

Will Trump's H-1B overhaul trigger talent shortages in the US?

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US President Donald Trump's immigration directive imposes a US\$100,000 fee on foreign worker sponsorship, potentially disrupting state economies and reshaping workforce strategies in key industries.

Key takeaways



- The new H-1B visa fee has sent shockwaves through the US, leaving some employers unsure how to maintain their workforces.
- While large tech companies are the biggest employers of H-1B workers, the fee will likely have the greatest impact on smaller companies.
- Other countries have already started pursuing foreign skilled workers, posing a threat to the US economy.

Trump introduced a sweeping change to the H-1B visa programme on 19 September 2025 by imposing a US\$100,000 filing fee on all new petitions submitted after 21 September 2025. That's a sharp increase from the previously applicable fees, which consist of a base fee of US\$780 (paper filing) or US\$730 (online filing), plus additional fees of up to US\$6,600 depending on factors like employer size. The total fees for an H-1B visa petition before 21 September would have topped out at US\$7,380.

Trump's proclamation, which expires in September 2026, requires employers to provide proof of the US\$100,000 payment for any H-1B petitions filed on behalf of foreign workers.

"The severe harms that the large-scale abuse of this program has inflicted on our economic and national security demands an immediate response," Trump wrote. "I therefore find that the unrestricted entry into the United States of certain foreign workers . . . would be detrimental to the interests of the United States because such entry would harm American workers, including by undercutting their wages."

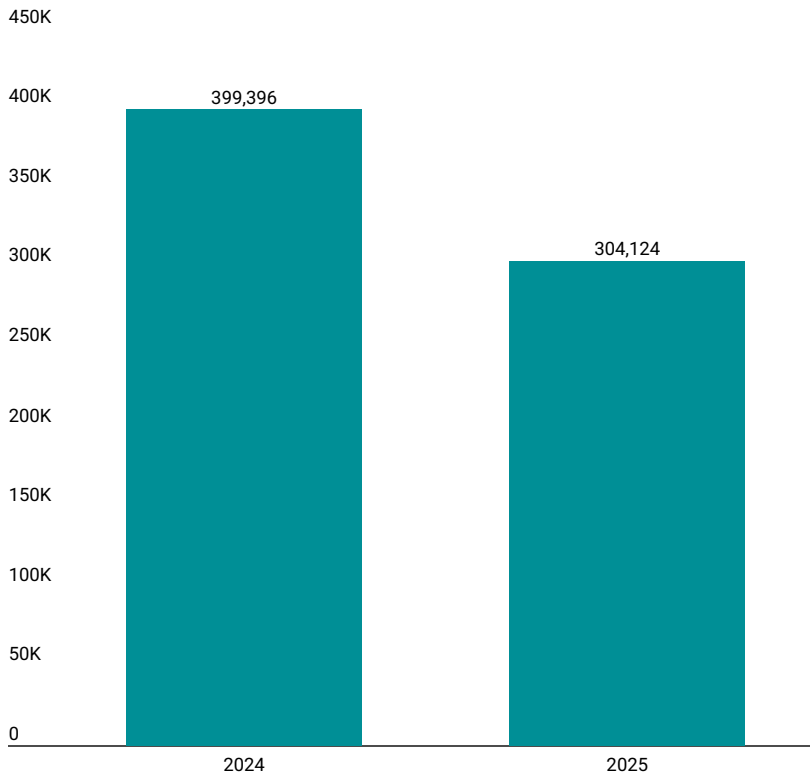
The new directive is already facing legal scrutiny: a coalition of labour unions and healthcare providers, among other organisations, filed a lawsuit against the Trump administration on 3 October 2025. The plaintiffs argued that the US\$100,000 fee "ignores pertinent facts reflecting that the H-1B program supports economic growth" and urged the US District Court for the Northern District of California to set aside the first three provisions the proclamation.

The complaint addressed several gaps in Trump's policy, citing concerns about whether current H-1B visa holders could leave and re-enter the US after the 21 September effective date. Despite some initial panic, the proclamation does not prevent these workers from travelling.

However, Jackson Lewis partner Amy Peck said that many companies "are cancelling unnecessary travel," as the Trump administration has "spiked anxiety" by proving that "it's not afraid to issue a proclamation late on a Friday and have it take effect before the following Monday."

Trump said there has been a "large-scale replacement of American workers" because of the H-1B programme, which allows US employers to temporarily employ foreign workers in specialty occupations. According to US Citizenship and Immigration Services (USCIS) data, H-1B visa approvals dropped by around 24% in fiscal year (FY) 2025 compared to FY 2024.

H-1B visa approvals by fiscal year



Source: USCIS

The Trump administration has not yet clarified which petitions will be considered “new” and therefore subject to the US\$100,000 fee. Peck noted that the specific impacts of the fee remain unclear, as “there is no guidance about who has to pay, how they can pay, or under what circumstances they have to pay.”

Which companies are most affected?

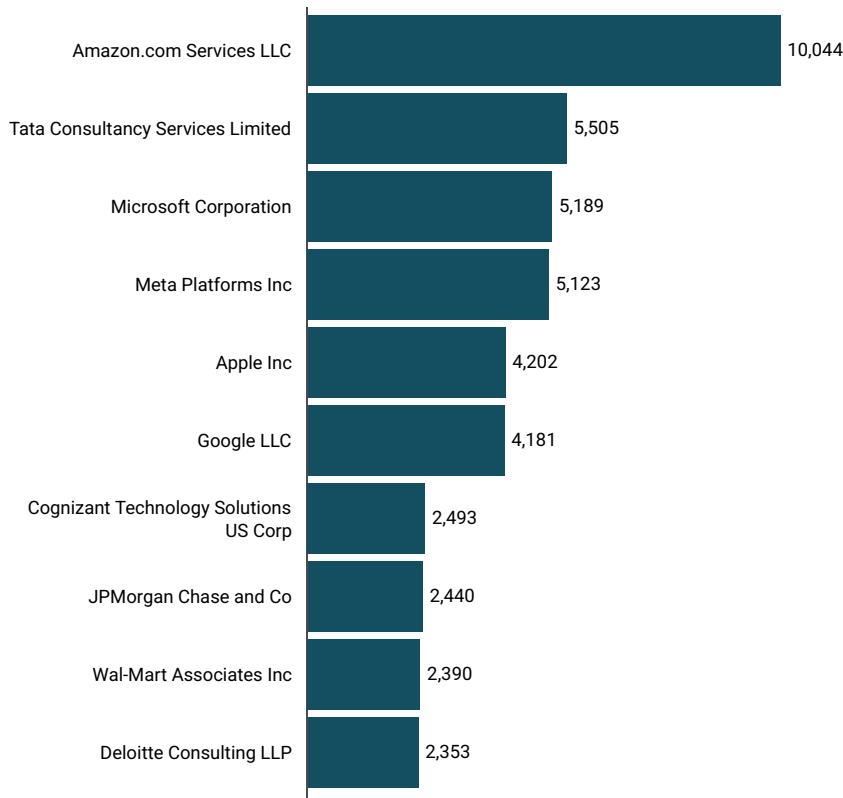
Trump specifically named the science, technology, engineering and math (STEM) industries in his proclamation, claiming they “have abused the H-1B statute and its regulations to artificially suppress wages, resulting in a disadvantageous labor market for American citizens.”

The USCIS data shows that the professional, scientific and technical services industries – the NAICS code that most closely aligns with Trump calling out STEM – accounted for around 42%, or 127,732, of H-1B approvals in FY 2025. The manufacturing industry was a distant second, making up 11%, or 33,453, of approvals, while the finance and insurance industries and the educational services industry represented 9% and 7% of approvals, respectively.

A handful of companies dominated H-1B visa approvals for FY 2025, with Amazon – classified by USCIS as a retail trade company – securing approvals for more than 10,000 beneficiaries.

Top 10 H-1B visa approvals by company

FY 2025



Source: USCIS

Troutman Pepper Locke partner Robert Lee said “the volume” of H-1B visa holders working in the technology sector means the US\$100,000 fee will “hit the industry hard.” However, he said larger companies will be able to “weather the storm,” and that the fee will likely have a greater impact on smaller companies. Previously, employers with 25 or fewer workers could pay a reduced base filing fee of US\$460.

This impact may be compounded by the US Department of Homeland Security’s (DHS) proposed rule, issued on 24 September 2025, to amend its regulations governing the H-1B visa registration process. Currently, when H-1B registrations exceed the annual cap of 85,000, USCIS conducts a random selection from the electronic submissions by prospective employers. Selected employers may then file H-1B cap-subject petitions on behalf of their respective beneficiaries.

The DHS has proposed a weighted selection process that would instead assign one of four wage levels to employers. Level IV employers – or those paying an average annual salary of US\$162,528 or more to H-1B workers – would receive four entries into the selection pool, while level I employers would only receive one entry. Level II and III employers would receive two and three entries, respectively.

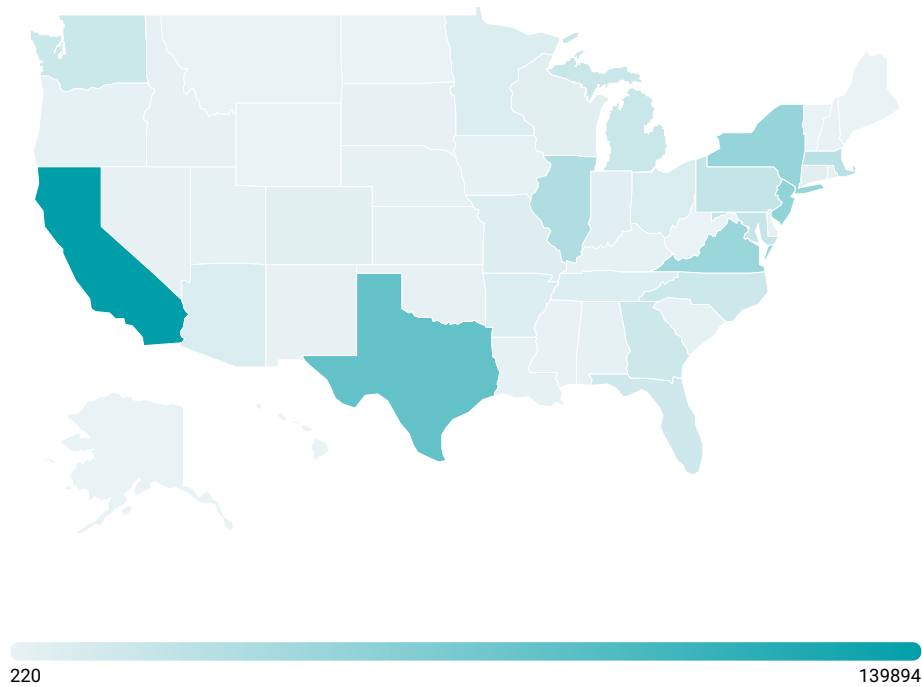
Lee said the new H-1B fee and the DHS’ proposed rule “reward companies with greater resources,” adding that he expects the volume of lottery registrations to decrease if these policies are implemented.

“If a company is paying someone a level I salary, and it’s competing with folks with four chances of getting picked, it might not even bother,” Lee said. “The odds are much worse for a smaller employer taking a chance on a recent graduate with a lot of potential, but that doesn’t have the resources to fund [the petition].”

Fewer H-1B workers could also impact US state economies; Lee noted that the new fee may hurt rural communities and will affect “technology hubs” like California and Texas.

H-1B visa approvals by state

FY 2025



Source: USCIS

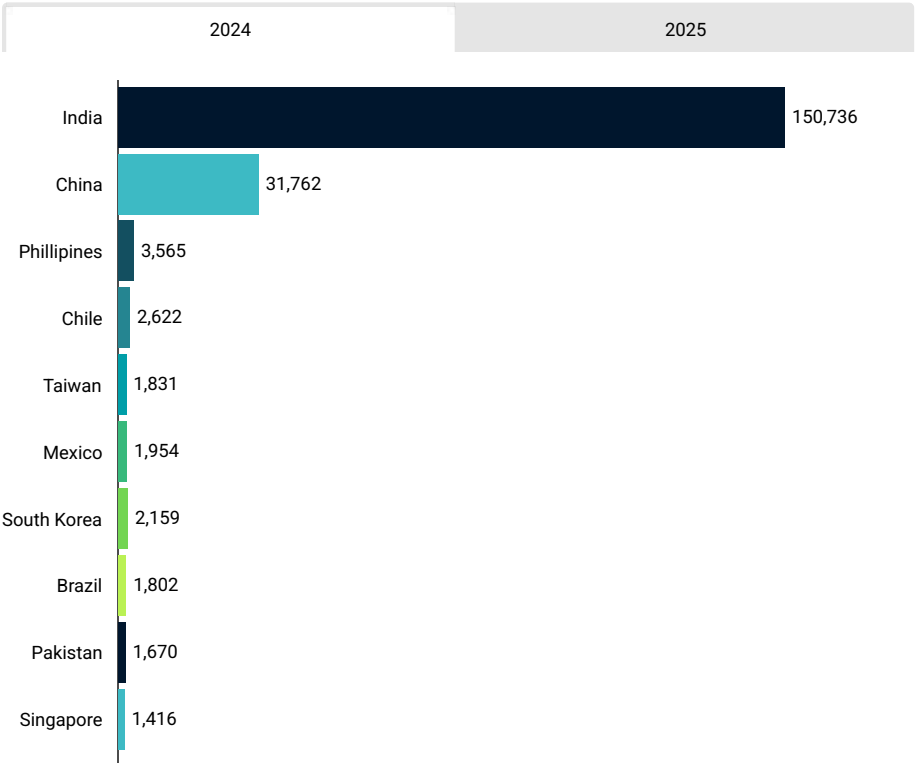
Geopolitical considerations

A potential decrease in H-1B visa approvals could have broader geopolitical implications, as well. According to monthly data from the US State Department, India sent more skilled workers to the US in FY 2024-25 than any other country. As the biggest beneficiary of H-1B visas, Lee said Trump's immigration directives "won't help" the already-strained relationship between the two countries.

Jackson Lewis' Peck noted that the new US\$100,000 H-1B visa fee will likely have additional "unintended consequences" for the US, some of which are already manifesting. Since Trump's 19 September 2025 proclamation, other countries have seized an opportunity to attract foreign talent.

Startup Coalition, a UK-based advocacy group, urged the Home Secretary on 22 September 2025 to position the UK as "a destination of choice" for foreign skilled workers, specifically for "Silicon Valley's talent pipeline." Similarly, the German Ambassador to India and Bhutan said Germany will welcome highly skilled Indian workers, emphasising that it will not change its immigration rules "fundamentally overnight."

H-1B visas issued in FY 2024-25
Top 10 nationalities



Source: US State Department, monthly nonimmigrant visa issuances

Peck said the “economic impacts” of possible talent shortages in the US are worrisome.

“When other countries get ahead of us in technology and other industries, it can be detrimental. These [H-1B] workers pay taxes in the US, and now they’re going to go elsewhere and pay those taxes,” she said.

“We probably could be utilising the US workforce and US STEM graduates more, but it’s a complex issue. An over-correction is not the answer, and that’s what this fee is.”

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