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HOW THE RAISE ACT PROMOTES URBAN AMERICA'S ECONOMIC GROWTH OVER RURAL AMERICA'S

Robert Koons*

This legislative comment will discuss the proposed immigration bill titled Reforming American Immigration for Strong Employment ("RAISE Act" or "Act") by Senators Tom Cotton and David Perdue.1 The RAISE Act earned national attention after President Trump hosted both Senators at the White House to announce his support.2 Senator Cotton declared that the RAISE Act “should help promote economic growth;” Senator Perdue added that the immigration system should “protect the interests of working Americans.”3 America’s economy, however, is driven by a fusion of urban and rural

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economies, supported by workers with diverse abilities.

This comment will address the Act’s proposition to grow urban America’s economy over rural America’s economy, and propose amendments that aim to stabilize the benefits of immigration for both urban and rural America. Economies, no matter the geographic location, that attract high-skilled workers grow faster by expanding the labor force and increasing the productivity of the economy;\(^4\) the Act would push this growth to urban America. First, the Act’s points system predominately incentivizes immigrants to settle in urban America.\(^5\) Second, by shifting to a merit-based immigration policy, the Act removes certain motivations for immigrants to settle in rural America.\(^6\) Third, the Act does not satisfy the labor force demands of industries in rural America. The RAISE Act helps urban America’s economy to the extent of harming rural America’s.\(^7\)


\(^6\) See id.

\(^7\) See id.
Part II of this comment will provide background material and explain the proposed legislation. Part III will analyze the consequences of the proposed legislation and provide potential solutions. Part IV will summarize the analysis.

I. BACKGROUND

The RAISE Act will replace the Immigration and Nationality Act’s Diversity Visa Program with a skills-based immigration points system, known as a merit-based immigration system. The points system will favor immigrants who can “financially support themselves and their families and demonstrate skills that will contribute to our economy,” according to President Trump. This is meant to increase productivity in the economy, grow wages, and copy the Canadian and Australian immigration programs.

This transition to the points system will bring many changes to the current system. Most notably, by ending the Diversity Visa Program, there no longer will be “50,000 immigrant visas available annually, drawn from

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8 See id.
9 See id.
10 See President Donald Trump, supra note 2.
12 See RAISE Act, supra note 5.
random selection among all entries to individuals who
are from countries with low rates of immigration to the
United States.”13 The Act will move away from the
current employer-based immigration system that allows
employers to demand the immigrants that could help
their business.14 Also, the Act would depart from the
broad application of the family-ties system that connects
family members inside the United States with members
outside by “eliminating existing preferences for
extended family members of U.S. residents, while
keeping in place preferences for spouses and minor
children.”15 Consequently, the Act eliminates the ability
for “grandparents, mothers, fathers and siblings [to]
reunite with their families who have emigrated to the
United States.”16 According to Senators Cotton and
Perdue, the bill “would lead to an overall reduction in

13 U.S. Citizenship and Immigration Services, Green Card Through
the Diversity Immigrant Visa Program (Jan. 11, 2018)
14 See The RAISE Act: What Lies Beneath the Proposed Points
System?, AM. IMMIGR. COUNCIL, (Aug. 2017),
https://www.americanimmigrationcouncil.org/sites/default/files/research/t
he_raise_act_what_lies_beneath_the_proposed_points_system.pdf.
15 Elizabeth Redden, Opposition to Trump-Backed Immigration Bill,
INSIDE HIGHER ED (Aug. 3, 2017),
https://www.insidehighered.com/news/2017/08/03/trump-backed-bill-
would-halve-legal-immigration-create-points-based-system.
16 The RAISE Act is Cruel and Un-American, NAT’L IMMIGR. L. CTR.,
(July 28, 2017), https://www.nilc.org/2017/08/02/raise-act-cruel-un-
american/.
legal immigrants of 41 percent in year one, and of 50 percent at the end of 10 years.”

Under the proposed Act, the merit-based system would award points to prospective immigrants based on six categories: (1) education, (2) salary (if the immigrant has a job offer), (3) the sum of an immigrant’s investment in a business, (4) age, (5) an extraordinary achievement, and (6) score on an English language assessment. This comment will focus on the first three categories. The Act allots points for immigrants with educations in a professional degree or science, technology, engineering, or mathematics (STEM). The points awarded for salary are based on multiples of the median household income in the state in which the applicant will be employed; these points are rewarded to encourage applications from immigrants who can financially support themselves and drive up wages. The Act substantially rewards immigrants who invest $1.35 million or $1.8 million “in a new commercial enterprise in the United States, maintain such investment for at least 3 years, and play an active role in the management of such commercial enterprise as the applicant’s primary occupation.”

17 Redden, supra note 15.
18 See RAISE Act, supra note 5.
19 See id.
20 See id.
21 See Redden, supra note 15.
22 See id.
A “rural” area, according to the United States Census Bureau, is any area outside of an “urban area.”23 Today, “urban areas” include two types of geographies: urban areas, consisting of populations greater than 50,000 people, and urban clusters, consisting of populations greater than 2,500 and less than 50,000.24 To avoid any confusion, this comment will refer to urban areas and urban clusters as “urban America” and non-urban America will be referred to as “rural America.”

The RAISE Act will award the following points to the prospective immigrant in the following manner:25

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24 See id. (quoting “Today, ‘urban areas’ consist of two types of geographies: ‘Urbanized Areas’ have a population of 50,000 or more. ‘Urban Clusters’ have a population of at least 2,500 and less than 50,000.”).

# POINTS CRITERIA

## Education

<table>
<thead>
<tr>
<th>Highest Degree Obtained</th>
<th>Points</th>
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<tbody>
<tr>
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<tr>
<td>U.S. high school degree</td>
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<tr>
<td>Foreign bachelor's degree</td>
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</tr>
<tr>
<td>U.S. bachelor's degree</td>
<td>6</td>
</tr>
<tr>
<td>Foreign professional degree</td>
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<tr>
<td>U.S. professional degree</td>
<td>13</td>
</tr>
<tr>
<td>Foreign master's in STEM</td>
<td>7</td>
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<tr>
<td>U.S. master's in STEM</td>
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<tr>
<td>Foreign PhD in STEM</td>
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<tr>
<td>U.S. PhD in STEM</td>
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## Age

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<th>Points</th>
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<tbody>
<tr>
<td>18 to 21</td>
<td>6</td>
</tr>
<tr>
<td>22 to 25</td>
<td>8</td>
</tr>
<tr>
<td>26 to 30</td>
<td>10</td>
</tr>
<tr>
<td>31 to 35</td>
<td>8</td>
</tr>
<tr>
<td>36 to 40</td>
<td>6</td>
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<td>41 to 45</td>
<td>4</td>
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<tr>
<td>46 to 50</td>
<td>2</td>
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<td>50+</td>
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## Investment & Active Management

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<td>6</td>
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<tr>
<td>$1.8 million and over</td>
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## Extraordinary Achievement

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<th>Achievement</th>
<th>Points</th>
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</thead>
<tbody>
<tr>
<td>Nobel Prize &amp; specific equivalents</td>
<td>25</td>
</tr>
<tr>
<td>Olympic medal &amp; equivalent</td>
<td>15</td>
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## Job Offer

<table>
<thead>
<tr>
<th>Salary level</th>
<th>Points</th>
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</thead>
<tbody>
<tr>
<td>1.5x median to 2x median</td>
<td>5</td>
</tr>
<tr>
<td>2x median to 3x median</td>
<td>8</td>
</tr>
<tr>
<td>3x median and over</td>
<td>13</td>
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</table>

## English Language

<table>
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<tr>
<th>English Assessment Score</th>
<th>Points</th>
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<tr>
<td>6th to 7th decile</td>
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<tr>
<td>8th decile</td>
<td>10</td>
</tr>
<tr>
<td>9th decile</td>
<td>11</td>
</tr>
<tr>
<td>10th decile</td>
<td>12</td>
</tr>
</tbody>
</table>
II. ANALYSIS

A. THE POINTS SYSTEM DRIVES IMMIGRANTS TO URBAN AREAS IN THREE NOTABLE WAYS

1. Education, High-Skilled Labor

The RAISE Act pushes productivity growth to urban America through the points system. First, the points system funnels high-skilled immigrants into cities by broadly awarding points to immigrants who hold a STEM degree or a professional degree.26 STEM-educated and professional-degree-holding immigrants are more likely to be employed in urban areas.27 These

26 See RAISE Act, supra note 5.
jobs will continue to be focused in cities since STEM occupations and professional degree jobs will grow faster than other rural occupations.28

All STEM occupations, however, are not found in urban areas.29 STEM employees focused in unconventional sources of energy and agricultural technicians are mostly located in rural areas.30 The Act, to encourage STEM-educated immigrants to work in these areas, should either increase the amount of points awarded for STEM jobs that support rural areas or apply a multiple if the job is located in a rural area.

2. High-Paying Jobs

Second, the RAISE Act, by measuring the immigrant’s salary against the entire state’s median wage,31 measures the immigrant against an expansive base that does not reflect the differing urban and rural economies, deterring a possible award for an immigrant

28 See Dennis Vilorio, STEM 101: Intro to Tomorrow’s Jobs, BUREAU OF LAB. STAT.: OCCUP. OUTLOOK Q., https://www.bls.gov/careeroutlook/2014/spring/art01.pdf (quoting “BLS projects overall STEM employment, as defined in this article, to grow about 13 percent between 2012 and 2022. This is faster than the 11-percent rate of growth projected for all occupations over the decade.”).

29 See id.


31 See RAISE Act, supra note 5.
working in rural America. Since urban jobs are higher paying than rural jobs, the Act, again, rewards immigrants who will work in urban America more favorably than their rural counterparts. Instead, the measurement should compare the immigrant’s salary to those salaries in the same county, township, or state congressional district, so the immigrant can still raise the average wage in that area and be more accurately compared to peers while not being penalized for moving to a rural area.

3. Investment

Third, the Act’s “Investment and Active Management” definition is biased towards urban America. Five urban areas—New York, Miami, Los Angeles, Houston, and Dallas—produced as many new businesses as the rest of the nation combined from 2010 to 2014. These urban areas have bigger economies and

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32 See Alemayehu Bishaw & Kirby G. Posey, A Comparison of Rural and Urban America: Household Income and Poverty, U.S. Census Bureau (Dec. 8, 2016), https://www.census.gov/newsroom/blogs/random-samplings/2016/12/a_comparison_of_rura.html (quoting, “median household income for rural households was $52,386, about 4.0 percent lower than the median for urban households, $54,296.”).

attract new businesses, while rural America falls behind.  

To accurately reflect the needs of rural economies, the Act must adjust the requirements to qualify for a reward under the “Investment and Active Management” category. Large-scale projects are needed to support infrastructure development—"including water and sewer, electric utilities, internet broadband services, community facilities, and housing”—in rural communities. These large-scale projects need substantially more than 1.35-1.8 million dollars to start and actively manage. So, by rewarding an active management in a business and not providing an investment option that reflects the capital requirements and business structure of rural areas, the Act perpetuates the concentration of new business investment in urban America. To help rural America, the Act should reward the same amount of points for a 1.35-1.8 million dollar


investment that will fund these large-scale projects in rural America.”

B. MOVING TO A MERIT-BASED IMMIGRATION SYSTEM PUSHES IMMIGRANTS TO URBAN AMERICA

1. Departure from the family-links system will create a cycle of low-skilled migration

Under the current immigration plan, immigration tends to occur in chains that “link family members and friends to common destinations.” The family could be anywhere in America, in an urban or rural geography. A movement away from the family-ties arrangement will change the way an immigrant decides where to live. Immigrants are often “dependent on their families and friends to integrate them into job networks,” whereas, current citizens “tend to be less constrained in their destinations and are more apt to respond to labor market forces, as well as other amenities, that occasionally shift in response to economic cycles and global economic forces.” Therefore, departing from family-ties arrangement will cause immigrants to not rely on family ties for the source of their immigration. Rather, immigrants will search for areas where the labor market is more promising, just as American citizens currently

38 See NAT’L RES. COUNCIL, supra note 27.
practice. Since higher paying jobs are found in urban areas, \(^{39}\) this pushes immigrants away from rural America.

This predominant high-skilled immigration to urban America will hurt rural America’s productivity growth; this funneling of high-skilled workers is one of the factors that has led to the “selective out-migration of native-born less-skilled workers in high-immigration areas” in the past.\(^{40}\) While well-educated workers move to urban America for well-paying or fast-growing employment opportunities,\(^{41}\) “high school graduates, high school dropouts, and lower-income residents move away from most high-immigration metropolitan areas.”\(^{42}\) The economic growth of urban America brings high wages; however, the growth also leads to a higher cost of living and pushes the less wealthy to search for living conditions in rural America where the cost of living is cheaper.\(^{43}\) This low-skilled migration is harmful because

\(^{39}\) See Alemayehu Bishaw & Kirby G. Posey, A Comparison of Rural and Urban America: Household Income and Poverty, U.S. CENSUS BUREAU (Dec. 8, 2016), https://www.census.gov/newsroom/blogs/random-samplings/2016/12/a_comparison_of_rura.html (quoting, “median household income for rural households was $52,386, about 4.0 percent lower than the median for urban households, $54,296.”).

\(^{40}\) See NAT’L. RES. COUNCIL, supra note 27, at 401.

\(^{41}\) See id.

\(^{42}\) See id.

“low-skilled immigrants compete with less well-educated, long-term, and native-born residents for jobs and, therefore, they serve to bid down their wages and take away employment opportunities.”  

This leaves low-skilled citizens to migrate to rural America, and rural America will need to rely on low-skilled workers to drive productivity growth.

With the immigrant no longer considering the geographic location of their family, future immigrants under this plan will focus on the new deciding factors: education, high-paying jobs, and investment, which lean towards domiciling in urban areas. To put it another way, the immigrant, moving to be with family, is no longer searching for work near the family, which may be located in an urban or a rural area, but instead, the immigrant is searching for work that is predominately found in urban America. Thus, the Act must acknowledge this benefit of the family-links system and reward immigrants who have family-ties to America.

2. *Departure from the employer-based system will harm employers*

The departure from an employer based system makes it harder for employers to find qualified immigrants because the immigrant has to seek the employer out. This new system will move the country away from the current demand-driven model, “which allows employers

44 NAT’L RES. COUNCIL, supra note 27, at 405.
45 AM. IMMIGR. COUNCIL, supra, note 14, at 5.
to select the workers they need, subject to government regulations.” The immigration system should continue to focus on employer-based systems because the departure from it “may not lead to economic growth and increased competitiveness if these immigrants cannot find jobs to match their skill set.”

Shifting to a merit-based immigration policy reduces the possibility that rural American employers can attract immigrants to their business; thus, the employer-based system must remain in place.

C. THE RAISE ACT FAILS TO SATISFY AMERICA’S LABOR NEEDS, WHICH PREDOMINATELY HURTS RURAL AMERICA’S ECONOMY

Since the U.S. birthrate just hit a historic low and baby boomers are progressing into retirement, economists and business owners are calling for more immigration, not less. Rural America’s lower levels of

\[\text{REFERENCES}\]

46 See id. at 1.


49 See id.
labor force participation stem partly from an “older population, higher disability rates, and other factors.” 50 Particularly, southern rural counties will be hit the hardest with this reduction in net migration, with nearly 85 percent of America’s “persistent-poverty counties” in the South. 51 This reduction in total immigration distinguishes the bill from Canada’s and Australia’s versions that “both let in more than double the number of immigrants per capita than the United States.” 52 Despite transitioning to more high-skilled immigrants, the American economy will be two percent smaller with 4.6 million fewer jobs in 2040 if immigration is decreased by 50 percent. 53

Also, the Act reduces the immigrants who used to primarily fill rural economy jobs. South Carolina Senator Lindsey Graham denounced the immigration policy and stated, “hotels, restaurants, golf courses and farmers will tell you this proposal—to cut legal immigration in half—would put their business in

51 See id. at 5 (showing LERS defines persistent-poverty counties as those with 20 percent or more of their populations living in poverty over approximately 30 years [measured by the 1980, 1990, and 2000 decennial censuses and 2007-11 American Community Survey]).
52 See Long, supra note 48.
Senator Graham also declared that the bill will be “devastating” for his state’s economy because it will reduce the number of “immigrants who work legally in our agriculture industries.” Immigrants are crucial to the “essential economy” which is made up of the food services and hospitality industries, construction, agriculture, elder care, and manufacturing. Low-skill migration will not be able to sustain the population decline in the rural US.

III. CONCLUSION

The Act’s inclination to benefit urban America will ultimately hurt rural America. Instead of focusing on factors that would predict how likely an immigrant is to fill the needs of all of America, the Act focuses on driving economic growth towards urban America. The RAISE Act, however, can fill the needs of rural America, by adjusting the points system, considering the benefits of the family-links system in the points allotment, preserving the employer-based system, and increasing the total number of immigrants.

55 See id.
56 See AM. IMMIGR. COUNCIL, supra note 14, at 6.