

COMPREHENSIVE GUIDE

H-1B Selection System

Random Lottery vs. New Wage-Based Selection

Updated December 2025 • Effective FY 2027

EXECUTIVE SUMMARY

On December 23, 2025, the Department of Homeland Security (DHS) finalized a historic rule replacing the traditional random H-1B lottery with a wage-weighted selection process. Effective February 27, 2026, this change applies to the FY 2027 H-1B cap registration season. Under the new system, higher-paid positions receive more lottery entries, significantly shifting selection odds in favor of experienced workers while reducing chances for entry-level positions.

Key Differences at a Glance

ASPECT	RANDOM LOTTERY (CURRENT)	WAGE-BASED SYSTEM (NEW)
Selection Method	Purely random — each beneficiary has equal chance of selection	Weighted by wage level — higher wages receive more lottery entries
Selection Probability	Equal for all (~29.59% across all wage levels)	Level I: ~15% Level II: ~31% Level III: ~46% Level IV: ~61%
Lottery Entries	1 entry per unique beneficiary regardless of offered wage	Level I: 1 Level II: 2 Level III: 3 Level IV: 4 entries
Registration Requirements	Basic beneficiary information only	Must specify OEWS wage level, SOC code, and work location(s)
Primary Beneficiaries	All employers and workers treated equally	Large corporations, senior roles, high-cost metro areas
Status	Active until February 26, 2026	Effective February 27, 2026 (FY 2027 season)

Wage Level Structure & Selection Probability

The new system uses the Department of Labor's Occupational Employment and Wage Statistics (OEWS) four-tier wage structure. Selection weight directly correlates with wage level.

WAGE LEVEL	ENTRIES	PROBABILIT Y	CHANGE	TYPICAL ROLES
Level I (Entry)	1	~15.29%	▼ 48% decrease	Entry-level, close supervision, basic tasks
Level II (Qualified)	2	~30.59%	▲ 3% increase	Moderate experience, independent judgment
Level III (Experienced)	3	~45.88%	▲ 55% increase	Substantial experience, autonomous work
Level IV (Expert)	4	~61.17%	▲ 107% increase	Advanced expertise, leadership, supervisory

Advantages & Disadvantages Comparison

RANDOM LOTTERY SYSTEM	WAGE-BASED SELECTION SYSTEM
✓ ADVANTAGES	✓ ADVANTAGES
<ul style="list-style-type: none">• Equal opportunity regardless of salary offered• Simple, straightforward process for all• Benefits startups and small businesses equally• Supports entry-level hiring and new graduates• No artificial wage inflation pressure• Geographic neutrality across all regions	<ul style="list-style-type: none">• Prioritizes higher-skilled positions• Reduces abuse by outsourcing companies• Incentivizes competitive salary offers• Aligns with Congressional program intent• Protects U.S. worker wages and opportunities• More predictable outcomes for senior roles
✗ DISADVANTAGES	✗ DISADVANTAGES
<ul style="list-style-type: none">• Exploited by high-volume outsourcing firms• No prioritization of skills or experience• Allows flooding with lower-wage registrations• Pure chance regardless of qualifications• May not attract top global talent• Unpredictable planning for employers	<ul style="list-style-type: none">• Disadvantages small businesses and startups• Hurts entry-level and recent graduate positions• Creates regional bias toward high-cost areas• Higher wages ≠ higher skills always• May cause artificial wage inflation• Increased administrative complexity

Impact Analysis by Stakeholder

STAKEHOLDER	IMPACT	DETAILS	STRATEGY
Large Corporations	POSITIVE	Can offer higher wages; Level III/IV positions see 55-107% increase in odds	Align compensation and immigration strategy early
Small Businesses	NEGATIVE	Cannot compete on salary; Level I sees 48% decrease; ~\$85K lost labor cost per rejection	Explore alternate visas; consider rural locations
Startups	NEGATIVE	Cannot match corporate salaries; early-stage roles typically Level I/II	Partner with cap-exempt orgs; explore O-1 visas
Recent Graduates	NEGATIVE	Entry-level positions at Level I with sharply reduced odds; pipeline may weaken	Maximize OPT/STEM OPT; target higher-paying roles
Experienced Workers	POSITIVE	Senior roles at Level III/IV have significantly better odds (up to 61%+ probability)	Negotiate higher-level positions; document experience
Universities/ Research	EXEMPT	Cap-exempt employers NOT affected by lottery changes whatsoever	Continue current processes; leverage exemption in recruiting
Outsourcing Firms	NEGATIVE	Historically relied on volume tactics; new system specifically targets this practice	Restructure models; focus on premium placements

Registration Requirements Comparison

REQUIREMENT	CURRENT SYSTEM	NEW SYSTEM (FY 2027+)
Basic Information	Name, passport, DOB, country of birth	Same as current plus wage-related data

REQUIREMENT	CURRENT SYSTEM	NEW SYSTEM (FY 2027+)
Wage Level	Not required at registration stage	Required — must select OEWS wage level
SOC Code	Not required at registration stage	Required — must specify occupation classification
Work Location	Not required at registration stage	Required — must specify area(s) of employment
Data Consistency	Flexible between registration and petition	Strict — petition must match; wage level cannot decrease
Enforcement	Standard review process	USCIS can deny/revoke for inconsistencies or manipulation

Implementation Timeline

DATE	MILESTONE
December 23, 2025	Final rule submitted to Federal Register; advance copy released
December 29, 2025	Final rule officially published in Federal Register
February 27, 2026	Rule takes effect (60 days after publication)
March 2026	FY 2027 H-1B cap registration opens — NEW weighted system in effect
TBD	Potential legal challenges expected from employer groups and advocacy organizations

Which System Is Better? It Depends...

The "better" system depends entirely on your perspective and circumstances. Here's our analysis:

PERSPECTIVE	FAVORS	REASONING
Government/Policy	Wage-Based	Aligns with stated goal of attracting higher-skilled talent and protecting U.S. workers
Large Employers	Wage-Based	Better odds for higher-paid positions; more predictable workforce planning outcomes
Small Business/Startups	Random Lottery	Equal opportunity regardless of budget constraints; no salary inflation pressure
Recent Graduates	Random Lottery	Entry-level positions had equal chances; new system significantly disadvantages them
Experienced Workers	Wage-Based	Senior roles with higher wages now have substantially better selection odds (60%+)
Rural Employers	Random Lottery	Lower cost-of-living areas were treated equally; new system creates geographic bias
Immigration Reformers	Wage-Based	Specifically designed to reduce volume-based tactics by outsourcing firms

STAY INFORMED WITH VISAVERGE

For the latest updates on H-1B policy changes, visa bulletins, and immigration news, visit www.visaverge.com. Our team provides timely analysis and expert insights to help you navigate the U.S. immigration system.

Sources: USCIS Official Announcement (Dec 23, 2025), Federal Register Final Rule, DHS Press Release, Immigration Law Firm Analyses.

Disclaimer: *This document is for informational purposes only and does not constitute legal advice. Consult with a qualified immigration attorney for guidance on your specific situation.*