

# Rethinking Tech Talent Migration: The Rise of LATAM as an H-1B Alternative

## Introduction

Tech companies may be forced to change their global hiring practices. In September 2025, a U.S. executive order introduced a \$100,000 fee on H-1B visa applications. This fee adds cost and uncertainty to what was once a predictable talent pipeline, forcing companies to rethink where and how they build engineering capacity.

While this new order will change hiring in the tech industry, there are solutions. Moving towards H-1B alternatives, such as nearshore and offshore collaboration models, allows for the same expertise without the visa overhead. Latin America has quickly emerged as a practical, high-performance alternative for U.S. firms navigating this new era of global talent sourcing.



## EXECUTIVE SUMMARY:

The executive order that placed a \$100,000 fee on new H-1B visa applications is the most dramatic cost escalation in the program's history, and its financial impact is substantial. [Forrester](#) projects that maintaining current visa-dependent staffing models could raise IT service billing rates by 2–3%, resulting in an estimated \$2 billion annual cost increase if H-1B filings remain at 2025 levels.

[GAP's](#) cost analysis found that over three years, the total employment cost for H-1B engineers will now range from \$636,000 to \$1.36 million, depending on location and seniority. These rising costs will be felt most acutely by mid-tier companies and startups using H-1B hiring strategies, which rely heavily on affordable technical talent and are least able to absorb the financial strain of higher visa and labor expenses.

The impacts of H-1B changes may have disrupted the status quo, but there are still opportunities. GAP found that moving to a nearshore engineering team in Latin America can provide 22-50% savings compared to the new H-1B visa costs. Companies that adapt early to embrace nearshore and hybrid collaboration models will be better positioned to sustain innovation velocity at an affordable cost.

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- The new visa fee, layered on top of existing legal and filing costs, raises the total cost of sponsoring a single H-1B worker to well over \$120,000 in upfront expenses. ([Leanware](#); [Reuters](#))
  - H-1B visa changes will cause a projected 2–3% rise in IT service billing rates and a \$2 billion annual cost impact if current H-1B filing volumes continue ([Forrester](#)).
  - The \$100,000 fee alone approaches or exceeds the first-year salary of many entry-level engineers (GAP; [Leanware](#))
  - GAP's analysis shows nearshore engineers in Latin America cost 22–50% less than U.S.-based H-1B engineers, saving up to \$458K per hire.
  - The new H-1B fee equals six to twelve months of a nearshore developer in many LATAM markets ([Leanware](#)).
  - Startups using H-1B and mid-sized firms face the greatest financial pressure and are most likely to transition to nearshore teams. ([Forrester](#), [Leanware](#))
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## CHANGES TO H-1B VISAS

### OVERVIEW OF THE EXECUTIVE ORDER AND IMPACTS

The U.S. government executive order imposing a \$100,000 fee on new H-1B visa applications has major implications for the tech industry. Roughly 85,000 new visas are issued annually, and approximately 70% of H-1B recipients come from India ([Reuters](#)). A large percentage of these visas comes from U.S. tech firms, and the fee change will impact companies that depend on global engineering expertise.

Ambiguity in the communication around the executive order has added to the disruption. On September 19, 2025, Commerce Secretary Howard Lutnick told reporters the visa would cost “\$100,000 a year for each of the three years of its duration,” but acknowledged the details were “still being considered” ([Reuters](#)). Two days later, White House Press Secretary Karoline Leavitt clarified that the proclamation required a “one-time fee per petition, not annual,” applying only to new H-1B applications filed in the next lottery cycle ([Leanware](#)). The contradictory statements issued in the same week created uncertainty among employers already depending on H-1B labor.



## FINANCIAL IMPACT OF H-1B VISA CHANGES

The \$100,000 fee introduces a massive shift in technical hiring economics. Forrester projects a 2–3% increase in IT service billing rates as providers pass higher labor and compliance costs on to clients. If companies maintain their current filing volumes, this could translate to a \$2 billion annual cost burden across the U.S. tech services industry. While large enterprises may be able to absorb this cost, many startups and mid-tier firms lack the resources to do so.

A fee this high makes it easy to compare to real-world compensation. The \$100,000 fee alone approaches or exceeds the first-year salary of many entry-level engineers, effectively removing many of the competitive advantages of international hiring. It forces companies to reevaluate staffing models and accelerate moving towards more cost-effective nearshore and offshore alternatives.



### Tech Workforce Models Shifting



*New U.S. visa fees drive redistribution of global tech talent toward nearshore, offshore and automated delivery frameworks.*

## PREDICTED RESPONSES TO VISA CHANGES

Analysts expect the new H-1B fee to accelerate a deeper restructuring of the tech labor market ([Forrester](#), [Leanware](#)). Startups and mid-tier firms are redirecting hiring budgets toward distributed and nearshore teams to manage risk and maintain delivery capacity. These shifts mark the beginning of a long-term move toward more flexible, distributed workforce models that rely less on U.S.-based visa holders and more on H-1B alternatives such as nearshoring in Latin America.

[Forrester](#) predicts a sharp decline in new H-1B petitions as companies adjust their talent pipeline. This realignment already steers U.S. firms toward Latin America, where engineers provide comparable skill levels without the added expense or complexity of visa sponsorship. Nearshore collaboration in the region offers cost efficiency, real-time communication and technical expertise ([Leanware](#)). It's an increasingly practical alternative to maintain productivity and control costs in the changing global hiring landscape.

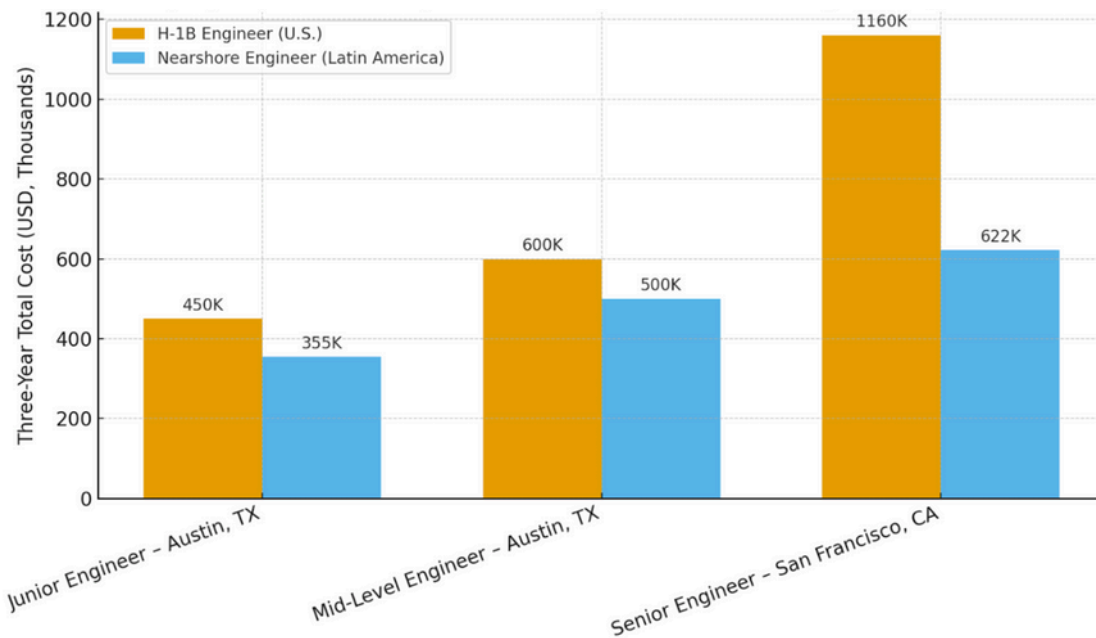


# COMPARATIVE COST ANALYSIS: H-1B VISAS VS LATIN AMERICAN NEARSHORING

To illustrate the financial implications of the new H-1B visa policy, GAP conducted a three-year total employment cost comparison between U.S.-based H-1B engineers and nearshore engineers in Latin America.

The analysis incorporates all major cost drivers, including base pay, employer-paid taxes, benefits and applicable government fees such as the new \$100,000 visa cost. The results show a consistent cost advantage for nearshore engineers in Latin America, demonstrating that companies can access equivalent technical expertise at significantly lower total cost by shifting away from H-1B dependent hiring models.

## Three-Year Employment Cost Comparison: H-1B vs. Nearshore Engineers (GAP Internal Analysis)



Source: GAP Internal Analysis, 2025. Calculations based on three-year total cost, including salary, benefits, employer taxes and the \$100,000 H-1B visa fee.

The financial implications are clear, but there are other benefits to nearshore teams. Hiring within Latin America minimizes compliance and visa risks and shortens onboarding timelines. Being on the same or a similar timezone to the U.S. team enables real-time collaboration and increased cultural alignment. These factors reduce administrative friction and accelerate project execution. When compounded with financial savings, they strengthen the case for nearshore workforce models.

## WORKFORCE IN TRANSITION

The new H-1B visa policy reshapes how organizations will need to design, manage and scale their teams. Teams that once operated under a centralized onshore model are now evolving into distributed networks built for continuous collaboration across borders. Leaders need to invest in collaboration platforms, performance visibility tools and secure cloud environments to support globally integrated operations. Managers rethink how to maintain visibility, productivity and company culture in globally distributed teams, while HR leaders prioritize seamless onboarding, data security and communication tools that bridge physical distance.



## LATIN AMERICA AS A SOLUTION

Latin America, particularly Colombia, Mexico and Argentina, offers strong English proficiency, real-time collaboration with U.S. teams and competitive senior developer rates ranging from \$29 to \$82 per hour ([Leanware](#)). Nearshore firms across the region become key players in global tech strategies, providing expertise in AI, software development, cloud migration and DevOps. These emerging markets are positioned not just as cost-saving alternatives but as strategic partners in innovation.

GAP's analysis found that engineers in Latin America deliver equivalent technical expertise at 22-50% lower total cost than H-1B hires in the United States. Beyond the financial savings, companies also benefit from faster onboarding and lower compliance risk, as nearshore hiring avoids the lengthy visa processes and regulatory hurdles associated with international relocation. These partnerships also enable tighter project integration and greater agility, allowing teams to scale resources quickly in response to shifting business needs.



## PROOF OF CURRENT SUCCESS



Nearshoring models in Latin America already show strong talent pipelines and measurable business results. Companies accelerating their shift to nearshore strategies offset rising labor and visa costs while maintaining quality and speed ([Forrester](#)). Tech firms can get six to twelve months of development time for the price of a single H-1B visa.

The combination of technical depth, cost efficiency and operational reliability has proven that Latin American nearshore partnerships are not merely a contingency plan, but a proven model for sustaining innovation and growth in the current hiring landscape.

# WORKPLACE STRATEGIES FOR TECH FIRMS

## STARTUPS

For startups, the \$100,000 H-1B visa fee fundamentally alters early hiring strategies and capital allocation. Many young tech firms rely on lean, globally distributed teams to accelerate product development. Companies such as OpenAI, Stripe and Anthropic depend heavily on international technical talent and are among the hardest hit by the new policy ([Business Insider](#)).

To mitigate costs, startups can redirect funds toward distributed team infrastructure to invest in collaboration platforms and cloud-based development tools. Under this new model, smaller firms face the highest financial pressure and may push to adopt remote and nearshore delivery structures to remain competitive ([Forrester](#)). This means startups are no longer defined by geography, but instead by their ability to build agile, distributed teams.



## MID-SIZED FIRMS

There is both financial strain and strategic opportunity for mid-tier technology firms. Often large enough to run multi-region operations but too small to absorb enterprise-level overhead, these companies can use this inflection point to rebalance their global team structures. Pairing U.S.-based leadership with nearshore execution models that maintain quality while lowering cost.

[Forrester](#) predicts that such firms will be among the most affected by rising labor costs, as many have historically relied on H-1B and offshore staffing for scalability. In response, these organizations can prioritize outcome-based contracts and AI-assisted delivery in their nearshore teams to maintain competitiveness.



## ENTERPRISES

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## WORKPLACE STRATEGIES FOR TECH FIRMS

The H-1B visa policy shift marks a turning point in how technology companies approach global hiring. Rather than a setback, it's an opportunity to build smarter, more resilient talent networks that align cost efficiency with innovation.

With Latin America's growing base of skilled engineers, synchronized work hours and proven cost advantages, the region is the foundation of a smart, sustainable hiring model. GAP's experience in building and managing nearshore teams across Latin America proves that organizations can adapt to this new reality. To explore how nearshoring can strengthen your workforce strategy, partner with GAP to design and implement a solution tailored to your business.



To find out more, please visit [WeAreGAP.com](https://www.WeAreGAP.com)



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