New analysis of U.S. Department of Labor data suggests that the leading users of the H-1B high-skilled guestworker visa program in Silicon Valley, and across California, are companies that essentially act as temporary staffing agencies. These companies make permanent work insecure and routinely facilitate the outsourcing of good, skilled jobs to lower wage labor markets. In fiscal year 2015, three of the top five companies filing Labor Condition Applications for work in Silicon Valley—the first step in hiring a temporary foreign worker using an H-1B visa—were companies with business models that rely heavily on subcontracting and offshoring arrangements. The nine outsourcing companies that receive the largest numbers of H-1B visas nationally made up nearly one-fifth (18 percent) of Silicon Valley’s 138,594 requests for H-1B workers in fiscal year 2015. While the H-1B program allows employers to sponsor guestworkers to access citizenship, these companies rarely sponsor H-1B employees for lawful permanent residence in the United States.

Companies that use the U.S. immigration system to facilitate outsourcing and offshoring have an even more dominant presence across the rest of California. In fiscal year 2015, eight of the top 10 companies filing LCA requests for H-1B work in California were outsourcing companies. The considerable share of requests suggests that these companies rely on H-1B visas to enable subcontracting arrangements that lower standards, depress wages and make jobs less secure for working people in California. For example, in 2015 Southern California Edison laid off hundreds of employees and then contracted with two temporary staffing agencies that hired H-1B guestworkers to do the same work, but paid them an average of $40,000 less per year.