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Evidence-based prevailing wage reform

January 14, 2026

Worker protections underpin the integrity of the immigration system

DOL should protect US workers, ensuring that no foreign workers are paid less than similar US workers.

But DOL doesn't currently have the tools to make apples-to-apples comparisons.

Linking existing datasets would give the agency the right tool.

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Prevailing wages can't protect American workers without better data

Raising wage levels without data on experience and education does not *and cannot* end wage arbitrage.

- **It's possible to underpay H-1B workers, even if they earn above their occupational median.**

- **If DOL ensured all H-1Bs made the occupational median (50th percentile), 15 percent of H-1Bs would still be underpaid relative to similar US workers.**

DOL can virtually eliminate wage arbitrage in US visa programs by **Experience Benchmarking,** linking administrative datasets the federal government already collects.

The problem

- Statute requires prevailing wage levels be "commensurate with experience and education"

- **But OES data contains no information on worker education or experience**

- Result: uniform percentile cutoffs (currently 17th, 34th, 50th, 67th) applied across every occupation

Skill Level	Current Percentile	2020 Proposal	2021 Proposal
Level I	17	45	35
Level II	34	62	53
Level III	50	78	72
Level IV	67	95	90

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Why uniform cutoffs fail

- Can't distinguish between wage arbitrage and early-career skills

- Occupations have vastly different workforce compositions
  - Junior-heavy occupations: entry-level staff far outnumber seniors
  - Senior-heavy occupations: experienced practitioners dominate

- One-size-fits-all thresholds fit many occupations poorly

- Result: visa programs still allow for undercutting US workers

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But there's a solution

Experience benchmarking allows DOL to eliminate wage arbitrage using existing administrative data.

Evidence from H-1B data and the American Community Survey

Measuring wage premia in the H-1B system

Question: Do uniform cutoffs prevent employers from hiring foreign workers for less than similar natives?

To answer this question, we compare H-1B microdata to native-born workers with the same occupation, age, and education in the American Community Survey.

Answer: No. There are H-1B workers with positive and negative wage premia along the entire salary distribution within a particular occupation.

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H-1B Lottery Winners

FOIA request via Bloomberg

- ~270,000 selected petitions
- FY2022, FY2023, FY2024
- Salary, occupation, education

Native-born Workers

American Community Survey

- 2021, 2022, 2023 microdata
- Occupation code (6-digit SOC)
- Education level, age, earnings

MATCH ON

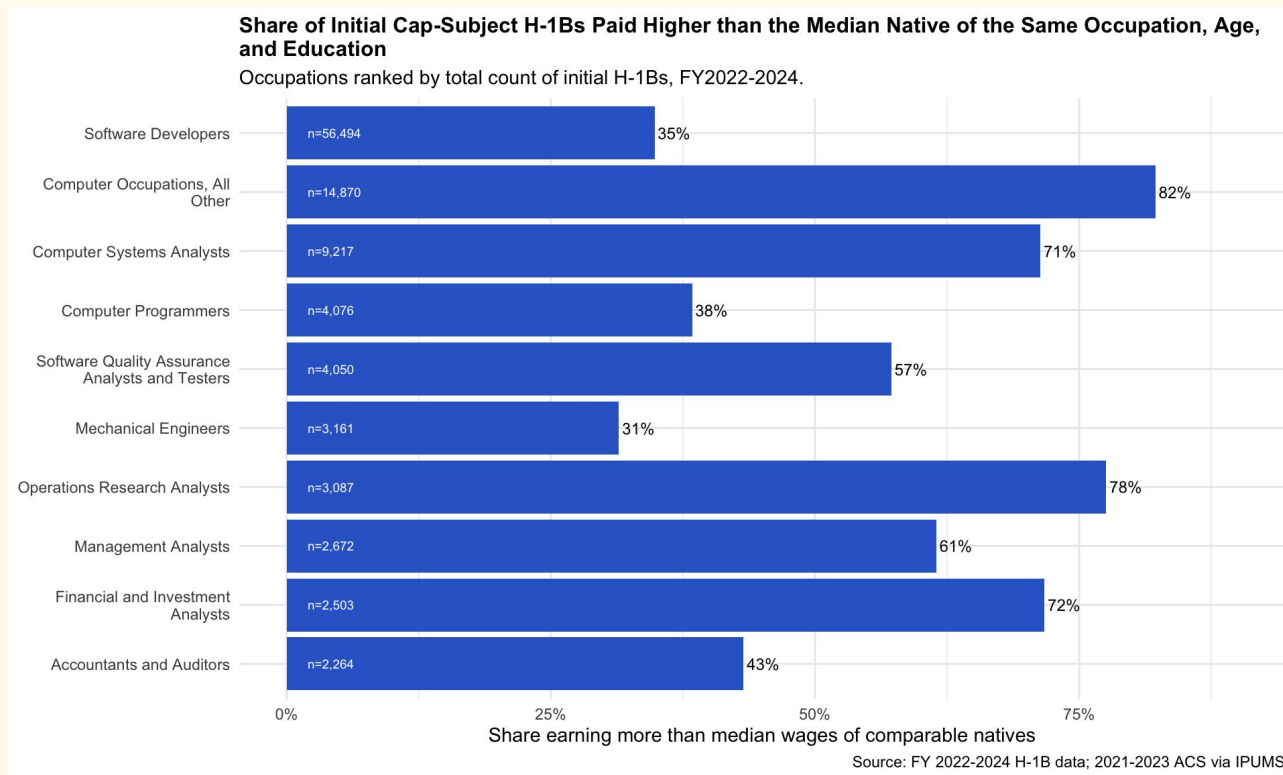6-digit SOC + 5-year age group + Education level

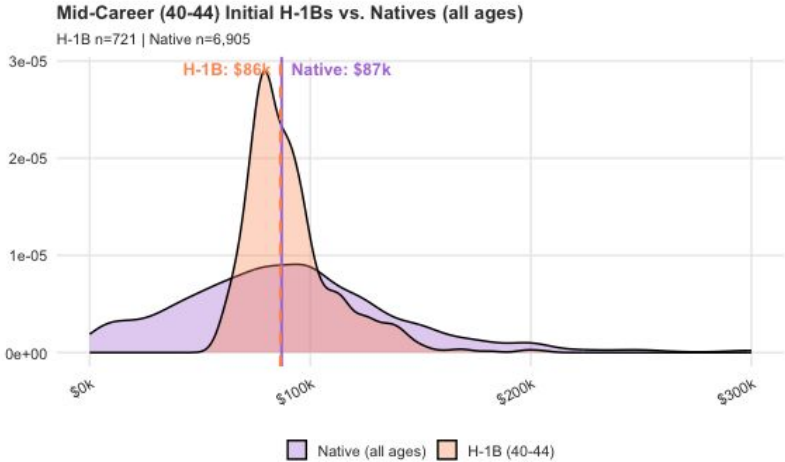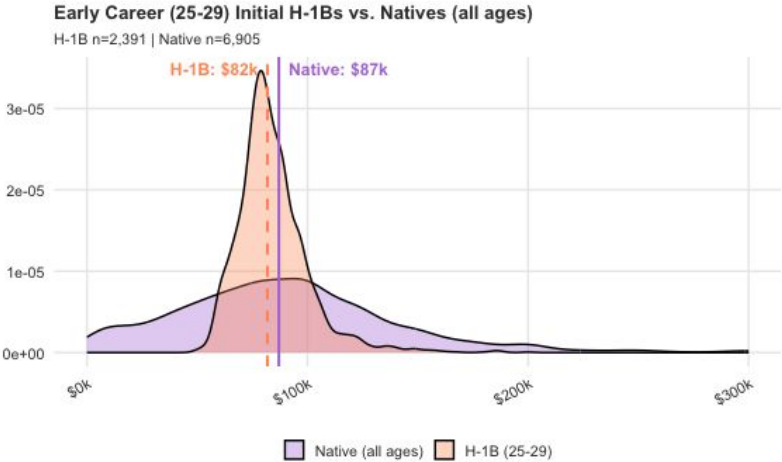**Wage Premium**

H-1B worker salary — Median native salary

May be positive, negative, or zero

The same cutoffs apply more and less well to different occupations

Share of Initial Cap-Subject H-1Bs Paid Higher than the Median Native of the Same Occupation, Age, and Education

Occupations ranked by total count of initial H-1Bs, FY2022-2024.

Occupation	n	Share
Software Developers	n=56,494	35%
Computer Occupations, All Other	n=14,870	82%
Computer Systems Analysts	n=9,217	71%
Computer Programmers	n=4,076	38%
Software Quality Assurance Analysts and Testers	n=4,050	57%
Mechanical Engineers	n=3,161	31%
Operations Research Analysts	n=3,087	78%
Management Analysts	n=2,672	61%
Financial and Investment Analysts	n=2,503	72%
Accountants and Auditors	n=2,264	43%

Share earning more than median wages of comparable natives

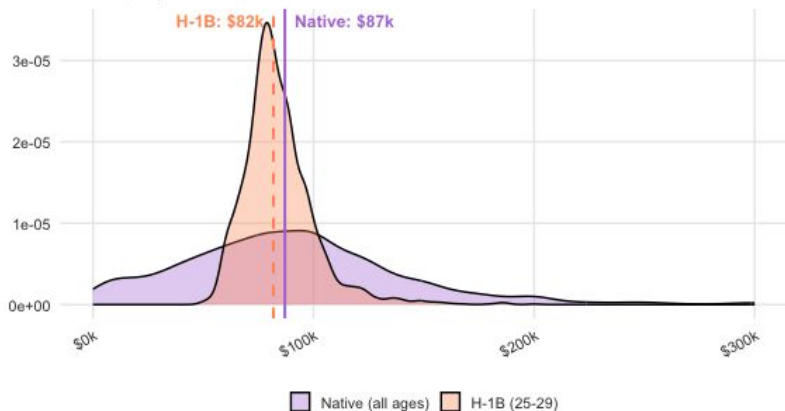Source: FY 2022-2024 H-1B data; 2021-2023 ACS via IPUMS

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Computer Programmers

The wage distributions of initial cap-subject H-1B petitions compared to native-born US workers

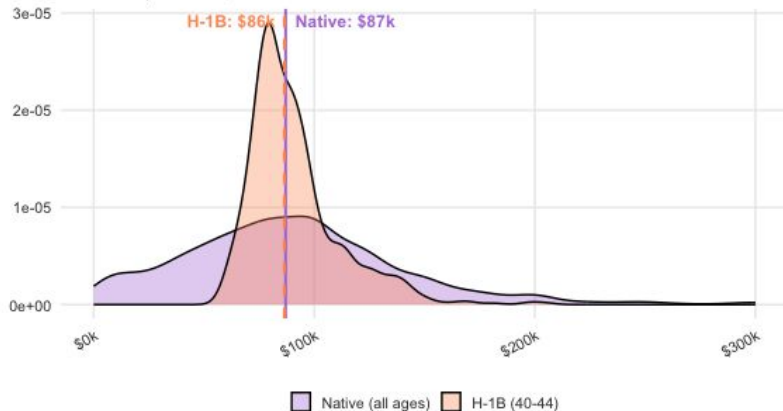**Early Career (25-29) Initial H-1Bs vs. Natives (all ages)**

H-1B n=2,391 | Native n=6,905

H-1B: $82k   Native: $87k

Mid-Career (40-44) Initial H-1Bs vs. Natives (all ages)

H-1B n=721 | Native n=6,905

H-1B: $86k   Native: $87k

Native (all ages)   H-1B (25-29)

Native (all ages)   H-1B (40-44)

Computer Programmers

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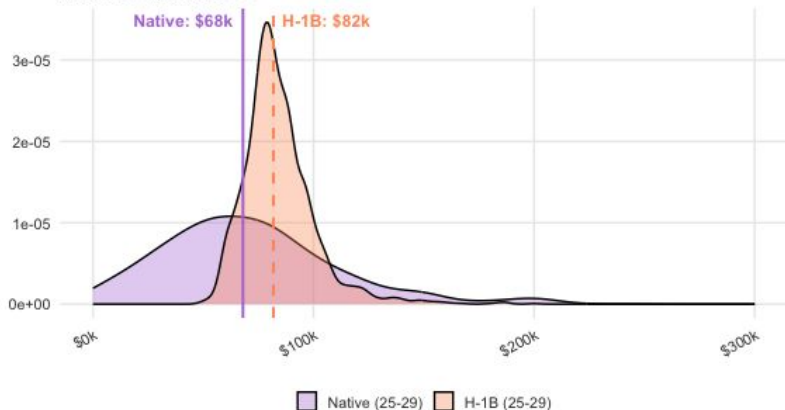H-1B n=2,391 | Native n=6,905
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Early Career (25-29) Initial H-1Bs vs. Early Career Natives
H-1B n=2,391 | Native n=636
Native: $68k   H-1B: $82k
Native (25-29)   H-1B (25-29)

Mid-Career (40-44) Initial H-1Bs vs. Mid-Career Natives
H-1B n=721 | Native n=696
H-1B: $86k   Native: $100k
Native (40-44)   H-1B (40-44)

Source: FY 2022-2024 H-1B petition data; 2021-2023 ACS via IPUMS. Vertical lines indicate median wages.
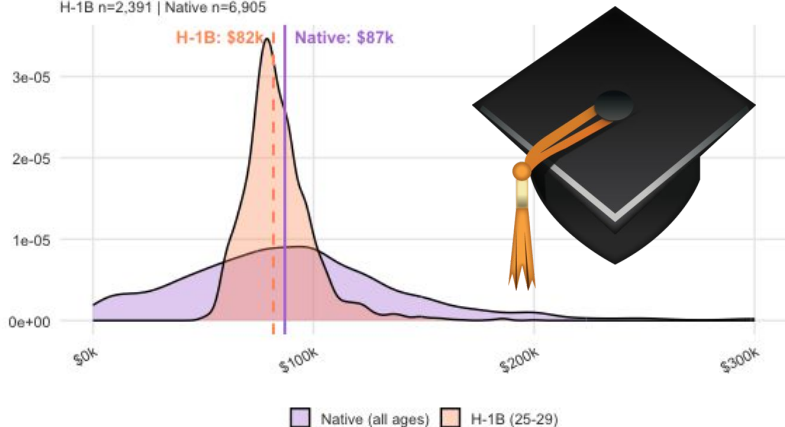
Computer Programmers

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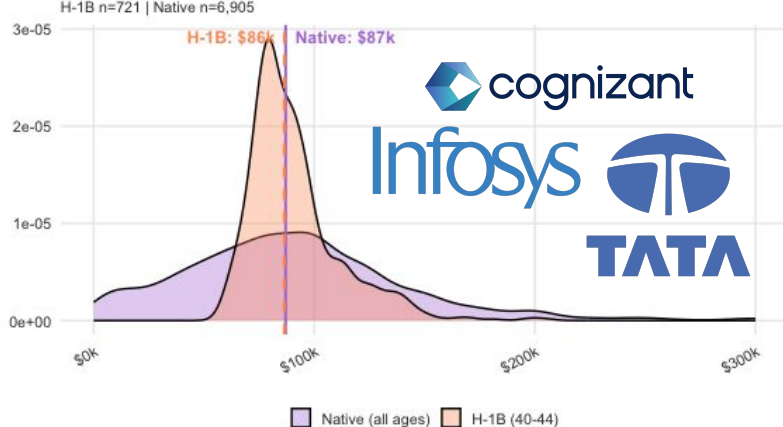### Early Career (25-29) Initial H-1Bs vs. Natives (all ages)
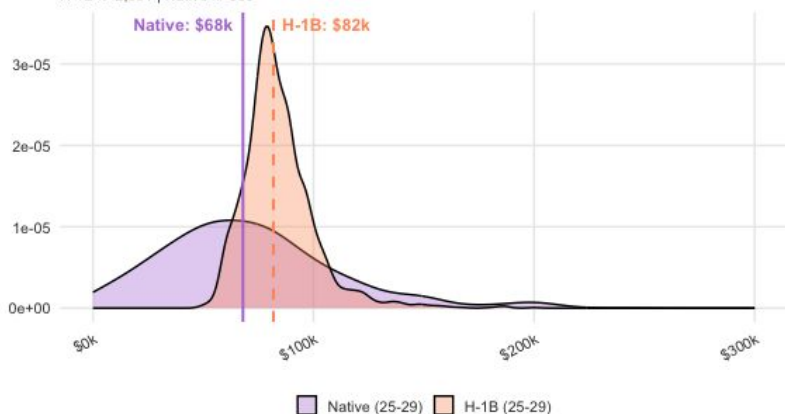H-1B n=2,391 | Native n=6,905

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Legend: Native (all ages) — H-1B (25-29)

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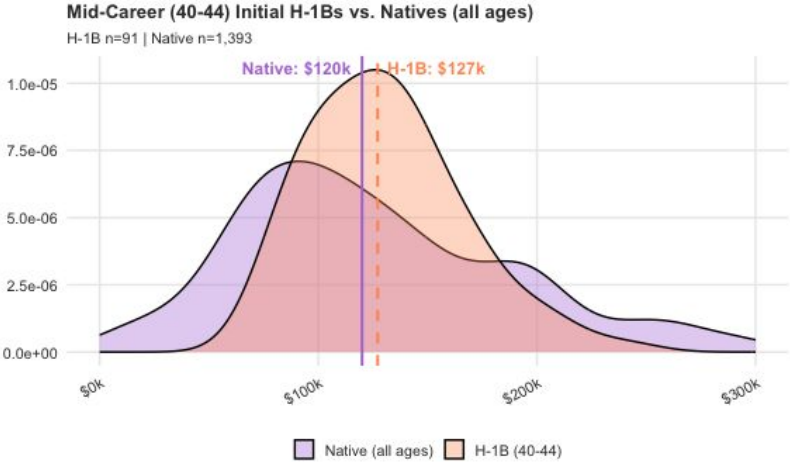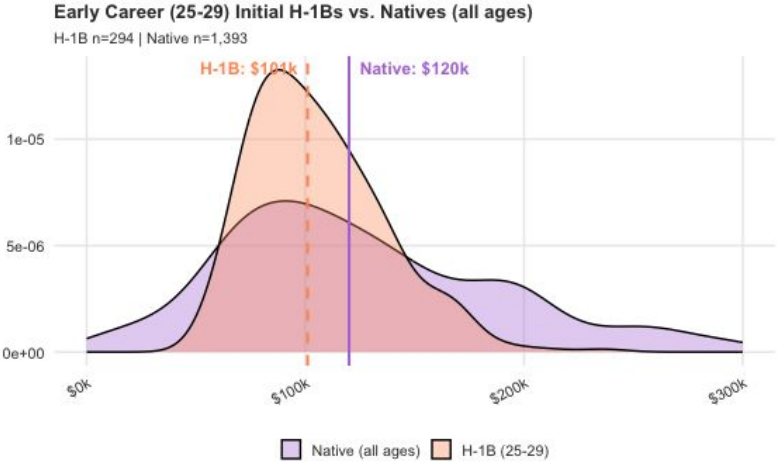
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Source: FY 2022-2024 H-1B petition data; 2021-2023 ACS via IPUMS. Vertical lines indicate median wages.

Sales Engineers

The wage distributions of initial cap-subject H-1B petitions compared to native-born US workers

Early Career (25-29) Initial H-1Bs vs. Natives (all ages)
H-1B n=294 | Native n=1,393

H-1B: $101k
Native: $120k

Native (all ages)   H-1B (25-29)

Mid-Career (40-44) Initial H-1Bs vs. Natives (all ages)
H-1B n=91 | Native n=1,393

Native: $120k   H-1B: $127k

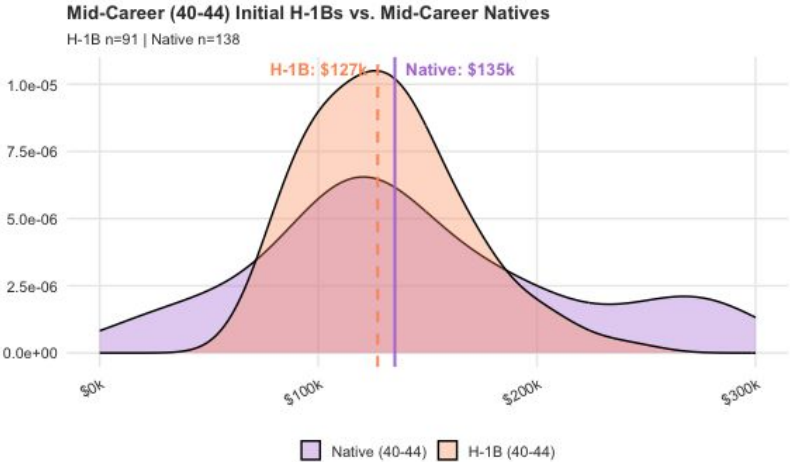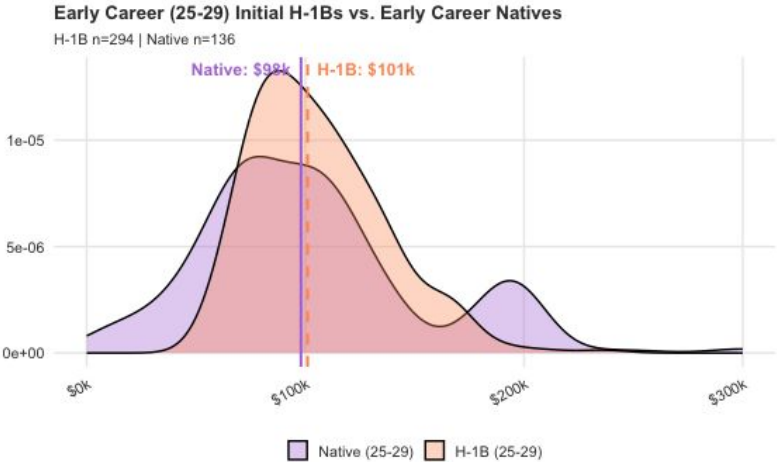Native (all ages)   H-1B (40-44)

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Native (all ages)   H-1B (40-44)

Early Career (25-29) Initial H-1Bs vs. Early Career Natives
H-1B n=294 | Native n=136
Native: $98k   H-1B: $101k

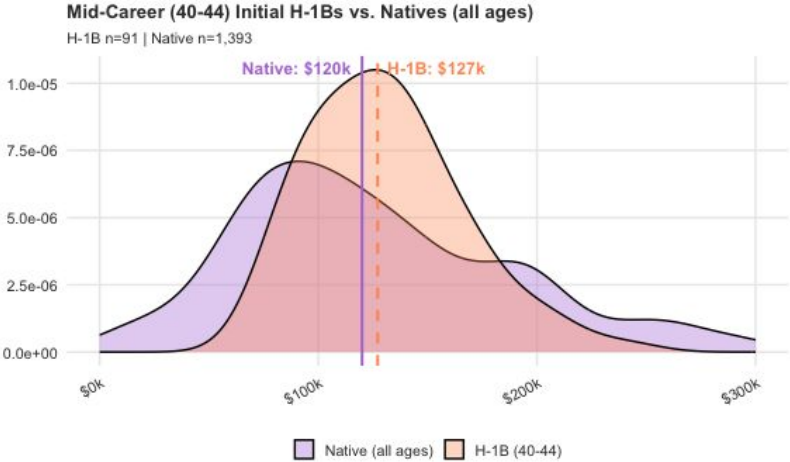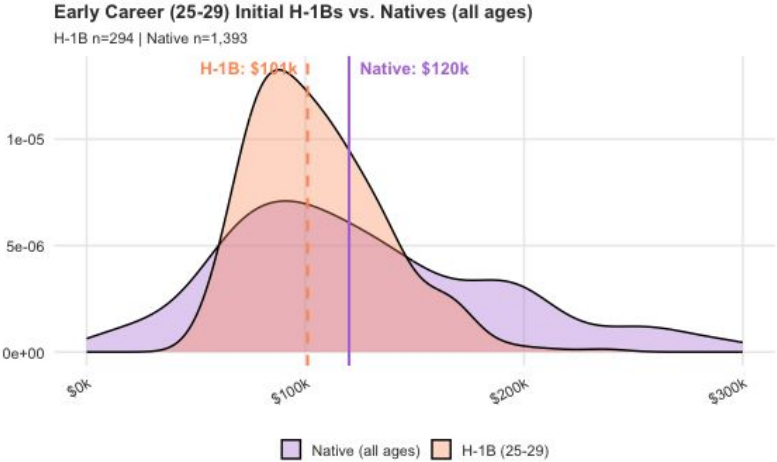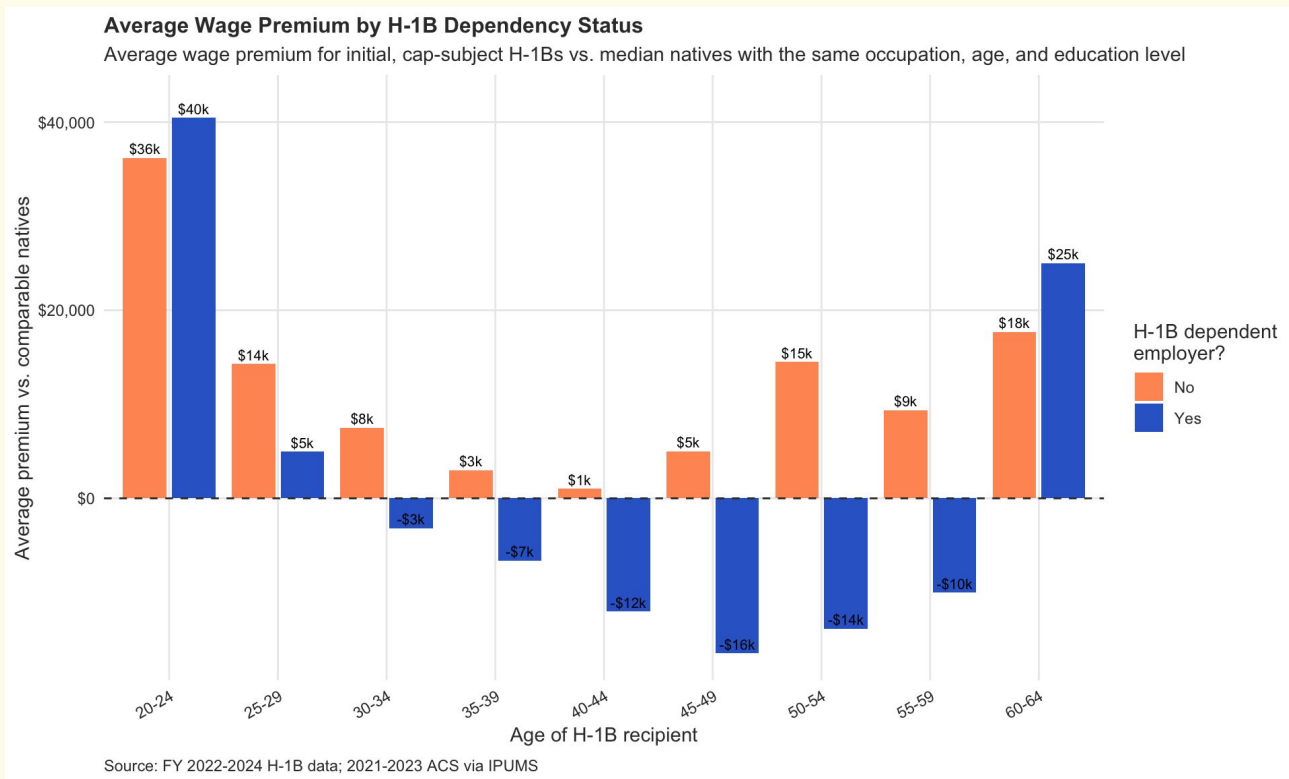**Mid-Career (40-44) Initial H-1Bs vs. Mid-Career Natives**
H-1B n=91 | Native n=138
H-1B: $127k   Native: $135k

Native (25-29)   H-1B (25-29)

Native (40-44)   H-1B (40-44)

Source: FY 2022-2024 H-1B petition data; 2021-2023 ACS via IPUMS. Vertical lines indicate median wages.

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Raising cutoffs is ill-targeted toward where underpayment is most prevalent

Average Wage Premium by H-1B Dependency Status

Average wage premium for initial, cap-subject H-1Bs vs. median natives with the same occupation, age, and education level

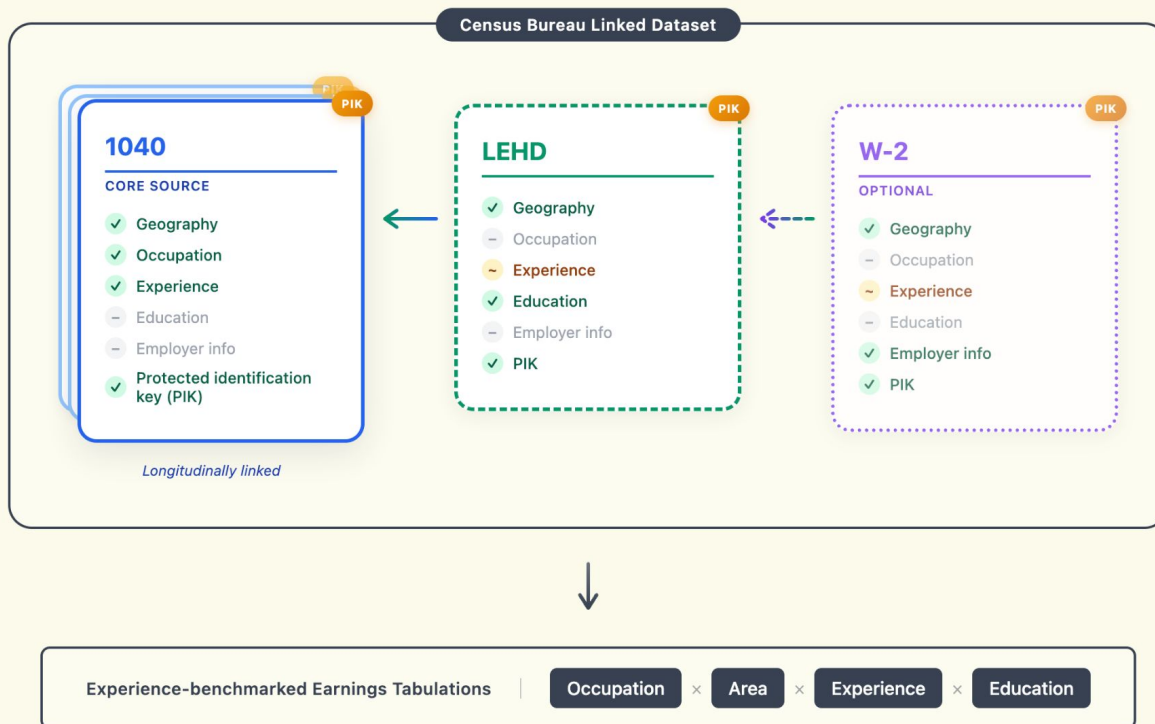Source: FY 2022-2024 H-1B data; 2021-2023 ACS via IPUMS

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Why simply raising the four-tiered Prevailing Wage Levels won't stop wage arbitrage

H-1B workers may be paid less than their occupational median because:
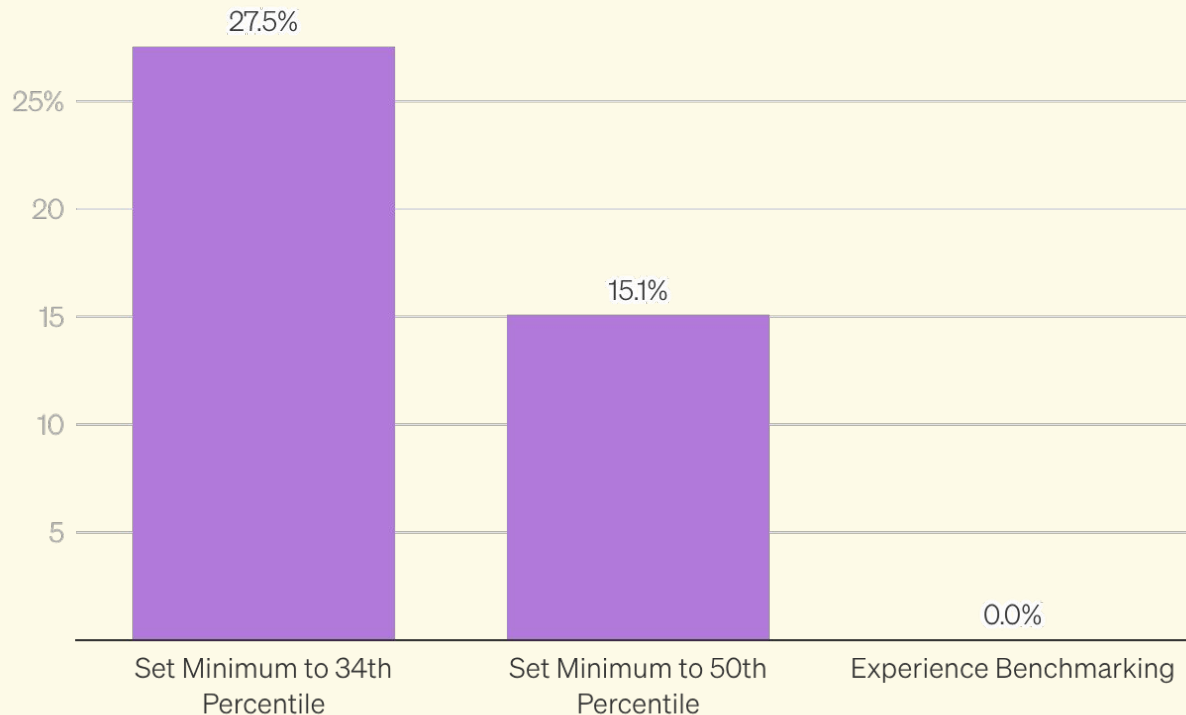
- wage arbitrage
- The worker is early in their career

Occupation-wide wage percentiles cannot distinguish these.

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The solution:
Experience benchmarking

Census Bureau Linked Dataset

1040
CORE SOURCE
- ✓ Geography
- ✓ Occupation
- ✓ Experience
- − Education
- − Employer info
- ✓ Protected identification key (PIK)

Longitudinally linked

LEHD
- ✓ Geography
- − Occupation
- ~ Experience
- ✓ Education
- − Employer info
- ✓ PIK

W-2
OPTIONAL
- ✓ Geography
- − Occupation
- ~ Experience
- − Education
- ✓ Employer info
- ✓ PIK

Experience-benchmarked Earnings Tabulations | Occupation × Area × Experience × Education

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Raising wage levels without data on experience and education can't end underpayment

Share of initial cap-subject H-1Bs paid less than comparable natives with the same occupation, age, and education

Source: FY 2022-2024 H-1B data, 2021-2023 ACS microdata via IPUMS

Benefits of Experience Benchmarking

- Would prevent undercutting US workers
- Higher precision, sample size, and new fields
- New dataset would help other government functions, like the AI Workforce Hub

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Recommendation

- OIRA should return any rule perpetuating uniform percentiles with instructions to develop an experience-benchmarked alternative that can better protect US workers.

- IFP stands ready to work with OIRA and DOL on implementation
  - IFP has already started talking to the Census Bureau and the FSRDCs

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Questions?

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