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The White House

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Background Briefing on Buy American, Hire American Executive Order

James S. Brady Press Briefing Room

4:07 P.M. EDT

SENIOR ADMINISTRATON OFFICIAL: Thank you for joining us today. This is a background briefing on the executive order that is going to be signed tomorrow in Kenosha, Wisconsin -- Buy American and Hire American. The embargo on the information you're about to hear today is 9:00 p.m. tonight.

Just to be clear, on this particular briefing, this is just going to be on background, so you can refer to them as senior administration officials.

Q Last time we had one of these, you said the default would be on the record.

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SENIOR ADMINISTRATOR OFFICIAL: And the default will be on that. In this particular case, we're going to do it as senior administration official.

Q Can you explain why --

SENIOR ADMINISTRATION OFFICIAL: It's the Easter Egg Roll today. (Laughter.) No, in this particular case, we just wanted to get -- generally, what we would have are individuals from the different agencies brief you on this, and in this case, because several of them are traveling but we still wanted to do the background briefing, we have administration officials. That's why we're doing it on background, rather than when we bring out like the Secretary of Commerce. Then we'll do those on the record. I'm going to try to bring you as many senior officials as we can, but in this case, where you've got individuals from the White House, and so we're going to do this as a senior administration official.

Q So the rule is going to be that if you're Senate-confirmed, you're on the record.

SENIOR ADMINISTRATOR OFFICIAL: No, that's not a hard and fast rule, but in this case, that's what we're doing today.

SENIOR ADMINISTRATOR OFFICIAL: To follow up on his point, the lead agency for the Hire America would have been the Department of Labor, and in a normal environment the Department of Labor would already have its nominee confirmed and in place. And the lead on the Buy American would be the Secretary of Commerce, who was able today.

That being said, so the President has repeatedly talked about Buy American and Hire American. I'm sure you've all heard that used many, many times before. What a lot of you may not realize is those are two very specific policy positions that have long been advocated by many groups that represent workers in our country, particularly by many labor unions and labor groups in our country.

Buy American refers to a set of procurement laws about how goods and manufactured products are obtained and how they're used in federal projects or federally funded projects. And Hire American generally refers to the body of law and policy concerning how our immigration, visa and guest worker programs are operated to ensure proper protections for American workers.

It's a well-known fact amongst those who study both procurement policy and our visa and guest worker policies that Buy American and Hire American rules have been enormously diluted over time. And here we'll walk through more details on Buy American, but the waivers and exemptions process in Buy American have been abused greatly, resulting in many lost job opportunities for American workers. And similarly, the Hire American rules that govern many of our visa and guest worker policies have gone unenforced or have been abused to the point of rendered, in some cases, even inoperative.

And so I'll walk through now briefly the Hire American portion of the EO, but again, it's important just to look at the political context of this. And having myself been a staffer in

Congress for a long time, I participated in many, many meetings with groups that represent workers that have begged for reforms to Buy American and Hire American, and they've been ignored by, frankly, the political system for a very long time. And so this is really quite an historic step -- just the acknowledgement of the problem in and of itself is quite remarkable in the sense that past administrations in both parties have failed to do so, and have failed to talk about the problems with unenforced Buy American laws and then unenforced Hire American laws.

So that in and of itself represents a fairly historic event and really underscores again how President Trump has changed politics as we know it and has captured the hearts and minds of working-class voters in a way that both parties have failed to do. So it's a remarkable testament to his leadership and to our changing political landscape, and turning the Republican Party into a vehicle to broadly represent working-class citizens who felt underrepresented by our political system.

With respect specifically to the Hire American reforms, President Trump, when he campaigned, talked a lot about abuses in our guest worker programs and in particular about abuses in our H1B visa programs, and even brought on the stage at a few campaign events individuals who had been displaced by abuses in our guest worker programs.

Now, this executive order will call for the strict enforcement of all laws governing entry into the United States of labor from abroad for the stated purpose of creating higher wages and higher employment rates for workers in the United States. And the executive order will further call on the Departments of Labor, Justice, Homeland Security and State to take prompt action to crack down on fraud and abuse -- which should both be understood as separate problems -- in our immigration system in order to protect workers in the United States and their economic conditions.

And it's really important to underscore in talking about this that, having been on the receiving end for a long time myself, I can attest to this, of calls for these reforms -- these are reforms that are broadly supported by groups that represent American workers in the United States. And a lot of the driving action historically for these kinds of guest worker reforms have been from groups that in fact even tilt Democratic. And I'm sure that many of you who have covered these issues and studied these issues understand that.

But the polling data shows that amongst voters, this has massive support from Republicans, Democrats, independents, et cetera, because you're talking about enforcing our guest worker programs in a way that they don't become a means for replacing or undercutting American labor at less cost.

And so this would apply across the board, but, in particular, the executive order has an additional clause on the H1B visa program, and calls on those same four departments to take -- to put forward reforms to see to it that H1B visas are rewarded to the most skilled or highest-paid applicants.

Right now, as you may know, H1B visas are awarded by random lottery. And many people will be surprised to know that about 80 percent of H1B workers are paid less than the median wage in their fields. Only about 5 to 6 percent, depending on the year, of H1B workers command the highest wage tier recognized by the Department of Labor, there being four wage tiers. And the highest wage tier, for instance, in 2015, was only 5 percent of H1B workers.

So 80 percent receive less than the median wage, and only 10 percent receive the median wage. And so only 5 percent were categorized at the highest wage tier of the four wage tiers that are in place for the H1B guest worker visa. The result of that is that workers are often brought in well below market rates to replace American workers, again, sort of violating the principle of the program, which is supposed to be a means for bringing in skilled labor, and instead you're bringing in a lot of times workers who are actually less skilled and lower paid than the workers that they're replacing.

And we've all seen high-profile examples of this, and I'm sure that many of you are aware -- we're seeing this "60 Minutes" special that was aired recently on this very topic -- and President Trump has been a leader in calling attention to this effort. And I don't think anyone would dispute that he's done more to bring a national spotlight onto the abuses in the H1B guest worker program than anybody in the country has at any point in recent history.

So if you change that current system that awards visas randomly without regard for skill or wage to a skills-based awarding, it makes it extremely difficult to use the visa to replace or undercut American workers because you're not bringing in workers at beneath the market wage. And so it's a very elegant way of solving very systemic problems in the H1B guest worker visa.

Just to illustrate a little bit more how the lottery works -- so some companies oftentimes are called outsourcing firms. You may know their names well, but like the top recipients of the H1B visa are companies like Tata, Infosys, Cognizant -- they will apply for a very large number of visas, more than they get, by putting extra tickets in the lottery raffle, if you will, and then they'll get the lion's share of visas. Which is very different than I think how most people think of the H1B program -- they imagine it for more -- being for -- again, they would think of it as being for skilled domestic work, rather than contract work.

And you've seen some of these high-profile examples where you have career employees at a company who have been working there for 10, 20 years, and then they get laid off and they hire a contracting firm using H1B workers at much less pay. And again, this is an issue that labor unions have called attention to for a long time.

So just to get real briefly -- the end of this about how those reforms could be accomplished, some of them would have to be administrative and some would have to be legislative. And so part of the effect of this executive order -- and again, the previous steps I mentioned in terms of the four departments going through all the visa programs -- a lot of that could be done administratively. But with respect to the H1B program in specific, by -- we're basically saying to

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these agencies, tell us everything you think you can do. And some of that will be administrative, and some if they'll say will have to be done legislatively.

But you could be looking at things on the administrative side, like increasing fees for H1B visas. You could be looking at things like if we could adjust the wage scale -- a more honest reflection of what the prevailing wages actually are in these fields. Obviously, taking a more vigorous stance, which various -- in the Department of Justice do with respect to enforcing gross and egregious violations of the H1B program. You could see potential -- and again, we'll have to get a full legal analysis and review from all the departments, but right now the lottery system disadvantages master's degree holders. There's ways that you could adjust the lottery system to give master's degree holders a better chance of getting H1Bs relative to bachelor's degree holders. There's a lot of possible reforms that you could do administratively in addition to a suite of legislative actions.

And then again, you add that on top of the across-the-board reform process for guest worker and visa programs in general to make sure that they're strictly complying with all the rules, laws, and protections for American workers, again, which there are many, but there hasn't been this kind of systematic review. And this is something that the President, if you look, actually promised that he would have the Department of Labor go and do this kind of systematic review and take these kinds of actions.

So I'll just close again by saying that these are steps that are broadly supported by American workers, that would bring these programs into compliance with the original state of intent, particularly with the H1B program, which was always intended to be a skilled labor program. I think maybe you'd be shocked to know that a full-on eight out of ten H1B workers are paid less than the median wage in their fields.

And these again are really historic steps by a President -- for anyone who's watched for at least the last two administrations and have seen these kinds of complaints about our immigration and guest worker system go totally ignored, and it's all because of the President and his determination to create an economy where working people can share in the wealth, where the economic growth can be enjoyed by everyday working people, and where workers in states from Michigan to Pennsylvania and everywhere in between can have a realistic path to economic success and full employment. And this, combined with the Buy American provisions, are really historic steps in that direction.

So with that, I'll hand it over to my colleague and then there will be questions at the end.

SENIOR ADMINISTRATION OFFICIAL: Thank you. What I'm going to do for you in the next few minutes is read from some prepared remarks. We'll start with an overview of the Buy American order. And then I'm going to walk you through this chart, because there's four main pieces of it, and I think you'll find it really interesting.

So I'm going to begin by saying that, in numerous speeches, including February remarks to Congress, the President has made it clear that we will be following two simple rules when we

spend taxpayer dollars on government procurement and federally funded projects: Buy American and Hire American.

As my colleague said quite correctly, the President's position is perfectly in tune with the American people, regardless of their political party, for only two-thirds of our citizenry support Buy American, Hire American policies for taxpayer-funded construction and manufacturing. And this support reaches across party lines.

I brought you some charts that you can look at. We do have some handouts. But it's truly remarkable, regardless of how old you are, male, female, Republican, Democrat, independent -- it's just, boom, this is what America wants, and the President intends to give Buy American, Hire American to the American people.

As an overview, the executive order the President will sign tomorrow ushers in a new, more muscular Buy American policy based on the twin pillars of maximizing Made in America content and minimizing waivers and exceptions to Buy American laws. Every agency and department of government will conduct top-to-bottom assessments aimed squarely at cracking down on weak monitoring, enforcement, and compliance efforts, and at rooting out every single Buy American loophole. The Secretary of Commerce, who will coordinate these agency efforts, will then advise the President on how to properly close these loopholes.

For the first time, the Buy American bidding process will take into account the flagrant use of unfair trade practices like dumping and injurious subsidization now used to steal government contracts from American workers and domestic manufacturers. This order also breaks additional new ground by taking a very hard look at how waivers of Buy American and our free trade agreements may be a poster child of unfair and non-reciprocal trade in the \$4.4 trillion global government procurement market.

If it turns out America is a net loser because of those free-trade agreement waivers, which apply to almost 60 countries, these waivers may be properly renegotiated or revoked.

Now, let's walk through the detail of the actual executive order. And as my colleague noted earlier by way of background, there's a clear distinction between Buy American and Buy America laws and rules. Buy American dates back to the passage of the Buy American Act of 1933. This act, and related laws and rules, govern direct purchases by the federal government. In contrast, Buy America dates back to the Surface Transportation Act of 1978. This act requires the use of U.S.-made iron and steel, and the domestic production and assembly of other manufactured goods when federal funds are used to support projects like highways, public transportation, aviation, and intercity passenger rail, including Amtrak.

For the purposes of this briefing, however, and as explained in the executive order, we will refer to both Buy America and Buy American as well as additional legislation, such as the Berry Amendment as Buy American laws.

Let's turn now to the question of just what the order does. And let's start -- working through the charts, we've got the center here, which is the order, and we've got four main points of this compass. We'll start up here where the order directs every agency to scrupulously monitor, enforce and comply with Buy American laws. And the message here is clear: Buy American is the Trump administration's highest priority when it comes to spending taxpayer dollars.

Agencies have their clear marching orders, and they will be held strictly accountable for any failure to fulfill the Buy American mission. As part of this accountability, each agency will conduct a comprehensive top-to-bottom Buy American performance review, including an assessment of the agency's use of waivers and exceptions, as well as a requirement to provide recommendations to strengthen Buy American.

President Trump has tasked the Secretary of Commerce, Wilbur Ross, with reviewing all the agency findings and submitting a report to his desk within 220 days. This report and its recommendations will serve as a blueprint for additional executive and regulatory actions to further strengthen Buy American, as well as guide possible legislative proposals. And knowing Secretary of Commerce Wilbur Ross, don't be surprised if some of those recommendations come in well before the 220-day deadline.

The second element here speaks to this whole issue of the judicious use of waivers and exceptions. If you look at the problem here, the Trump administration's new policy is to maximize the use of domestic content and minimize the granting of waivers. Going forward, public-interest waivers in particular shall be more narrowly construed and the granting of such waivers will be elevated to the heads of agencies to ensure greater accountability.

In addition, for the first time, each agency may also consider the effect of foreign-sourced dumped or injuriously subsidized content in the determination of the low bid. It is simply unfair for government contracts to be awarded to low bidders that use dumped or injuriously subsidized foreign-source content to push out the domestic producers.

And this portion of the executive order is an innovative step to stop the foreign cheaters from using taxpayer funds to steal our jobs, shutter our steel mills, and offshore our factories.

As a third key part of the order -- and this is on this portion of the chart -- there is the role of free trade agreements in weakening our Buy American laws. Many Americans may be surprised to know here that previous administrations have regularly waived our Buy American rights as part of our trade deals. In fact, our Buy American rights have been surrendered in almost 20 separate free trade agreements, as well as through America's participation in the World Trade Organization's agreement on government procurement, which covers 42 other countries besides the United States.

In these deals, which cover almost 60 countries in total, the U.S. typically provides what's called national treatment to foreign suppliers in exchange for so-called reciprocal access to those

countries' markets, thereby waiving Buy American laws. In effect, through these deals, foreigners are treated just like Americans in the government-procurement process.

Just why has the U.S. surrendered its Buy American rights? The guiding hope that's been driving these free trade agreement waivers is that America will pick up as much or more business in foreign government procurement markets as it gives away to foreigners. However, this hope appears misguided, as compelling evidence from a February 2017 government accounting office report strongly suggests the U.S. may not be getting its fair share of the global government procurement through its free trade agreement concessions.

According to the GAO, the United States reported opening a greater percentage of its government procurement to foreign competition than the next five largest trade agreement partners combined -- the European Union, Japan, South Korea, Norway and Canada. This executive order takes a measured approach to this problem by not immediately rescinding these agreements or calling for their renegotiation. We recognize the jury may still be out until we get better data and analysis, and it is important to determine which deals may actually be working for America and which are not.

To that end, this executive order directs the Secretary of Commerce and the United States trade representative to comprehensively assess the effects of each of the relevant agreements to determine whether these agreements do indeed meet President Trump's standard of being both fair and reciprocal.

With this measured approach, our trading partners will be put on notice that the U.S. expects fair and reciprocal access to their government procurement markets. If the analysis mandated by this report indicates any agreement is failing to meet the Trump standard of fairness and reciprocity so that the U.S. is a net loser, these findings will inform the President's decision to rescind or renegotiate these deals. And the President need not wait 220 days to take such action if it turns out to be necessary.

As a fourth and final element of this executive order, where we go to this box here, the order strongly reaffirms the melted and poured standard for U.S. steel production. The standard remains under attack by foreign interests and lobbyists, but it is critical to maintaining the integrity of our Buy American laws.

Semi-finished steel, such as steel slab, accounts for about 90 percent of the input costs of a finished steel product. And if a lesser standard than melted and poured were used, slabs could be imported from countries like China and Russia and only 10 percent of the production of steel would likely occur in the United States, with all of the negative impacts on jobs this would entail.

Here, it is useful to note that every direct job in the U.S. steel industry creates seven more jobs in the U.S. economy. And through this multiplier effect, the steel industry here in America supports more than a million jobs.

As part of this multiplier effect, the use of the melted and poured standard ensures that the benefits of Buy American are felt throughout the supply chain, assisting suppliers of raw materials critical to steelmaking, such as iron ore, coal, and limestone miners. In each of these ways, the melted and poured standard would let us fully capture the positive impact of infrastructure spending on the iron and steel manufacturing industry supply chains. From the iron mines of Minnesota, Michigan and Alabama, and coal mines of Kentucky and West Virginia, to the integrated mills of Indiana and Pennsylvania, to the downstream finishing and fabrication shops throughout the nation.

As a final comment, critics of Buy American policies typically offer two lines of attack. The first is that Buy American policies drive up prices in costs, and therefore harm consumers and taxpayers. However, this critique fails to take into account either the positive income and tax-based effects generated by Buy American, or the external benefits associated with strengthening the manufacturing and defense industrial base through domestic procurement preference programs.

In particular, Buy American and Hire American policies lead to increased jobs and economic growth, higher wages, and a more robust tax base, and thereby offset any price or cost effects. At the same time, it is critical to the long-term economic and national security of this country to maintain a robust manufacturing and defense industrial base. And Buy American contributes to this effort across virtually every sector of our manufacturing economy, even as Hire American helps us maintain a highly skilled and highly trained domestic workforce.

The second line of attack of Buy American raises the specter of retaliation by our trading partners. This is simply a red herring, given that virtually all of our trading partners embrace similar kinds of domestic preference procurement programs and such programs are fully compliant with international trade law. This argument also rings hollow, given that the available evidence that I've shown you already indicates the U.S. is a big net loser in the global government procurement market.

So chart is here, we have copies of that. There are some people you can talk to to get comment from various labor groups and industry groups. You can check with the comms team afterward. My colleague is going to come up and -- our only request -- and this is firm and unequivocal -- we're only talking about Buy American and Hire American.

Let's start here and then go here. Yes, sir.

Q In your remarks, you mentioned about the 80 percent, 5 percent, 10 percent, and the other point you mentioned about the abuse and fraud. Now, that abuse and fraud has already been given out, but what is the aim? Are you going to say that 80 percent are below, so 80 percent should be out and the 15 percent should stay? There's nothing I can see the future about H1B. The departments are working on abuse and fraud, but what is the future going to be? Are you going to cut down --

SENIOR ADMINISTRATOR OFFICIAL: Fraud and abuse should be understood as different things. Fraud is self-explanatory, but an abuse of the H1B visa program is to bring in a worker not because you need their skills or talent, but for the purpose of undercutting the American worker. That's the definition of abuse that we're using.

I'm not going to, today, tell you that we have an interagency process of what share of the H1B applications to go to what different wage tiers. We're going to switch away from a random lottery system in which it's weighted toward the lowest wage workers towards a system that prioritizes higher-skilled, higher-paid workers, which would make it much more difficult to use it to replace American workers.

Q Do you have a timeline? Like you mentioned about the 220 days, the report on Buy American.

SENIOR ADMINISTRATOR OFFICIAL: It says to basically move as soon as practicable. In other words, we think that we -- the agencies are ready to get going on this right away, and we think that they'll be able to move quickly, consistent with all applicable law and regulatory process.

Q Can you provide us with an embargoed copy or any points from the --

SENIOR ADMINISTRATOR OFFICIAL: That would be a question for my colleague.

Q You said in the beginning about these meetings that you had and about how people really wanted reform and change. Can you tell us more about the working-class and who you're talking about?

SENIOR ADMINISTRATOR OFFICIAL: I was just saying that what's interesting is that -- I think it's sort of a more global operation, which is that the media oftentimes reports that immigration in a left-right nexus, which often fails to hold up against reality. If anything, the best way to understand immigration policy is more in terms of people's economic status. And by and large, your working-class voters are going to be the ones, Republican, Democrat, independent, are going to be the most enthusiastic to have guest worker reform.

In the case of the H1B program, that includes your middle-class workers as well who are often those who are likeliest to be displaced. So it's just a general observation about where a lot of the push for this historically has come from.

Q These are both executive orders, not memoranda --

SENIOR ADMINISTRATOR OFFICIAL: It's a single executive order.

Q Single executive order. And why does it need to be an executive order versus just a directive from the President? Is there symbolism or significance you're trying to give to this?

SENIOR ADMINISTRATOR OFFICIAL: Well, one of the things that -- when you're dealing with problems that have been very long-running inside departments and agencies, where, for

instance, you have an agency culture that is too quick to offer a waiver -- and this is something in which it implicates -- how many agencies do you think are involved in federal procurement? It's a large number.

SENIOR ADMINISTRATION OFFICIAL: DOT, DOD --

SENIOR ADMINISTRATION OFFICIAL: Right. That makes it a very large number of agencies and sub-agencies and beyond that.

Having a message from the President of the United States that sets forth the clear position of the federal government is a fairly historic event. And then that sets in motion, though, where there needs to be a regulatory process, where there needs to be a change in specific policy. That then follows on from that clear presidential order.

So the President doesn't need to get into in an executive order that level of detail, but it sets the policy. And once the agencies understand the policy, then they are able to use that to inform how it's actually implemented.

Q Two questions. One, just to clarify -- this order applies not only to government agencies but also their contractors?

SENIOR ADMINISTRATION OFFICIAL: When you're talking about the Buy American portion, I'll direct that to my colleague.

Q Well, either one.

SENIOR ADMINISTRATION OFFICIAL: Well, Hire American refers to the policies that govern the issuance of visas. And so that's --

Q So Buy American -- I'm sorry.

SENIOR ADMINISTRATION OFFICIAL: So this would be more of the Buy American.

SENIOR ADMINISTRATION OFFICIAL: So you're question --

Q So the question was, does this apply to only government agencies, or also to government contractors?

SENIOR ADMINISTRATION OFFICIAL: It applies to both in the sense that this is a direction that the agencies are the ones who set the contract rules and contractors have to follow that.

Q On the Hire American, if the President is very concerned about abuses and undercutting American workers with guest workers, why does he use foreign guest workers at Mar-a-Lago and other Trump properties?

SENIOR ADMINISTRATION OFFICIAL: Well, I think, first of all, I think it's important to understand that the job of the President of the United States is to set policy for the federal government. So

any questions about a private company and a private company's taxes is not even -- I'm not even able to speak to or answer. But I think during the campaign, the President addressed this at length. I'm frankly surprised that you didn't actually research that before coming here. The President was asked this question in a debate and he said, my job as President is to set policy for the American people and to make sure that we reform these programs so they work for the American people.

And he's spoken about that clearly and at length. And so I just don't know if you're asking me because you don't know or because you're pretending you don't know. I mean, he answered that question --

Q I'd like to respond. I'm asking the question --

SENIOR ADMINISTRATOR OFFICIAL: Right, in other words, if you look at, like, tax policy, for example, it is the job of the private company to comply with tax policy to produce the best outcome for a private company. It's the job of the President to address any loopholes or problems in tax policy as the President to make it work.

I don't understand the question.

SENIOR ADMINISTRATOR OFFICIAL: So we're going to move on now to this gentleman in the front.

Q Two questions on the H1B visa program. As a candidate, he said that we should end it. So I would like to know what changed in his thinking. And second, since we're not ending it, will he reduce the number of visas issued, or is it still going to stay at the 85,000?

SENIOR ADMINISTRATOR OFFICIAL: Well, administratively, you can't change the number of visas that are issued. But in terms of when you're telling the agencies and suggest reforms to accomplish awarding of visas to the most skilled and highest paid applicants, then as a practical matter, you're creating an entirely new structure for awarding these visas. I mean, it is a completely -- it is a total transformation of the H1B program.

And what immigration reforms take place after that, and the kinds of bigger changes you could see -- as the President talked about in the State of the Union -- to create a merit-based immigration system governing our entire immigration policy -- I could foresee scenarios, which I won't get into now, where you just have a whole different way of looking at immigration. So this is a transitional step to get towards a more skills-based and merit-based immigration system.

Q And the first question?

SENIOR ADMINISTRATOR OFFICIAL: I don't remember the first question. I think I just answered that -- I answered both your questions.

Q You said that the order directs the Secretary of Commerce and USTR to comprehensively assess the (inaudible) trade agreement and determine whether they meet the President's

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standard of being fair and reciprocal. What is the President's standard of judging whether something is fair and reciprocal?

SENIOR ADMINISTRATOR OFFICIAL: Well, reciprocity is not what we've been getting across a whole range. Basically, what the GAO report told us and indicated was that foreign governments, contractors are getting a lot more of our business than we're getting of theirs. So that dimension would say that we need reciprocity. In other words, we shouldn't be a net loser in the government procurement game by entering into these waivers. And it looks pretty much like that's the case.

As I said, we want to take a measured approach to this, look at the data, do a deeper dive on it, but so far it looks like we're losers.

In the back there, and then we'll come here, sir.

Q At the outset you read off a list of companies that you said were taking advantage of the H1B visa program. Are you specifically criticizing those companies? And could you read that list again?

SENIOR ADMINISTRATOR OFFICIAL: No, I mean, these are the top three recipients of H1B visas. And those three companies are companies that have an average wage for H1B visas between \$60,000 and \$65,000. By contrast, the median Silicon Valley software engineer's wage is probably around \$150,000. So it just illustrates the point that I was walking you through about how H1B visas are awarded -- if you have contracting firms that are not skills employers, that oftentimes use workers for entry-level positions, and they capture the lion's share of H1B visas. And that's all public record.

Q Is that a criticism of those companies --

SENIOR ADMINISTRATOR OFFICIAL: No. It's a criticism of the way the H1B visa program is run.

Q Two questions. The first, just to help our understanding for tomorrow's event, is there anything that either one of these aspects of the EO have anything to do with Snap-on Tools in Kenosha, Wisconsin, specifically?

SENIOR ADMINISTRATOR OFFICIAL: First of all, any company that is involved in domestic manufacturing has an inherent interest in a narrow construction of Buy American rules. If you have any kind of federal contracting whatsoever -- and that goes without saying -- I know that's not for me to get into Snap-on's finances, but I'm pretty confident they have a lot of federal contracting work and they benefit a lot from domestic procurement policies. But more importantly, they also benefit in general when you have a more positive atmosphere for domestic manufacturing and all the benefits that that entails.

Furthermore, when you're talking about Hire American, you're talking about making sure that we have all workers filling open jobs. And part of this event is also going to be a presence from

the community college that does skilled vocational training that actually has a contract -- or a partnership with Snap-on. And so that technical college trains students to basically maintain and repair Snap-on's tools.

And so -- they don't train people to work at the factory, per se, but they train people to get into the field and maintain and repair all those tools. And that's example of our economy functioning correctly -- that you have -- training American workers to do these kinds of jobs instead of bringing in workers from other countries to do them.

Q Just to follow up on that question about Snap, the CEO of Snap-on has said that he thinks that the biggest problem for companies like his hiring American workers is the skill level of American workers. So why doesn't this executive order address skills in particular or is there a part of the executive order that addresses training American workers so that they can fill some of these jobs?

And then, just a second question is, some of the reports that will come out of the review process, will those be made public in any way so that people can know what the outcome was?

SENIOR ADMINISTRATION OFFICIAL: Full transparency -- those reports will be released immediately when they are presented.

SENIOR ADMINISTRATION OFFICIAL: Yeah, I mean, to answer your question, with respect to the H1B visa program in particular which deals mostly with STEM jobs, we graduate about twice as many STEM students each year as find jobs in STEM fields.

The issue of training workers for skilled manufacturing jobs is a different aspect of policy than, say, the H1B visa, which obviously is for STEM occupations. But the reality is, is that we have large numbers of unemployed American workers. And right now, we're creating an environment with our guest workers programs where those workers are being bypassed. If you make it harder to abuse the guest worker programs, it creates more of a market for domestic workers, as well as more of a market for the kinds of job training and vocational training programs that you're talking about.

Q It just sounds like an EO would not necessarily affect, on the hiring side, a company like Snap-on.

SENIOR ADMINISTRATION OFFICIAL: I don't understand the question. I mean, it would -- in other words, the executive order --

Q It would not benefit this particular company, given that it affects mostly --

SENIOR ADMINISTRATION OFFICIAL: Well, I think that you're thinking about it in reverse. The way to think about it is, you're going to a company that's partnered with a college to tout the benefit of hiring American workers. And we're implementing reforms to make it harder to bypass American workers. We're saying, we have workers that are ready to go, that are trained

to do these jobs all over this country. And we're saying, we don't want to allow our guest workers programs to be a way to drive down wages.

Every single worker who graduates from a technical college will earn a higher wage if our guest worker programs are not being used to drive down wages. And every worker who graduates from a technical school will have a better chance of finding a job if there's less competition that's artificially created for those positions.

So every person in that audience will benefit, in terms of their economic conditions, as a result of these reforms. So, I mean, you couldn't end up with a more relevant thing.

You had a question on H1Bs. Yeah.

Q I appreciate it. On the H1B question, is it your expectation that, administratively, you can prevent a company like Disney from going out and abusing this program without any kind of legislative changes?

SENIOR ADMINISTRATION OFFICIAL: Well, I think if you look at the Disney case, which really had to do with the subcontractor who actually makes the petition for the H1B visa. That gets to my point, which is that, I think those workers were -- I don't want to give the exact number, but tens of thousands of dollars paid less than the American workers that had those jobs before.

So if you implement the kinds of reforms we're talking about, some of which wouldn't be legislative. Some of it would be administrative, then it would have the effect of making that kind of displacement impossible. So we're going to ask all four departments to tell us everything they think they can do. And, you know, it'll be -- some of it will be in the administrative bucket and some of it will be in the legislative bucket.

And I think that there's going to be a real serious legal review to find out what that is. I mean, preliminarily, we do think that we can make improvements to wages for H1B workers administratively. To what extent, we will see. And we do think that that we can also potentially increase some of the application fees as well, and that's something that we're going to be looking at too.

Q I just want to understand the process here in both of these -- both Buy American and Hire American. Once this is signed tomorrow, is there anything specifically that will change about policy tomorrow, or is it all going to follow a review process within departments and agencies?

SENIOR ADMINISTRATION OFFICIAL: Well, I'll let my colleague speak to Buy America.

SENIOR ADMINISTRATION OFFICIAL: Okay, so the culture immediately changes across the agencies. We have a lax enforcement, lax monitoring, lax compliance. We are moving forward with a muscular new policy that we're announcing tomorrow.

In terms of the waiver process itself, from day one, starting tomorrow, we're going to take a much closer look at all of those waivers. And I can assure that, from day one, there are going to

be fewer waivers that are going to be granted even as we're evaluating the waiver process. We are adding, for example, this new standard for looking at the bid by taking into account the role of dumped and injuriously subsidized content that might give a low bidder an unfair advantage relative to domestic-sourced content.

So we also think that, just simply by looking at the trade agreement issue that our trading partners will wake up and maybe engage in more fair and reciprocal behavior.

SENIOR ADMINISTRATION OFFICIAL: Actually, let me just do a wrap-up and then I'll just take the last couple questions. So I'll take a few more questions, but sort of put this in perspective. And I want to thank all of you for being here and listening very patiently. I know how busy you all are.

And I just want to underscore again that this is a really positive event that's really driven by a lot of complaints we have heard from groups that represent workers and workers themselves who have been the losers financially in a lot of policymaking for a long time, even though they're the hardest working, most talented people on the face of the Earth.

Q You mean (inaudible)?

SENIOR ADMINISTRATION OFFICIAL: No, I just mean that -- this is -- I'm saying years, decades. This is the pent-up demand -- what I'm saying is that the pent-up demand for these reforms is decades long. For anyone who's covered these issues -- I mean, who here has covered H1B visa issues in the past? All right, put your hand up. I mean, how many years have you heard some version of the conversation that I'm giving you right now? Right? I mean, years and years and years. And when is the last time you saw, at a podium like this, an administration talking so openly about these issues?

And to your great question back there, it's not a criticism of any company or any private business or anybody's practices. It's a criticism of Washington, D.C. -- how they've been running this program. And it's just a fact that people, probably in their heads, think most H1B visas are going to these romanticized high-skilled firms that are pioneering the technology of the future -- not contract workers -- and that's because of Congress and Washington, D.C. and the federal government for many, many years. And this is an executive order embracing the optimism of a new way of doing business in D.C.

So I'll just take two more questions.

Q Could you just answer the question I asked before on what specifically will change tomorrow in terms of hiring and visa processes, or is it going to come after a review process? I just want to make sure I understand that.

SENIOR ADMINISTRATION OFFICIAL: Some changes will come quickly, some will take more time. But I can assure you that there is a great appetite in these departments and agencies to

get to work immediately on closing loopholes, shoring up these programs, dealing with long-running abuses.

Q What will come of --

SENIOR ADMINISTRATION OFFICIAL: I don't want to -- this is -- again, this is something that the Labor Department, the Justice Department, the Department of Homeland Security, the Department of Labor are going to do, and they're going to move expeditiously on it, and I don't want to tell you exactly how long it's going to take.

But the point is, is that it's a clear statement from the President of the United States to begin shoring up these abuses and to do so immediately.

Q You mentioned that some of this has only been done legislatively. Is the fact that this is happening now tacit acknowledgement? There's no package, there's no vehicle we're seeing in Congress on this. Is there an acknowledgement from the White House that, even with unified Republican government, this is nowhere near coming --

SENIOR ADMINISTRATION OFFICIAL: Well, I think there's great enthusiasm for H1B reform in Congress. I would submit to you that moral leadership begins with leading by example, and so we're going to do that beginning tomorrow. But I think that there is enormous enthusiasm. I think, if you brought up a bill tomorrow on the floor of the United States Senate to shore up some of these abuses, I believe that it would pass with bipartisan support. But we're going to get recommendations back from the agencies based on this process that will greatly aid the legislative process.

But there's ultimately -- the federal government has enormous duties and responsibilities when it comes to enforcement of our immigration and visa policies, and there's a lot that we can do administratively, and the rest will be done, hopefully, legislatively.

Q When you talk about leading by example -- I'm not trying to go back to a question that you pushed down before, but -- and you said the message to those companies is they're not necessarily doing anything wrong, but what's the message to companies that are essentially doing exactly what the President's companies are doing? If he's leading by example, what is the message to the companies who are doing what he's doing and following the letter for the actual --

SENIOR ADMINISTRATION OFFICIAL: I would again refer you back to the comments the President made when he addressed this as a candidate. But I think that the whole point -- and I think -- how many times did he say this when he was campaigning, which is that -- he spent his life in private business, and he understands the private sector better than anyone, and now he's leveraging that knowledge and experience to go to work on behalf of the American people. And I think that's a very inspirational message.

Q Two-part question. One, most of these companies are from India. These companies from India have been informed. And second, many of these companies, they bring sometimes people in the name of students or as visitors, and then they apply for them here for H1B. And second, as far as manufacturing is concerned, China is dumping in the U.S. What is the future?

SENIOR ADMINISTRATION OFFICIAL: Okay, so we'll avoid making any -- there's a lot of policy in that question that we don't want to make any news on today. But again, this is not going to -- the changes that are going to happen are going to be done responsibly and carefully, and people will be notified as the changes are made.

Do you want to wrap it there? Do you want to take one more question? We'll do one more question. Okay, this is the last question.

Q You started out talking about guest worker programs in general but you spent most of the time talking about H1Bs. Are there other programs -- H2Bs -- that are specifically mentioned in this executive order that are dealt with --

SENIOR ADMINISTRATION OFFICIAL: No, the only program that was mentioned by name --

SENIOR ADMINISTRATION OFFICIAL: That's an easy one, you just say "no" and we move on.

SENIOR ADMINISTRATION OFFICIAL: Yeah, it's the only program -- well, the only program that was mentioned by name is the H1B visa. But the departments and agencies are asked to crack down on fraud and abuse generally in our immigration system. But I just want to say to everybody again that we really appreciate your time and energy. And there will be lots of chances for follow-up. And I'll hand it over to my colleague.

SENIOR ADMINISTRATION OFFICIAL: Yes, I'm sorry. Thank you. The handouts are some polling data that my colleague had brought along. In terms of the executive order itself, the signing of this will be tomorrow and at that point we'll send around the executive order itself. So that -- you will have to wait. This was just to give you some background on what you're going to be receiving.

Q Is the signing here or in Wisconsin?

SENIOR ADMINISTRATION OFFICIAL: The signing is in Wisconsin.

Q Do you have a factsheet or something --

Q Yeah, do you have any --

SENIOR ADMINISTRATION OFFICIAL: I'm sorry. So you know what, that is a -- that's a great request. We thought the briefing itself would be enough but it sounds like you need more. So let me go back and we'll pull something together for you. And let me use -- if you've got my colleague's email address, he will be the contact person for this. And I will go talk to him now and tell him we're going to pull that together and then we can get -- okay.

Q And 9:00 p.m. tonight?

SENIOR ADMINISTRATION OFFICIAL: And 9:00 p.m. tonight is the embargo.

END

5:00 P.M. EDT



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