

Thinking Man 112: Visa Fees Counter Growth & Innovation Goals *September 2025*

The Trump administration has introduced a \$100,000 fee for H-1B work visas, a policy shift that is widely viewed as counterproductive to attracting top STEM talent and supporting economic growth. While previous Trump policies and executive orders have been supportive of the technology, AI, and crypto sectors – offering regulatory clarity, supporting digital asset innovation, and positioning the U.S. as a global leader in crypto – this new visa fee proposal runs contrary to those goals.

High Fees Deter Global Talent

Studies and expert committees in both the U.S. and UK have shown that steep visa costs are a major deterrent to high-skilled STEM migrants, especially early-career researchers and those from less affluent backgrounds. When faced with such costs, top scientists and engineers are more likely to choose alternative destinations with more competitive policies, hurting the destination country's innovation pipeline and research output.

Negative Impact on Innovation and Economy

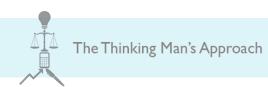
Empirical research has found a positive relationship between international STEM migration and innovation output: the more H-1B visas issued, the greater the number of patents, startups, and technology jobs in the host economy. Conversely, policies that restrict access through excessive fees reduce the inflow of highly skilled workers, thereby diminishing overall innovation and long-term economic growth.

Structural Barriers for Small and Medium Companies

High visa fees disproportionately impact small firms, startups, and academic institutions, which lack the financial capacity of large corporations to absorb major upfront costs. Research from the UK and U.S. finds that these groups, critical to basic STEM research and innovative entrepreneurship, will be most constrained, potentially leading to brain drain.

Multiple analyses comparing international visa regimes show that excessive costs make countries less attractive to mobile STEM professionals. Academic and policy papers recommend competitive, low-cost, and flexible visa programs to remain a destination of choice for the world's best minds.

- 1. The National Academies' "BRAIN FREEZE: How Restrictions on International Students Shape the STEM Workforce and Economic Growth in the United States" highlights the heavy reliance of U.S. higher education in STEM on foreign talent, and argues for policies that facilitate, not hinder, such flows.
- 2. A Peterson Institute analysis explicitly criticizes the new H-1B fee as evidence-contradicting and likely to harm innovation.



3. The Campaign for Science and Engineering (CaSE), which is the United Kingdom's leading independent advocate for science and engineering, as well as a House of Lords letter, both warn that raising visa costs is a form of "national self-harm" in the race for global STEM talent.

Figure 1: Immigrant STEM Workers in the US, by Occupational Group 2000-2019

	2000		2010		2019	
Occupation Group	STEM Workers	Share of STEM Workers	STEM Workers	Share of STEM Workers	STEM Workers	Share of STEM Workers
Computer & Math	570,000	17.7%	776,000	22.6%	1,370,000	26.1%
Engineering	376,000	14.8%	433,000	18.1%	611,000	19.5%
Life, Physical, and Social	222,000	18.1%	268,000	21.8%	342,000	21.5%
Management, Business, and Financial	61,000	12.2%	112,000	17.0%	176,000	20.7%

Source: American Immigration Council analysis of microdata from the 2000, 2010, and 2019 American Community Surveys.

Alternative Policy Measures

Expansion of Permanent Residency for STEM Graduates: the National Academies of Sciences and other policy groups urge exempting STEM master's and PhD holders from annual employment-based green card caps, providing a clear and competitive path to permanent residency for top global talent.

Flexible and Extended Post-Graduation Work Authorization: policymakers highlight expanding Optional Practical Training (OPT) for STEM graduates, allowing multi-year post-degree work experience, in order to ease the transition from study to career and help employers assess candidate fit without lottery or fee barriers.

Waiving Home Residency Requirements and Caps: policy briefs argue for exempting high-skilled STEM graduates from visa rules that require demonstrating intent to depart or that force them to leave if they don't secure immediate sponsorship. They also recommend expanded exemptions for universities and research institutions from work visa quotas.

Dedicated Startup or Entrepreneur Visas: some research calls for a new visa category dedicated to international entrepreneurs in STEM, enabling innovators to build high-growth companies without conventional sponsorship or excessive fees.

Comprehensive Immigration Reform: multiple reports suggest comprehensive reforms like reducing costs, increasing efficiency, and aligning policy with labor market needs to make the U.S. a more appealing destination for world-class talent.



Summary

President Trump's imposition of a \$100,000 fee on new H-1B visa applications has sent shockwaves through the technology sector and triggered a global race for skilled talent, with China rapidly responding by launching the K visa program targeting young STEM professionals. China's K visa, effective October 1, 2025, is explicitly designed to attract young science and technology graduates and professionals. Unlike the H-1B, it does not require employer sponsorship, covers a broad range of academic, scientific, cultural, and entrepreneurial activities, and offers multiple entries with longer validity and extended stays. Eligible applicants must be STEM graduates from recognized global institutions with at least a bachelor's degree, or young professionals in relevant roles. The policy amendment marks China's intent to lower barriers for foreign talent as part of its innovation strategy.

This dramatic policy shift by the Trump administration represents one of the most sweeping changes to the U.S. skilled worker program in decades. While the White House quickly clarified that the fee applies only to new applications and doesn't affect current visa holders or renewals, the announcement created widespread confusion among tech workers and companies like Amazon, Google, Microsoft, and Meta.

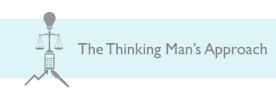
In summary, recent academic and policy literature strongly warn that prohibitively high visa fees will undermine a country's appeal as a hub for global STEM excellence and damage its own scientific, technological, and economic competitiveness. Policy papers and research consistently recommend alternatives to high visa fees as more effective strategies for STEM talent retention. The most prominent proposals include expanding permanent residency pathways for advanced degree holders, exempting international STEM graduates from restrictive caps and intent-to-return requirements, and extending work authorizations for student visa holders.

Across the board, the evidence and policy advice conclude that cutting red tape, reducing costs, and increasing long-term residency pathways are much stronger incentives for global STEM talent than imposing or increasing hefty visa fees.

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