

**Written Testimony to the House Subcommittee on Immigration & Citizenship:
“Oh, Canada! How Outdated U.S. Immigration Policies Push Top Talent to Other Countries”**

June 24, 2021

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Technology Councils of North America

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Good afternoon. Thank you, Chair Lofgren, Ranking Member McClintock, and members of the committee for this opportunity to discuss the incredible issue we face regarding the future economic success of the greatest economy on earth.

I am Jennifer Grundy Young, Chief Executive Officer of the Technology Councils of North America or “TECNA”. TECNA is comprised of 66 technology-focused associations in the United States and Canada, who in turn, represent more than 22,000 technology companies mostly comprised of start-ups and small business entities.

I am a new hire to TECNA having joined the organization in January of this year. After spending the past six months meeting with nearly all of our 66 associations, I’ve made two key observations:

1. The state of North America’s technology industry is strong. Unemployment among information technology workers in the U.S. stands at 2.4 percent as of May, even as the national unemployment rate stands at 5.5 percent.¹
2. I made it a point to ask about the largest inhibitor to the success of their member businesses. The response is always the same, their member companies struggle with an inability to secure key highly-skilled talent. A highly-skilled worker in this instance is defined as an individual who possesses a four-year computer science or like degree from a top university.

The Important Role of the Highly-Skilled in a Technology Company

Time after time, I hear stories from TECNA members of key vacancies in companies that are impeding organizational function and growth. Most often, I hear about the inability to find software engineers. The role of the core software engineer is like the yeast in bread. The baker can have all of the other ingredients, the best bakers, and the best ovens to bake the bread, but without the yeast one will not successfully make a loaf of bread. Without the core software engineer, the company doesn’t have a product.

The hard core, high-skilled software engineer is the product architect and/or key developer. The role of the software engineers makes it possible for all of the other roles within a tech

company to exist such as the IT team, the coders, and the cybersecurity team. In technology businesses, it's impossible to overstate the value of a skilled software engineer and the inability to hire is the bottleneck to company growth. There are only so many highly skilled software engineers coming out of our nation's top universities. The demand far outpaces the pipeline of students. There are not enough appropriately qualified, highly-skilled individuals for these roles in the United States.² Unemployment in the technology sector is low, and growth is stymied.

Additionally, U.S. has the honor of educating some of the brightest minds in the world at our top universities. These students are interested in solving important challenges, but American immigration policy forces highly-skilled foreign-born workers out of our economy upon graduation. We force them to move and take their valuable U.S. degrees with them.

With a war for talent being waged across the globe, Canada has taken a pragmatic and balanced approach to position their country to be a world contender in the fields of artificial intelligence, automation, and the creative industries. Make no mistake, the Canadians have come to compete. Across their nation, cities like Toronto, Vancouver, Montreal, and Winnipeg have become magnets for American companies looking to tackle complex issues with some of the brightest minds.

So how are they doing it? They understand the importance of talent.

Canada Places High Value on Attracting the Highly-Skilled

Canada is positioning themselves successfully to compete for the world's best and brightest, gaining competitive advantage through the utilization of specific provisions which were adopted as recently as 2017.

To meet the immediate hiring needs of their economy and to ensure that more Canadians could participate in the innovation economy, they created what is known as the Global Skills Strategy to fast-track work permit and visa processing. One component of this strategy, known as the Global Talent Stream, is geared towards expediting work permits for the technology sector.

Through this program, fast growing Canadian companies are permitted to hire highly-skilled foreign talent, or people with skillsets most commonly found among H-1B applicants in the United States, in as little as four weeks, pre-pandemic. Critical to the approval process, Canadian companies must submit what is known as a Labour Market Benefits Plan, which outlines the company's commitment to create mandatory and complimentary benefits for the local labor market. In short, it outlines how the company will support the local pipeline of workers in exchange for the ability to hire highly-skilled foreign talent on a fast-tracked basis.

There are several key requirements that must be in the Labour Market Benefits Plan. As a bedrock for the plan, the company must commit to creating jobs or to increasing skills and training investments for Canadians, depending on the underlying Global Talent Stream

category. For those hiring from a pre-determined Global Talent List of in-demand occupations, this could include a requirement to create new pathways for Canadians and Permanent Residents to participate in the innovation economy through Co-Ops or internships. The Labour Market Benefits Plan is flexible, highly customizable, and has clear guidelines. The facilitative approach of the government has resulted in a 97% application approval rate.³

There are some complimentary actions that are expected of an employer to receive approval under this program. For example, a company might be required to establish educational partnerships with local or regional post-secondary institutions or with other organizations that provide supporting skills and training.

Importantly, the approval process under the Global Talent Stream moves expeditiously. From start to finish it can take less than 2 weeks for an application to be processed and less than 6 weeks to have an employee on the job in Canada following work permit approval and passport stamping.

To achieve rapid processing capabilities, Canada leverages Global Case Management System and centralized processing centers. The online application submission process promotes transparency and allows Canadian immigration agencies to expedite the gathering of information and documentation to communicate with applicants and render decisions quickly.

By comparison, the United States immigration system is paper-based, causing nearly all applicants significant delays in processing. The U.S. immigration system's mentality is often based on suspecting fraud, rather than expeditiously welcoming these highly-skilled economic contributors. Often, applications are stalled by requests for more information that ultimately cost employers thousands of dollars in unnecessary legal fees. Eventually, the candidates lose interest in the companies after waiting in employment limbo for years.

According to Moving2Canada, in just the first two years of the Global Talent Stream, more than 40,000 workers were brought to Canada. The employers that hired those individuals committed to investing \$113 million into workforce development programming and agreed to hire 48,000 Canadian citizens, while also creating 12,500 internships and Co-Ops for Canadians.⁴ In 2019, Canadian Immigration Minister Ahmed Hussen said the program saw approximately 25% of the workers were entering Canada from the United States.⁵

Canada also offers a Start Up Visa program to enable permanent immigrant entrepreneurs to obtain a fast track work permit to launch an innovative business in Canada but also creates a 12-16 month process for permanent residency.

Ankit Agarwal started the Madison, Wisconsin based, Imbed Biosciences, a company utilizing silver nanoparticles against infection in skin wounds. Mr. Agarwal, a native of India, was nearly forced to take his company out of the United States due to the long wait time for his O-1, or

“extraordinary ability” visa. He has since had extreme difficulty trying to hire foreign-born graduates from Wisconsin universities due to the H-1B caps.⁶

In Mr. Agarwal’s own words, “On one hand we talk about growth in businesses, growth in startups, hiring more highly educated workforce – but on the other hand, this 65,000 (cap) has been around for the last 20 years. How can we grow the workforce and grow the education system ... but not increase the H-1B visas, which is the only way for them to become part of the American workforce?”⁷

Mr. Agarwal would have benefitted from a startup visa.

The United States Needs Reform to Attract and Retain the Highly-Skilled Now

Why do we need immigration reform right now in the United States?

Everyone wants Amazon and the promise of next day delivery, instantaneous banking, food delivery, COVID-19 vaccine scheduling, faster mobile phones that do more, and video streaming for every meeting. We can’t forget the growing need for cybersecurity to match every bit of technology that is in use and in development. If the United States is going to win on the global playing field and strive to bring more manufacturing back to America, we can only do it by competing with technology. Manufacturing is now almost exclusively technology driven. Robots are a little bit of metal and a whole lot of software, and all of these robots developed and sustained by humans.

According to a just released study by the New American Economy, since 2010, 44% of the Fortune 500 companies in the United States were founded by immigrants or children of immigrants.⁸ 105 companies were founded by immigrants and 115 founded by children of immigrants.⁹ Nearly half. Most of the time, entrepreneurs starting a business are technologists themselves, not business managers, CFOs, or marketers. Typically, those entrepreneurs enlist highly-skilled technologists as second and third hires as they build their product. A study by the National Foundation for American Policy showed that 71% of companies valued at a billion dollars or more had at least one immigrant in a key position propelling the firm’s growth.¹⁰

The argument is often made that immigrants are taking American jobs from Americans. This is not the case. A 2020 study conducted by the National Bureau of Economic Research found that immigrants create jobs more than they take jobs in the United States.¹¹

I recently heard a story about a Ph.D.-educated individual from Tanzania who was recruited upon graduation to work on the COVID-19 vaccine distribution for one of the largest global nonprofits. She was denied H-1B status because of a technical mistake. Her registration fee of \$10 on the USCIS’s website was paid twice, once by her employer and once by her immigration attorney. Our immigration system suspected fraud, not an error, and consequently the U.S. failed to secure the talents of a woman coming to play a key role with a lifesaving cure.

To provide some additional perspective this issue, due to the per-country cap on immigrant visas (green cards), many folks who are fortunate enough to obtain an H-1B visa are often faced with expensive renewals for years without the guarantee of a green card. A former colleague of mine, Ketaki Desai, and her husband were both educated in the United States, on student visas. They were fortunate to obtain H-1B status upon graduation and were strong contributors to the U.S. economy. After 18 years and realizing their path to permanent residency was looking very bleak, they left the United States for Toronto, Canada. They bought a house and are actively recruiting and helping individuals leave the U.S. workforce and join them in Canada. Ms. Desai's LinkedIn post from last week reads:

"Exactly 11 months ago, we sold our home in Pittsburgh and moved to Toronto. This weekend, we will be moving into our new home in Canada and couldn't be more excited about finally putting down roots here!"

While making the decision to move to Canada and going through the process, we spent a lot of time researching basic information on our own. Some of the important aspects of moving to a new country, like the values of the people, the lifestyle, ability to get a job, navigating the rental market, etc. couldn't be researched and felt frustrating. Since our move, hundreds of people in the US and India have reached out to get guidance on making the decision to immigrate to Canada. Girish Chavan and I decided to write about the important aspects of the decision and the move, and have included a 15 min Calendly link, for additional questions [link inserted].

As Canada begins to lift restrictions and the immigration process opens up in the coming months, we hope that this document will help alleviate some of the stress associated with the move. Canada welcomed us with open arms and are truly grateful to have chosen this country as our new home!"

As Ms. Desai noted, she and her husband owned a home and were not only gainfully employed in the United States but huge economic contributors. We've lost them simply because the path to staying in this country as permanent residents was next to impossible.

Under the current U.S. immigration program established more than 20 years ago, the cap for the highly-skilled visa, the H-1B, is 65,000 plus an additional 20,000 for advanced degree applicants totaling 85,000. Over 60% of applications are randomly denied each year to workers in STEM occupations.¹² With more than 100,000 H-1B cap submissions denied annually, the United States has turned away millions of qualified, highly-skilled, and often U.S. educated individuals who are going to other countries to contribute to their economy.¹³

Outdated Immigration Policy for the Highly Skilled is a U.S. Workforce Problem

This issue is not an immigration problem, this is a *workforce* problem. The matter of raising or eliminating the H-1B visa and per country immigrant visa caps have often fallen victim to

incorporation into an overall immigration reform bill. Immigration reform is generally a highly controversial issue, often because it involves status of unauthorized population, DACA, border walls, pursuit of fraud in the system, and the narrative that immigrants take American jobs. These issues have historically stalled conversations to the point of never happening. This particular conversation and a solution cannot afford to be delayed. The dialogue on the highly-skilled visas needs to be around economic contribution, not a notion that these individuals will be stealing jobs from Americans or that they are attempting to enter this country fraudulently.

The United States is experiencing boiled frog syndrome. In 2019, foreign-born entrepreneurs in the United States declined by 4,400, the first annual drop since the year 2000.¹⁴ We have been allowing other countries to pick up speed slowly but steadily to the point where more than 25 countries have modified their immigration policies to attract highly-skilled immigrants and startups. These countries are positioned to take talent from all over the world at an exponentially faster rate—much, much faster than the United States can get them.¹⁵ We are losing the talent war and without reform of our highly-skilled visa program, we will continue to lose. The United States' success has always relied on foreign-born talent. Immigrant entrepreneurs represent 22% of business owners compared to 14% of the overall U.S. population.¹⁶ Talent is and always has been the most important economic development capital. Those nations, states, and regions that can attract, develop, and retain talent will thrive and those who cannot will be left behind.

No one seems to question immigrant professional sports players here on visas because they help us win. That's what immigrants help America do – win. Immigrants play the same role in technology companies; they help us win. We need them here, and we must make it easier to get them here.

Thank you for the opportunity to submit testimony. I am happy to answer any questions.

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- ⁹ “New American Fortune 500.” *New American Economy Research Fund*, 17 June 2021, research.newamericaneconomy.org/report/new-american-fortune-500-2021/. Accessed 20 June 2021.
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