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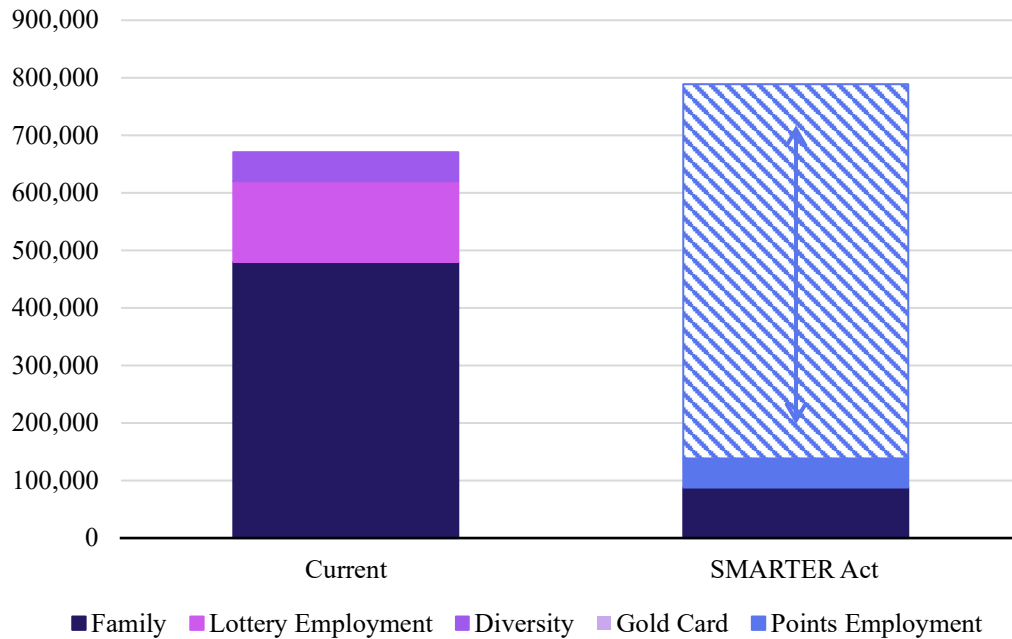
Young, Talented, and Ready: Pivoting Toward a National Scheme of Points-Based Immigration

October 19, 2026

Executive summary

- **Immigration is necessary to maintain the growth of the U.S. economy, to mitigate the nation's increasing federal debt, and to adeptly compete with geopolitical rivals.** Debt is now over 120 percent of GDP in the U.S., and action must be taken to grow the nation's GDP without allowing debt to increase even faster. Smarter immigration policies can ameliorate this problem.
- **Today, a plurality of lawful permanent residents immigrate to the U.S. through family reunification green cards.** This current system distributes visas randomly or by order of application received rather than meritocratically. High-skilled immigration, particularly in underserved or bottlenecked industries, results in more innovation and more economic growth.
- **The global pool of elite talent is finite, and other countries like China and Canada are also attempting to attract high-skilled immigrants.** One new Canadian visa program pulled away 10,000 would-be immigrants to the U.S. within 24 hours of applications opening.
- **It is imperative to reform immigration policies to prioritize high-skilled, employment-based immigration and limit less productive and more costly forms of immigration like family-sponsored or diversity-based visas.** This path would better support U.S. industries while minimizing cost to taxpayers and protecting the earnings of American workers.

Figure 1: Annual Immigrant Quantity



Source: H.R. 10460;¹ Congressional Research Service²

It is critical for the United States to increase its total economic output for fiscal stability. The total public debt of the United States currently exceeds \$40 trillion while the debt-to-GDP ratio has surpassed 120 percent and continues to rise.³ This high ratio increases interest rates for consumers,⁴ slows growth,⁵ and lowers fiscal flexibility.⁶ Therefore, it is imperative to find solutions to the coming debt crisis. To increase output and lower the debt-to-GDP ratio, workers are needed in strategic locations of a network economy to avoid bottlenecks in production.⁷

¹ Congress.gov, “H.R.10460 – 119th Congress (2025-2026): To amend the Immigration and Nationality Act to establish a skills-based immigration points system, to focus family-sponsored immigration on spouses and minor children, to eliminate the Diversity Visa Program, and for other purposes,” September 16, 2026, <https://www.congress.gov/bill/119th-congress/house-bill/10460>.

² Annual limits on immigration under current system and an alternate points framework based on industrial demand for labor. While family visas should be capped much lower, employment-based visas could be allowed to fluctuate purely based on the labor needs of U.S. industry. William A. Kandel, “Permanent Legal Immigration to the United States: Policy Overview,” Congressional Research Service no. R42866 (May 11, 2018), https://www.congress.gov/crs_external_products/R/PDF/R42866/R42866.14.pdf.

³ FiscalData, U.S. Department of the Treasury, “Debt to the Penny,” <https://fiscaldata.treasury.gov/datasets/debt-to-the-penny/debt-to-the-penny>; U.S. Office of Management and Budget and Federal Reserve Bank of St. Louis, *Federal Debt: Total Public Debt as Percent of Gross Domestic Product* (GFDEGDQ188S, FRED: St. Louis, 2026), <https://fred.stlouisfed.org/series/GFDEGDQ188S>.

⁴ Christina D. Romer and David H. Romer, “Fiscal Space and the Aftermath of Financial Crises: How it Matters and Why,” NBER Working Paper no. 25768 (2019), <http://www.nber.org/papers/w25768>.

⁵ Jack Salmon and Veronique de Rugy, “Debt and Growth: A Decade of Studies,” Mercatus Research Paper, SSRN (2020), <http://dx.doi.org/10.2139/ssrn.3690510>.

⁶ Tobias Adrian, Vitor Gaspar, and Pierre-Olivier Gourinchas, “The Fiscal and Financial Risks of a High-Debt, Slow-Growth World,” *IMF Blog*, March 28, 2024, <https://www.imf.org/en/blogs/articles/2024/03/28/the-fiscal-and-financial-risks-of-a-high-debt-slow-growth-world>.

⁷ Daron Acemoglu, Ufuk Akcigit, and William Kerr, “Networks and the Macroeconomy: An Empirical Exploration,” *NBER Macroeconomics Annual* 30 (2015): 273-335, <https://doi.org/10.1086/685961>.

However, demographic headwinds from an aging population presents a challenge: not enough young Americans are entering the workforce.⁸ In 2004, persons aged 18 and younger made up roughly 26 percent of the population. By 2024, this had dropped under 20 percent. On the other hand, Americans aged 65 years and older made up almost 14 percent of the population in 2004, but this fraction increased to 22 percent twenty years later.⁹ Workforce outflows currently exceed inflows by a wide margin. Retraining workers takes time and is costly, but skilled immigration presents an immediate solution to this problem in the short term. This brief will outline concrete changes that the U.S. may make to maximize economic growth while minimizing benefits outlays.

Selecting the optimal mix of high-skilled immigrants presents a solution to the U.S.'s fiscal challenges. High-skilled immigration in aggregate can result in a greater quantity of patents,¹⁰ greater tax revenue,¹¹ and more entrepreneurship.¹² However, employment-based immigration in the U.S. currently gives priority on a first-come, first-serve basis. Applicants that satisfy a minimum threshold and apply early are allowed in first, regardless of whether applicants later in the queue would likely create more jobs or produce higher-value goods or services.¹³ Arbitrarily admitting petitioners based on time of filing produces less economic value than allocating visas based on expected ability, such as through a points system that evaluates applicants on factors such as age, education level, and language skills.¹⁴ Canada,¹⁵ Australia,¹⁶ and several other countries use points-based frameworks with sector-specific demand quotas for their own immigration goals. These systems allow governments to determine sectors that have a shortage of labor and pull immigrants or nonimmigrant aliens which have the greatest number of points (conditional on applicable experience) directly into those sectors. However, these programs are imperfect in that they allow politically appointed operatives to determine which sectors have economic need and how much labor to allocate. An ideal immigration system would accommodate changing labor need over time, would be points-based, and would have aggregate labor demands identified using objective metrics.

⁸ Congressional Budget Office, *The Demographic Outlook: 2025 to 2055* (CBO: Washington, 2025), <https://www.cbo.gov/system/files/2025-01/60875-demographic-outlook.pdf>.

⁹ JEC calculations; American Community Survey.

¹⁰ Steve Maas, "The Outsize Role of Immigrants in US Innovation," *The Digest*, March 2023, <https://www.nber.org/digest/20233/outsize-role-immigrants-us-innovation>.

¹¹ Daniel Di Martino, "The Lifetime Fiscal Impact of Immigrants," *Manhattan Institute*, September 19, 2024, <https://manhattan.institute/article/the-lifetime-fiscal-impact-of-immigrants>.

¹² William R. Kerr and William F. Lincoln, "The Supply Side of Innovation: H-1B Visa Reforms and US Ethnic Invention," NBER Working Paper no. 15768 (2010), <http://www.nber.org/papers/w15768>.

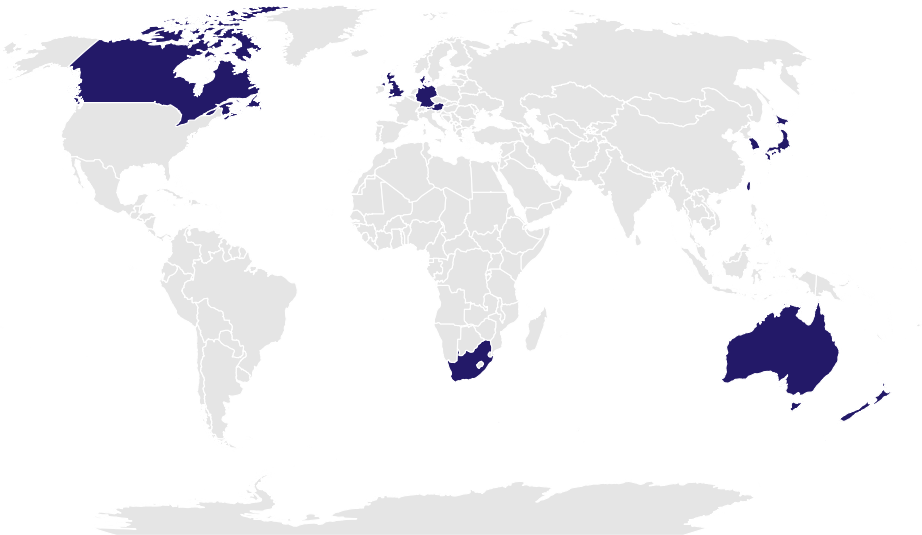
¹³ Consular Affairs, U.S. Department of State, *Visa Bulletin For December 2025* (9514, Department of State: Washington, 2025), <https://travel.state.gov/content/travel/en/legal/visa-law0/visa-bulletin/2026/visa-bulletin-for-december-2025.html>.

¹⁴ Some ultra-high ability individuals should be admitted regardless of target career, since their skills are transferrable across industries and occupations. Since by definition a small fraction of a percent of individuals are in the rightmost tail of the distribution of productivity (and to prevent abuse of the program), a miniscule number of individuals should be admitted outside of expert-determined priority industries and occupations.

¹⁵ Government of Canada, "Express Entry: Check your score," last modified August 21, 2025, <https://www.canada.ca/en/immigration-refugees-citizenship/services/immigrate-canada/express-entry/check-score.html>.

¹⁶ Department of Home Affairs, Australian Government, "Points Calculator," last modified September 23, 2024, <https://immi.homeaffairs.gov.au/help-support/tools/points-calculator>.

Figure 2: Countries with Points-Based Immigration Systems



Source: The Law Library of Congress¹⁷

The elimination of country caps is key to accommodating the country's need for high-skilled immigrants. In the U.S., currently no foreign country may exceed 7 percent of the total employment and family-based visas distributed that year. This induces a lengthy waitlist of high-skilled immigrants from over-cap nations (India in particular). It is estimated that 213,000 skilled Indian workers will die before receiving permanent residency because of these country caps.¹⁸ Overwhelmingly, these workers are applicants to EB-2 visas and have advanced STEM degrees. These are also largely workers born during the 1980s and 1990s who have many years of productive output remaining before retirement.¹⁹ Arbitrarily discriminating against high-earning and entrepreneurial immigrants based on their country of origin leaves a huge pool of talent on the table that would help address fiscal challenges.

¹⁷ Global Research Directorate, The Law Library of Congress, *Points-Based Immigration Systems* (LL File No. 2013-009046, Law Library of Congress: Washington, 2013), <https://tile.loc.gov/storage-services/service/ll/lglrd/2013404868/2013404868.pdf>.

¹⁸ David J. Bier, "1.4 Million Skilled Immigrants in Employment-Based Green Card Backlogs in 2021," *Cato at Liberty* (blog), March 8, 2022, <https://www.cato.org/blog/14-million-skilled-immigrants-employment-based-green-card-backlogs-2021>.

¹⁹ Office of Performance and Quality, U.S. Citizenship and Immigration Services, Department of Homeland Security, *Form I-140, By Preference Category, Country of Birth, Seeking Adjustment of Status, and Decade of Birth, As of November 2, 2023* (DHS: Washington, 2023), https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fwww.uscis.gov%2Fsites%2Fdefault%2Ffiles%2Fdocument%2Fdata%2Fi140_a_awaiting_visa_stem_pref_cob_aos_by_decade_of_birth_11022023.xlsx&wdOrigin=BROWSELINK.

The current immigration framework also suffers from fraud in the EB-5 immigrant investor program. The EB-5 visa ostensibly enables foreigners and their families to immigrate to the U.S. if they both:

1. Make a roughly \$800,000 recoverable investment into an American business
2. Create or preserve ten jobs for American citizens.²⁰

Presently, predatory organizations around the United States lure international wealth with the promise of low-risk investment and easy acquisition of an EB-5 visa. However, when the investor sends their funds, the organization can disappear, leaving the victim without their investment or their green card.²¹ This undermines the investor, the government, and the taxpayer. Assistance in growing the economy and cutting the deficit could come from replacing the fraud-fraught EB-5 visa with an entry method like the Trump Gold Card. By implementing the Gold Card, all eligible immigrants could come to the U.S. without suffering the uncompensated loss of a million dollars or more. The Gold Card would also directly increase receipts to the Treasury, which in turn may be directed towards fiscal priorities. The Gold Card program further benefits the U.S. by enabling collection of tax receipts from new permanent residents who have ample liquid wealth. In January 2026, the Administration announced that \$1.3 billion had already been committed through the program.²² Codifying the Gold Card program in law would ensure it remains a source of tax revenue and growth-minded immigrants for the foreseeable future.

While high-skilled, high-income immigration provides myriad benefits, low-skilled immigration may drive down wages among other negative effects.²³ Low-skilled immigrants place fiscal burdens largely on state and municipal public services,²⁴ and the benefits they demand and consume increase dramatically later in life.²⁵ Therefore, an optimal immigration framework should limit low-skilled immigration.

²⁰ U.S. Citizenship and Immigration Services, Department of Homeland Security, “EB-5 Immigrant Investor Program,” last modified March 1, 2023, <https://www.uscis.gov/working-in-the-united-states/permanent-workers/eb-5-immigrant-investor-program>.

²¹ “Newly-Discovered EB-5 Scam Highlights Fraud, National Security Weaknesses, Need for Long-Term Reform,” Office of Senator Chuck Grassley, April 21, 2017, <https://www.grassley.senate.gov/news/news-releases/newly-discovered-eb-5-scam-highlights-fraud-national-security-weaknesses-need>; Jeffrey M. Haber, “Fraud In Connection With The EB-5 Immigrant Investment Program,” Freiburger Haber LLP, July 16, 2023, <https://fhnylaw.com/fraud-in-connection-with-the-eb-5-immigrant-investment-program/>; U.S. Citizenship and Immigration Services, Department of Homeland Security, “Reporting EB-5 Fraud,” last modified March 13, 2020, <https://www.uscis.gov/scams-fraud-and-misconduct/report-fraud/reporting-eb-5-fraud>.

²² U.S. Department of Commerce, “First Year Accomplishments under Secretary Howard W. Lutnick,” January 20, 2026, <https://www.commerce.gov/news/press-releases/2026/01/first-year-accomplishments-under-secretary-howard-w-lutnick>

²³ George J. Borjas, “The Labor Demand Curve is Downward Sloping: Reexamining the Impact of Immigration on the Labor Market,” NBER Working Paper no. 9755 (2003), https://www.nber.org/system/files/working_papers/w9755/w9755.pdf.

²⁴ Congressional Budget Office, *Effects of the Surge in Immigration on State and Local Budgets in 2023* (61256, CBO: Washington, 2025), <https://www.cbo.gov/system/files/2025-06/61256-immigration-state-local.pdf>.

²⁵ JEC calculations.

Family sponsorship visas admitting noncitizen parents of adult American citizens are a large net fiscal drain.²⁶ These visa holders consume massive amounts of benefits quickly and do not pay taxes for many years since they are close to retirement.²⁷ Other family sponsorship visas are prominent and problematic too, but parents induce the greatest deficit. Due to the detrimental fiscal impact, they should be eliminated.

The diversity visa lottery is another system which is suboptimal and should be eliminated to prioritize highest-skill immigration. It uses randomness as a selection mechanism, and allowing chance into the system does not promote the best results.²⁸ Currently, the diversity visa lottery requires a high-school diploma for consideration, but if these visas were allocated instead to a points-based system, preference would be given almost exclusively to individuals with advanced degrees from established and reputable American universities and the highest potential to grow the U.S. economy. The immigration system may be strengthened and can yield greater benefits if the visas that would be allotted to the diversity lottery instead were granted to a nonrandom points-based allocation system.

The U.S. immigration framework also suffers from inefficiencies and fraud in the H-1B visa. Nonimmigrant (temporary) visas are intended to support industries where there is insufficient domestic labor supply. Companies often seek to hire efficiently and quickly, and there are often barriers to training enough Americans. On the other hand, oversupply of immigrant labor in already-saturated industries can lead to wage growth suppression.²⁹ H-1B visas are tied to employers, not industries – visa holders are unable to switch employers without risking delayed permanent residence or a lower probability of achieving permanent residence. Therefore, profit-maximizing companies will prefer them to domestic workers who can exit employment at will, *ceteris paribus*, and will invest in H-1Bs even as they simultaneously lay off American workers. If nonimmigrant visas were instead tied to industries, firms' preference for foreign labor over American would be diminished.

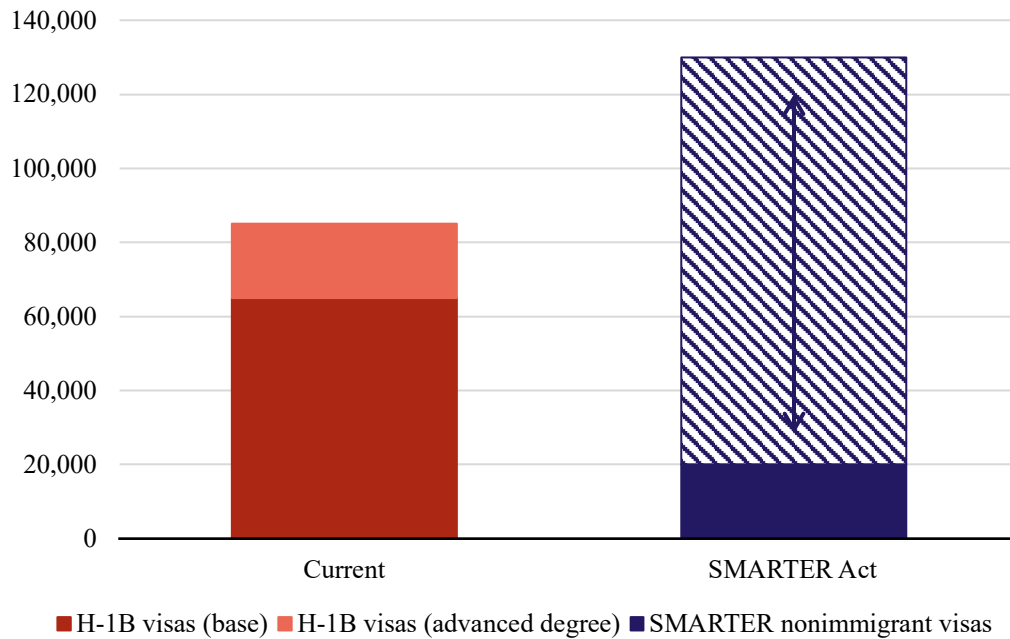
²⁶ Di Martino, "Lifetime Fiscal Impact" (2024).

²⁷ JEC calculations.

²⁸ Bureau of Consular Affairs, U.S. Department of State, *Instructions for the 2026 Diversity Immigrant Visa Program* (DV-2026, Department of State: Washington, 2025), <https://travel.state.gov/content/dam/visas/Diversity-Visa/DV-Instructions-Translations/DV-2026-Instructions-Translations/DV%202026%20Plain%20Language%20Instructions%20and%20FAQs.pdf>.

²⁹ Borjas, "The Labor Demand Curve," (2003).

Figure 3: Elimination and Replacement of the H-1B



Source: H.R. 10460;³⁰ Congressional Research Service³¹

Ultimately, immigration and foreign labor are not permanent solutions to the looming debt crisis but are an immediate and short-term boost. Eight of the ten countries that produce the most immigrants to the U.S. are themselves below a total fertility rate of 2.1 births per woman (replacement rate),³² further illustrating the scarcity of labor that will eventually induce a competitive scramble for talent.³³ Additionally, the number of immigrants needed to theoretically eliminate the deficit entirely is infeasible.³⁴ Eventually, addressing the domestic demographic cliff will be necessary.³⁵ However, high-skilled immigration offers a partial solution to deficit reduction.

³⁰ Congress.gov, “H.R.10460 – 119th Congress (2025-2026).”

³¹ Kandel, “Permanent Legal Immigration to the United States.”

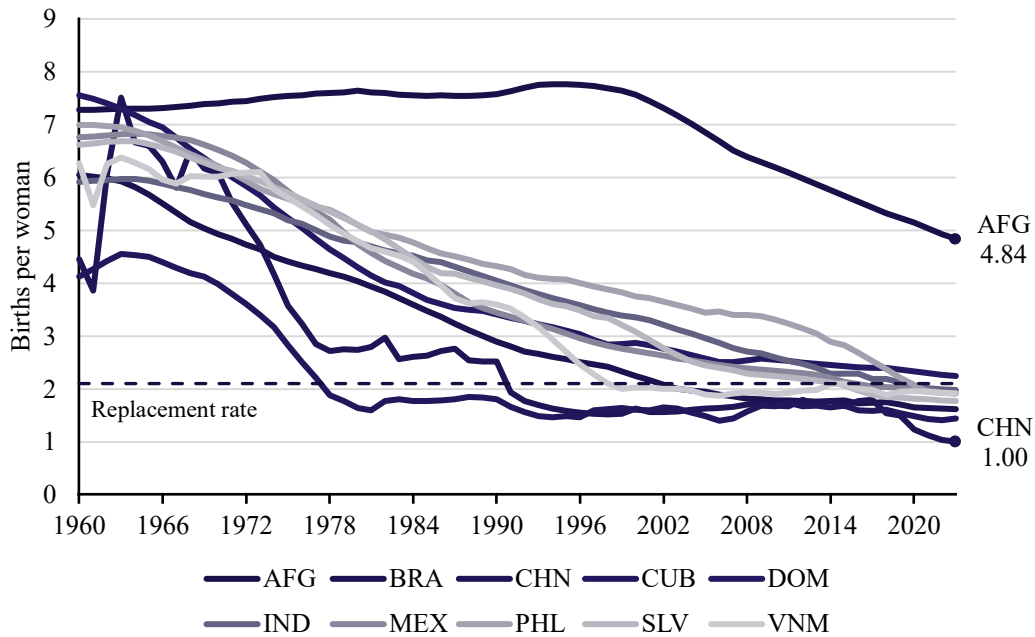
³² “US Immigration by Country 2026,” World Population Review, last accessed March 2, 2026, <https://worldpopulationreview.com/country-rankings/us-immigration-by-country>.

³³ World Bank, “FRED Graph” (FRED: St. Louis, 2025), <https://fred.stlouisfed.org/graph/?g=1SWxj>; exceptions to rule are Dominican Republic (also trending down) and Afghanistan (present on list due to SIV).

³⁴ JEC calculations.

³⁵ “Watch who you’re calling childless,” *The Economist*, December 18, 2025, <https://www.economist.com/finance-and-economics/2025/12/18/watch-who-youre-calling-childless>; Jesús Fernández-Villaverde, “The Demographic Future of Humanity: Facts and Consequences,” PowerPoint Presentation, 7th EBRD and CEPR Research Symposium, London, June 2, 2025, https://www.sas.upenn.edu/~jesusfv/Slides_London.pdf.

Figure 4: Total Fertility Rate in Top 10 Countries of Origin for Immigration to U.S.



Source: World Bank;³⁶ World Population Review³⁷

The Securing Migration, Addressing Reform, and Talent Enhancement and Retention (SMARTER) Act uses flexible quotas for immigrant and nonimmigrant employment visas. The Joint Economic Committee estimates it would save the United States over \$335 billion over the next decade and \$1.34 trillion over the next two decades if the aggregate number of immigrants was held to current annual levels.³⁸ The SMARTER Act addresses random and order-based employment immigration by replacing the EB visa program with a points-based, industry-targeted framework where industry quotas are based on metrics observable by Commerce. It eliminates the unfairness of country caps and replaces our existing investor visa program with the streamlined Gold Card. It sharply reduces family-sponsored visas to prevent waste, fraud, and abuse, and it repurposes visas that would be given through the diversity lottery to the aforementioned points-based employment system. Finally, it eliminates the wage-suppressing H-1B nonimmigrant visa and replaces it with a more surgical tool to recruit the strongest candidates to fill temporary labor needs.

It is urgent that the reforms are passed as soon as possible for the U.S. to globally compete. Other countries desire high-skilled immigrants too, and the continued drain on the economy from low-skilled immigration is pushing the U.S. further into debt. Other nations, some rivals, are

³⁶ World Bank Group, "Fertility rate, total (births per woman)," <https://data.worldbank.org/indicator/SP.DYN.TFRT.IN>.

³⁷ World Population Review, "US Immigration by Country 2026," <https://worldpopulationreview.com/country-rankings/us-immigration-by-country>.

³⁸ JEC calculations.

capitalizing on the U.S.'s inaction to recruit elite talent. The United Kingdom is using both the Global Talent Visa and the High Potential Individual (HPI) Visa to attract highly-educated internationals, while Canada has directly targeted backlogged U.S. visa applicants through their Tech Talent Strategy since 2023.³⁹ Within 24 hours of the program's launch, Canada was able to redirect 10,000 skilled immigrants from the U.S.⁴⁰ China is also competing for foreign nonimmigrant talent through their K Visa.⁴¹ Naturally, securing global talent is a zero-sum game. Any experts foregone by the U.S. will likely be taken in by one of its competitors. Therefore, it is critical to reform immigration immediately to prioritize high-skilled and high-income immigrants while limiting immigration that is a fiscal drain.

³⁹ "Apply for the Global Talent Visa," GOV.UK, accessed March 2, 2026, <https://www.gov.uk/global-talent>; "High Potential Individual (HPI) visa," GOV.UK, accessed March 2, 2026, <https://www.gov.uk/high-potential-individual-visa/eligibility>; "Minister Fraser launches Canada's first-ever Tech Talent Strategy at Collision 2023," Government of Canada, last modified June 27, 2023, <https://www.canada.ca/en/immigration-refugees-citizenship/news/2023/06/minister-fraser-launches-canadas-first-ever-tech-talent-strategy-at-collision-2023.html>.

⁴⁰ "H-1B visa holder work permit," Government of Canada, last modified October 23, 2025, <https://www.canada.ca/en/immigration-refugees-citizenship/services/work-canada/special-instructions/h1b.html>.

⁴¹ Eduardo Baptista, "China's new K visa beckons foreign tech talent as US hikes H-1B fee," Reuters, September 29, 2025, <https://www.reuters.com/sustainability/sustainable-finance-reporting/chinas-new-k-visa-beckons-foreign-tech-talent-us-hikes-h-1b-fee-2025-09-29/>.