



SENATE REPUBLICAN

POLICY COMMITTEE

May 22, 2007

RPC Backgrounder

Merit-Based Permanent Immigration: A Look at Canada's Point System

Executive Summary

- As Senators prepare to return to the critical issue of immigration reform, one area that will undergo scrutiny is the current “green card” system. Green cards grant immigrants permanent residency status and put them on the path to becoming U.S. citizens.
- Who should get green cards, how soon, and in what order? These are some of the questions that the Senate again will debate.
- For comparison on how another nation awards the status of permanent residency to aliens seeking it, this backgrounder paper reviews some of the policies of our neighbor Canada.
- Canada’s long-time policy aim for permanent immigration is to “support the development of a strong, prosperous Canadian economy.” To achieve this, Canada uses a merit-based point system as its mechanism for granting many aliens a path to Canadian citizenship.
- Canada’s point system provides that approximately 60 percent of the aliens awarded permanent residence gain that status based on their skills and their benefit to Canada’s economy; additionally, it provides that approximately 40 percent is based on family relations or refugee status.
 - In contrast, U.S. law allows about 70 percent of its annual 1 million permanent resident admissions to be based solely on family relations, and about 13 percent to be based on employment (with the rest going to refugees and diversity visas).
 - Many other industrialized countries, in addition to Canada, base immigration on merit as part of their permanent immigration systems. These include: Germany, the United Kingdom, and Australia.

Introduction

As the Senate prepares to debate immigration reform, a central issue will be future immigration policy with regard to incoming immigrants who wish to become permanent residents of the United States and eventually U.S. citizens.

Much of last year's debate on immigration policy focused on the estimated 12 million illegal aliens already residing in the United States, but a comprehensive policy will also need to address those who in future years attempt to immigrate to the United States and make it their home. The considerations of such a reform effort likely would include both fairness and economics.

As Senators debate, one system that may provide helpful background is Canada's merit-based point system used for granting permanent residence status to aliens seeking to become Canadian citizens. Canada's system bears examination for no other reason than that our neighbor to the north and closest trading partner has employed such a system for four decades that has, by many accounts, proven successful. (Note that several other nations, including Australia, Singapore, and the United Kingdom, too, have merit systems;¹ however, for simplicity's sake, this background paper limits its discussion to the Canadian one.)

The merit system discussed in this background paper provides a path to citizenship for aliens wishing to become Canadians. It does not address the issue of temporary immigration, which Canada treats separately.

Canada Favors Permanent Immigration Based on Economic Need

Canada coordinates much of its immigration regime with the United States; however, in several major policy areas, it diverges. Notably, *Canadian immigration policy strongly favors permanent immigration based on skilled employment*. In fact, about 60 percent² of all of Canada's permanent immigrants every year earn their status based on their skills.

The Canadian point system can be summarized as a method to grant points to aliens who apply for permanent residence based in part on objective skills they have acquired. This truly earned or merit-based "point system" determines which aliens may immigrate permanently (and so gain a path to citizenship) each year. The point system ensures that aliens with the characteristics most needed by Canada at any give time (e.g., high-tech engineering) are selected first. It also ensures that aliens can be informed of what the sought-after skills and credentials are, and so take the steps that will allow them the opportunity to build more points over time.

¹ According to a May 9, 2007 memorandum from the Library of Congress, the following countries have a skills-based immigration program: Argentina, Australia, Brazil, Canada, France, Germany, Greece, Hong Kong (SAR), India, Israel, Mexico, New Zealand, Nicaragua, Russia, Singapore, and the United Kingdom.

² According to a May 9, 2007 memorandum from the Library of Congress, 68 percent of Australia's immigration is based on skills, and 62 percent of New Zealand's is.

Canada's policy is based on objectives placed in the law. Section 3 of the Immigration and Refugee Protection Act (the Canadian immigration law) lists these objectives:

- “to permit Canada to pursue the maximum social, cultural and economic benefits of immigration;
- to support the development of a strong and prosperous Canadian economy, in which the benefits of immigration are shared across all regions of Canada;
- to support, by means of consistent standards and prompt processing, the attainment of immigration goals established by the Government of Canada in consultation with the provinces;
- to enrich and strengthen the cultural and social fabric of Canadian society, while respecting the federal, bilingual and multicultural character of Canada.”

The first step for the alien is to accrue a certain minimum number of points that allow him or her to get in line for permanent-resident status. At any time, an alien can add more points to his score (say, by passing a mechanics certification exam, or passing an English language exam). And so, no matter what the permanent resident quota is, aliens with the most-needed skills are always taken first. At the same time, all aliens have an opportunity to gain further points.

The minimum number of points needed to be considered under Canada's program (that is, to get in the line for permanent residency) is *67 out of 100 total points*, and the worker must have had at least one year of full-time work experience (in a desired skill) within the last 10 years. Aliens can gain up to 25 points for education, 24 points for English/French language ability, 21 points for relevant employment experience, 10 for desirable age, 10 for arranged employment, and 10 for adaptability.³

As a final note, Canada's system requires that aliens must wait outside Canada until they have met the minimum threshold and must have a minimum amount of resettlement funds (funds used to travel and establish basic residency in Canada). Illegal immigrants in Canada can sometimes cross over to the United States (by pre-arranged agreements still in existence) and allow their re-entry to allow for their application for permanent residence.

The chart on the following page itemizes Canada's current point system, which could serve as a starting point for U.S. policymakers as to how to implement a system that incorporates economic value into its equation.

³ This includes the spouse's education level, previous work or study in Canada, and whether one has distant relatives in Canada.

Canadian Point System – Summary

<u>Paid work experience</u>	<u>Points</u>
<u>(among desired skills defined by government):</u>	
1 year	15
2 years	17
3 years	19
4 or more years	21
Maximum Points for Experience	21
<u>Arranged employment (minimum skill level tested):</u>	
Applicant has full-time job offer approved by government	10
Maximum Points for Job Offer	10
<u>Adaptability:</u>	
Depends on spouse's education level	3 to 5
Previous work, study in Canada	5 to 10
Relatives in Canada	5
Maximum Points for Adaptability	10
<u>Education:</u>	
Masters or Doctoral degree with 17 years F/T education	25
Bachelor's degree with 15 years F/T education	22
Associations degree with 14 years F/T education	20
1-year University study with 13 years F/T education	15
Secondary school degree	5
Maximum Points for Education	25
<u>Age:</u>	
21 to 49 years of age	10
20 or 50 years of age	8
19 or 51 years of age	6
18 or 52 years of age	4
17 or 53 years of age	2
<17 or > 53 years of age	0
Maximum Points for Age	10
Maximum Possible Points:	100
<u>Knowledge of Official Languages (English/French):</u>	
	Read/Write/Listen/Speak
High proficiency in 1 of 2 official languages	4 4 4 4
Moderate proficiency in 1 of 2 official languages	2 2 2 2
Basic proficiency in 1 or 2 official languages	1 1 1 1
High proficiency in 2 nd official language	2 2 2 2
Moderate proficiency in 2 nd official language	2 2 2 2
Basic proficiency in 2 nd official language	1 1 1 1
Maximum Points for Language	24

Examples of Would-Be Seekers of Permanent Residency in Canada:

The following made-up examples illustrate how this system works.

- ✓ Stella, an alien from Cyprus, desires to reside permanently in Canada. She has a master's degree in computer science (25 points), a job offer from Nortel (10 points), 3 years of paid work experience (19 points), is 23 years old (10 points), and has moderate to good proficiency in English (10 points). With a total of 74 points, she has already met the minimum required to apply for permanent residency, but her previous study in Canada adds another 7 points and the fact that her sister resides in Toronto gains her another 5 points, for a total of 86 points. She can apply to be a permanent resident at the Canadian Embassy in Cyprus and is immediately eligible.

- ✓ Ensemani, a national of Botswana, came to Canada on a temporary work visa three years ago, but now he desires to become a permanent resident. He was a miner in South Africa and used his specialized technical skills to help get a temporary work visa to work in Canada's mining sector. Eventually, his employer made him a foreman. He has four years of paid relevant work experience (21 points). He took vocational classes and gained through apprenticeship⁴ at the nearby community college (15 points);⁵ this eventually prepared him to pursue an associate's degree (possibly 5 more points). However, government testing revealed Ensemani has limited reading proficiency in English (0 points), but he can speak it fluently (8 points). At age 20, he is at prime working age (8 points) and has a full-time government-approved job for a mining company (10 points). That puts him 5 points shy of the minimum points to apply for permanent residence. Over the next year or more, he can gain enough points by either completing an associate's degree, or improving his English reading/writing (8 points). He may even marry someone with higher education credentials (5 points). He now has enough points to apply for permanent residency but must apply for it from abroad. At the Canadian Embassy in Botswana, Ensemani submits his application for permanent residency. He has saved enough funds from working to prove he has resettlement funds. After his qualifications are verified, the Canadian Embassy approves his application, and Ensemani is able to live permanently in Canada.

Numerical Targets

As noted earlier, Canadian immigration policy⁶ is premised on the objective that skilled workers comprise about 60 percent of the annual total and that family-based immigration

⁴ According to the Canadian Education Mining Council, "In many cases technology programs provide a post-secondary opportunity to students who are unable or unwilling to enter a university degree program."

<http://mine.queensu.ca/people/faculty/Archibald/C2E2paper.pdf>

⁵ http://www.nwcc.bc.ca/AboutNWCC/About_NWCC.cfm

⁶ See Canada's Immigration & Refugee Protection Act, 2001, S.C. ch. 27 (<http://laws.justice.gc.ca/en/I-2.5/index.html>).

comprise approximately half of that number (the rest of the slots go to refugees). This is based on long-standing parliamentary preference, and Canada's immigration agency operates under an understanding with Parliament that its administrative powers are used to preserve this balance.⁷

Additional small-scale immigration comes from provincial government-nominated skilled-worker immigration, investors, and from international adoptions. Family-based immigration is generally more restrictive than that of the United States (which is discussed in the next section), mainly focusing on spouses and children.

The Canadian Parliament has deferred to the executive much of the power to set the quotas with general guidance, including the policy that about two-thirds of those awarded permanent-resident status be based on economic considerations. The immigration minister then annually consults with various government bodies, including provincial governments, to set the minimum points for permanent immigration, and the conditions that allow for application (for example, Canada often requires new immigrants to populate sparsely populated areas for a minimum period of time).

Benefits of Canada's Point System

A number of studies have concluded that skills-based immigration contributes positively to the economy in Canada and to those of other countries using such systems. Here are some of the studies' results:

Higher Employment Rate: "Higher skilled migration raises the labour force participation rate. . . [which] in turn raises the employment rate."⁸

More Taxes Paid: "Highly educated, skilled, or talented immigrants . . . normally make a positive fiscal contribution . . . [and] pay more in taxes than they absorb in government expenditure."⁹

Less Dependence on Government Services: "Immigration of people with higher levels of economically valuable skills than the average Australian-born tends to raise average incomes . . . [and] higher levels of education are associated with higher labour force participation, lower unemployment and higher average productivity and income . . . [Such an immigrant] pays more tax and draws less on public services over the life cycle."¹⁰

⁷ Library of Congress, "Canada: Preferences in Immigration Systems," memorandum 2005-01500.

⁸ Department of Immigration and Multicultural Affairs, Australia "The Economic Impacts of Migration," (5 Apr. 2006). The report also stated that "by some targeting of skills in short supply, the extra migration intake is likely to reduce jobs mismatch, leading to some long term reduction in unemployment."

⁹ David Coleman, "The Economic Effects of Immigration to the United Kingdom," Population and Development Review 30(4); 579-624. The study also stated that "immigration of skilled workers or entrepreneurs may create new or better-paid jobs for local workers, thereby increasing the ability of the latter to pay taxes and reducing their dependence on welfare benefits."

¹⁰ Ross Garnaut, "Immigration to Australia and Comparison with the United States."

With regard to government benefits, one must have lived in Canada for at least 10 years after turning age 18 (as opposed to 5 full years in the U.S. Social Security system) to qualify to receive an Old Age Security pension at 65 years of age.

Current U.S. Permanent Immigration Policy

The United States currently allows about 1 million aliens per year to immigrate into permanent residency status (with a path to citizenship). In contrast to Canada, 70 percent of America’s permanent resident seekers obtain their so-called green cards (i.e., permanent-resident status) not based on any skills or credentials, but solely on the basis of family relations. The rest obtain green cards through refugee programs or employment-based petitions and through some other special categories.

Here’s essentially how family-based immigration policy often currently works in the United States: a permanent resident (a “green card holder”) can bring her spouse and minor children with her; then, in five years after she becomes a U.S. citizen, she may also bring in her adult children (and their spouses and children), her siblings (and their spouses and children), and her parents. Depending on nationality, they either can enter immediately or at least essentially get into a better line.

The chart below reflects the reality that the United States’ current green-card quotas are misleading: the quotas appear to limit green cards to a total of 140,000 for employment-based green cards and 226,000 for extended family-based green cards per year. In reality, there are many more green card issuances than what is provided for in the quota requirements because of nuclear family and other exceptions to quotas, which result in hundreds of thousands of green cards (above the quotas).

Percentage of All Aliens Given Permanent Residence in U.S. and Canada

	(Proposed in <u>S. 1348</u> ¹¹)	<u>U.S. in 2002</u> ¹²	<u>Canada in 2002</u> ¹³
High-skilled workers ¹⁴	5%	8%	60%
Low-Skilled	5%	4%	0%
Unskilled	5%	>1%	0%
Family-based	74%	76%	28%
Refugees	7%	7%	12%
Diversity	5%	5%	0%
Total	c. 3,000,000	c. 1,000,000	229,000

¹¹ The author estimates that under S. 1348 (like S. 2611), 3 million green cards would be issued per year. This is based on a near tripling of the green card quotas under the bill and added quota exemptions for spouse and children of Legal Permanent Residents. Currently, approximately 1 million green cards are issued each year.

¹² These figures are based on Department of Homeland Security (DHS) statistics; employment-based figures based on the green card quota for employment, although family-based immigrants may also work.

¹³ Library of Congress, Congressional Research Service, “Canada: Preferences in Immigration Systems,” memorandum 2005-01500 (2005).

¹⁴ Within the 140,000 employment-based quotas, there are further annual sub-quotas for high-skilled (29 percent), medium-skilled (29 percent), skilled (29 percent) and unskilled categories (0.05 percent). (Note: skilled is defined as a person with a skill requiring two years of training or experience.)

In summary, not so much due to law as due to the practice of allowing for the exceptions to the quotas, the United States heavily favors family-based immigration (amounting to three-quarters of all permanent immigrants per year). Some call it “chain migration” because one family, through both blood and marital ties, can give a path to permanent immigration to many other families.

Could a Point System Be Beneficial to Immigrants?

Clearly, a point system provides a different way to provide priority in legalization for aliens who wish to become citizens. If the United States were to consider a system like Canada’s, what would be the costs and benefits from the immigrants’ perspective? Surely one is that it would erase the built-in bias against petitioners who have no family already in America. Additionally, it could serve as a policy tool to encourage petitioners to take actions that would be mutually beneficial to themselves and to U.S. citizens (e.g., proficiency in English and a higher level of education or skill).

For example, an unskilled Guatemalan national working as a dishwasher at an ethnic restaurant in Guatemala City could learn specialty cooking skills there and pass English language classes, earning points toward a score that would gain him some sort of legalization (whether temporary or permanent). Another alien could earn points by saving enough money in a retirement account while also earning a master’s degree in an elderly care field.

Countless variations could be developed as Congress and the Administration determine (and re-determine, as needs change over the years) what skills and attributes are needed in the American workplace. As in Canada, the points could be allocated by regulation after consultation with experts both inside and outside of government to determine what types of immigration would provide the best economic and long-term benefit to the United States.

Conclusion

Canadian permanent immigration policy provides a contrast to American permanent immigration policy. Much has been said about “earned [permanent] legalization” for aliens wishing to make the United States home, and so policymakers may wish to familiarize themselves with the Canadian point system as they look for innovations to U.S. immigration.