

# Executive Memorandum

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## Sponsorship: The Key to a Temporary Worker Program

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As they think anew about legislation to reform immigration, Members of Congress should seriously consider the operational details of a temporary worker program. The structure of such a program is crucial to both its political acceptability and its economic feasibility. The real danger is that Congress will enact a temporary worker program that passes the political test but fails the economic one.

Any legislation aiming to reform immigration should adhere to policy principles of national sovereignty, national security, rule of law, and patriotic assimilation, as well as economic efficiency. Yet none of the various bills offered thus far would create a workable temporary worker program. Even bills that are reported as different tend to share a similar emphasis on central control. A better idea is sponsorship.

**Three Possible Designs.** There are three basic ways to design a migrant worker program:

- **Unrestricted access** of immigrants to the U.S. labor pool,
- **Central control** of the migrant labor force by the government, and
- **Sponsorship** by U.S. firms of individual migrant workers.

The first option of unrestricted access is effectively the status quo: a black market for unautho-

rized labor without policing and prosecution. Simply legalizing the unrestricted flow of labor into the U.S. poses problems in other areas of high concern, such as national security. It also strikes many as problematic, so Congress is unlikely to pass it.

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- Temporary guest worker reform should utilize free-market principles, not a central government labor bureaucracy, to match employers and employees.
  - A sponsorship system would harness the power of the market to finance, manage, and enforce a temporary worker program.
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The second option is a system of total government control of the labor market in which migrant workers would be assigned licenses for narrowly defined jobs, skill-certified by government bureaucrats, guaranteed occupation-specific wages, and assigned to employers. The Senate took this approach in 2006.

The Senate bill (S. 2611, 109th Congress) would have created a large new bureaucracy in the U.S. Department of Labor to assign migrant workers to U.S. employers. The system would impose thousands of exclusive occupational categories and pay scales, introducing a massive wage-control scheme into the private sector. Needless to say, this would be a bad idea, not the least because it would be wickedly disruptive to the labor market.

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This paper, in its entirety, can be found at:  
[www.heritage.org/research/immigration/em1022.cfm](http://www.heritage.org/research/immigration/em1022.cfm)

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Centrally planned markets assume that a third party (the government) has perfect information about supply and demand down to the last detail. Even if the government could have the perfect knowledge required to match supply with demand in every case, using that knowledge would require a massive bureaucracy of forms, files, and approvals—all mistake-prone, corruptible, and expensive.

**How Sponsorship Would Work.** A third way is to give U.S. firms control and responsibility under a system of sponsorship that would put the onus on U.S. employers—not the government—to select, identify, and pay for migrant workers.

A central plank in a sponsorship option is to require firms to identify who their workers are and monitor where they reside. Beyond setting general numerical caps and ensuring compliance with employment laws, the government would be limited to authorizing the sponsored worker (who would have to pass security and health checks) and maintaining a biometric database of the identity and status of migrants, similar to the US-VISIT program. Criminals could be efficiently blocked from entering or reentering the U.S., including immigrants who try to flout the new law and maintain an undocumented status. The market should be utilized where it is the most effective (sorting supply and demand of labor), and the government should be utilized for its core functions (safety and security).

However, putting the onus on employers for temporary workers will work only if employers face serious penalties for not complying. For every migrant worker, employers should be required to post a default bond that would be reimbursed only when the migrant returns home lawfully. The best, easiest, and fairest bond price would be set by a market, not by the government. The government would periodically auction worker bonds, and the winning bidders would receive the right to hire migrant workers.

Critics are quick to say that tracking all foreign workers is too complex for the government to handle, yet the free market has already produced much more complex systems that track millions more

people through the payroll tax system and track individual transactions on hundreds of millions of personal credit cards *down to the penny* every day.

**Some Elements of a Sponsorship-Driven Temporary Worker Program.** Under the sponsorship option:

- The federal government would offer a fixed number of temporary worker visas each year. Congress would set the number and minimum bid, and U.S. employers could then bid for the slots. Revenues from the auction would pay for the temporary worker program and help to defray social expenditures on migrant families.
- Sponsoring firms would provide medical, disability, and other essential insurance to their migrant workers.
- Sponsored migrant workers would have to be identified biometrically at the border, carry identification with unique and secure information, pay taxes just as American workers do, and return to their home countries after their temporary visas expire.
- Program renewals would be allowed, but only from the fixed number of visas. The sponsoring firms would determine who fills those visas, but the fixed number would include any individuals who “go illegal” and remain at large.
- Any individuals who enter a temporary worker program, regardless of current status, would be required to establish sponsorship so as to create a fair and consistent program.

**Conclusion.** Complicated issues would still need to be resolved, but the core labor-market engine powering the guest worker immigration system should be based on free-market principles. Sponsorship is not just the best foundation for a guest worker program. It is the only option that will operate smoothly, fairly, and flexibly to serve U.S. policy goals and the U.S. economy.

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