in skills related to the information technology industry. These grantees began operations in March 2000. In June 1999, over \$9.57 million was awarded to 10 grantees in a second round to train dislocated workers in the skills necessary to obtain work requiring advanced skills in occupations in manufacturing industry settings, including computers and electronics manufacturing, machinery and motor vehicles, chemicals and petroleum, specialized instruments and devices, and biomedics. These grantees began operations in August 2000. On October 20, 2000, a third round of H-1B demonstration grants was awarded to 22 grantees totaling \$54 million. These grantees began operations on November 15. Subsequent grant awards will be made in the future, based on the collection of additional employer user fees.

ACWIA 2000 was enacted on October 17, 2000. It increased the temporary cap to 195,000 H-1B visas annually and extended the higher cap two additional years until the end of fiscal year 2003. Separate legislation raised the employer H-1B application fee from \$500 to \$1,000.

ACWIA 2000 authorizes the use of 55% of the funds generated by fees to continue to finance training under the Department of Labor's (DOL) H-1B Technical Skill Training Grant Program. Like ACWIA 1998, it is designed to assist American workers in acquiring the requisite skills in occupations that are in demand, such as information technology and healthcare.

Under ACWIA 2000, local WIBs are eligible to receive 75% of total funds awarded. These grants provide funds to partnerships consisting of one or more local WIBs, at least one business or business related non-profit (such as a trade association) and one community-based organization (which may be faith-based), higher education institution or labor union. The remaining 25% of funds will be made available through grants to eligible partnerships that consist of at least two businesses or a business-related nonprofit organization that represents more than one business. Partnerships may include any educational, labor, community organization, or WIB, but funds may be used only to carry out a strategy that would otherwise not be eligible for funds under the 75% clause. The Act also mandates an equitable rural and urban mix and a fair distribution across regions in making awards.

ACWIA 2000 specifies that technical skills training is not limited to skill levels commensurate with 4-year undergraduate degrees. Training can include the preparation of workers for a broad range of positions along a career ladder.

ACWIA 2000 strengthens accountability provisions and requires applicants to propose specific measurable outcomes for the grants. Grant awardees must demonstrate that training will lead to the hiring of unemployed trainees (where applicable), increased salaries for employed trainees (where applicable) and skill certifications or training to meet industry-accepted occupational skill standards, certificates or licensing requirements.