



June 24, 2021

Dear Members of the Subcommittee on Immigration and Citizenship of the House Committee on the Judiciary,

Engine works with a network of startups, incubators, accelerators, and support organizations within the technology sector that depend on access to the best and most qualified employees to succeed. While these companies often start small, they grow and thrive and are ultimately responsible for much of the net job creation in the country. Access to innovative and skilled talent is critical to the U.S. startup ecosystem. Startups not only rely on this talent (which is often derived from many different countries) to excel, but many of these job-creating startups are founded by foreign-born entrepreneurs, who create ventures that help grow the American economy, employing thousands of American workers. Given that more than half of the United States' billion dollar startups have at least one immigrant founder, the contributions of immigrants cannot be overstated.¹ As such, we are appreciative that the subcommittee is holding today's hearing, "Oh Canada! How Outdated U.S. Immigration Policies Push Top Talent to Other Countries," and are hopeful that the hearing serves as catalyst to enact high-skilled immigration reform and adopt a startup visa.

As Engine has noted in the past, many U.S.-based technology companies rely on the H-1B visa program to fill STEM talent shortages in lieu of offshoring positions or establishing operations in countries that are more immigration-friendly.² Doing so enables innovative companies to continue to grow within the U.S. And these companies often rely on a blend of high-skilled foreign workers and American talent to build their ventures, which in turn leads to the creation of more U.S.-based jobs³ and more innovation. While the Biden administration has taken steps to undo many of the harmful efforts of the Trump administration to restrict high-skilled talent in the U.S., policymakers have yet to advance meaningful high-skilled immigration reform this Congress so that the U.S. can address the talent shortage and allow for our nation's startups to have better access to needed workers.

Critics of the H-1B program, and employment visas generally, claim that the presence of foreign-born workers serves to depress U.S. job and wage growth. Instead, the H-1B visa program creates job opportunities for native-born Americans and, if expanded, could result in the creation of up to 1.3 million new U.S. jobs;⁴ "had the U.S. government not rejected 178,000 H-1B visa petitions in computer-related fields in the 2007 and 2008 visa lotteries, U.S. metropolitan areas could have created as many as 231,224 tech jobs for U.S.-born workers in the two years that followed."⁵ But, because these visas are capped, with just 65,000 made generally available (and an additional 20,000 for recipients of U.S. advanced degrees), are associated with high fees, have a lengthy application process, and often require costly legal assistance, many startups (which generally have limited time and resources) may not be able to avail themselves of the program.

¹ National Foundation for American Policy, *New Research: More Than Half of America's Billion-Dollar Startups Have an Immigrant Founder* (Oct. 24, 2018),

<https://nfap.com/wp-content/uploads/2018/10/Billion-Dollar-Startups.DAY-OF-RELEASE.October-2018.pdf>.

² See comments by Engine, available at:

<https://static1.squarespace.com/static/571681753c44d835a440c8b5/t/5ff898ec9efbee440c652172/1610127597045/Engine+A+dvocacy+comments+-+DHS+Docket+No.+USCIS-2020-0019.pdf>.

³ *Id.*

⁴ Jay Srinivasan, *Trump's Latest Immigration Restrictions are Bad News for American Workers*, Tech Crunch (Oct. 14, 2020), <https://techcrunch.com/2020/10/14/trumps-latest-immigration-restrictions-are-bad-news-for-american-workers/>; and Engine, *supra* note 2.

⁵ American Immigration Council, *the H-1B Visa Program* (April 2, 2020), <https://www.americanimmigrationcouncil.org/research/h1b-visa-program-fact-sheet>.

Without meaningful reform to the program, not only will U.S. business interests suffer, but we risk innovative talent and founders choosing to seek opportunities in other nations. Worse still, if the H-1B program is subjected to more uncertainty, evidence proves multinational companies will look abroad. When faced with efforts to restrict H-1B visas, a study found that multinational companies responded “by increasing employment at their existing foreign affiliates and by opening new foreign affiliates—particularly in India, China, and Canada.”⁶ And, according to the National Foundation for American Policy, “[t]he fact that the H-1B program either improves job opportunities for U.S. workers or has no effect indicates that the program enables employers to hire foreign workers when they cannot hire U.S. workers.”⁷ In other words, absent needed H-1B visas, the solution for employers is to instead hire talent overseas. Because of limited options for high-skilled workers, the U.S. is also failing to retain international students educated at U.S. universities, instead forcing many qualified workers to other countries. While students have the ability to remain in the U.S. on Optional Practical Training for up to a year (with a possibility for a STEM extension), limited visa options following the completion of their studies and training, including the H-1B visa, means the U.S. invests resources in developing innovative STEM practitioners, but often fails to benefit from the results of this training long term.⁸

Similarly, the U.S. currently risks losing innovative startup founders to other countries actively seeking to recruit new business owners. Many of these nations offer startup visas to founders, allowing them to establish and grow their ventures in nations welcoming their innovations and talent. But the U.S. lacks such a visa. We could fall behind our competitors with respect to technological innovation, and we risk losing out on the economic benefits and job growth associated with adopting a startup visa. A study by the Kauffman Foundation found that implementing a startup visa could result in the creation of 500,000 to 1.6 million jobs over a decade.⁹ Another study found that if a 2016 startup visa bill had been passed, it could have created 1-3.2 million jobs over a decade.¹⁰ These estimates say nothing about benefits associated with the creation of novel products and services, or the expected growth of these startups.¹¹ And the startups in Engine’s network echo this sentiment. Nicky Goulimis of Nova Credit in San Francisco, CA, states, “[a]lmost every study shows that immigrants don’t take away jobs but, rather, that they create them. As the American economy recovers from COVID, the country needs healthcare workers, investments in emerging technologies, and new businesses. Despite immigrants being approximately 13 percent of the population, they’re overrepresented as small business owners, as entrepreneurs, and as healthcare workers.”¹²

Countries like Canada, however, are poised to attract the founders that the United States stands to lose. Canada’s startup visa program was made permanent in 2018, meaning would-be founders have options for permanent residency in a country that offers multiple growing innovation hubs as possible homebases.¹³ And Canada is making considerable efforts in collaborating with the private sector and academic institutions and has made investments in advanced technologies and R&D, in order to build a dynamic tech sector and attract promising

⁶ American Immigration Council, *supra* note 5.

⁷ Madeline Zavodny, *The Impact of H-1B Visa Holders on the U.S. Workforce*, National Foundation for American Policy (May 2020), <https://nfap.com/wp-content/uploads/2020/05/The-Impact-of-H-1B-Visa-Holders-on-the-U.S.-Workforce.NFAP-Policy-Brief.May-2020.pdf>.

⁸ Danilo Zak, National Immigration Forum, *Fact Sheet: International Students* (April 30, 2020), <https://immigrationforum.org/article/fact-sheet-international-students/>.

⁹ Dane Stangler and Jared Konczal, *Give Me Your Entrepreneurs, Your Innovators: Estimating Employment Impact of a Startup Visa* (Feb. 12, 2013), <https://www.kauffman.org/entrepreneurship/reports/give-me-your-entrepreneurs-your-innovators-estimating-employment-impact-of-a-startup-visa/>.

¹⁰ National Foundation for American Policy, *The International Experience of Startup Visas for Immigrant Entrepreneurs* (July 2020), <https://nfap.com/wp-content/uploads/2020/07/International-Experience-of-Startup-Visas.NFAP-Policy-Brief.July-2020.pdf>.

¹¹ *Id.*

¹² Edward Graham, Engine, *#StartupsEverywhere: San Francisco, California* (October 23, 2020), <https://www.engine.is/news/startupseverywhere-sanfrancisco-calif-nova-credit>.

¹³ *Start-up Visa: How Canada Beats the U.S. on Attracting Immigrant Entrepreneurs* (June 7, 2021), <https://www.immigration.ca/start-up-visa-how-canada-beats-us-on-attracting-immigrant-entrepreneurs>.

startups.¹⁴ But the U.S. is simply not following suit. In Engine’s work profiling founders across the country, immigrant entrepreneurs routinely stress that the U.S. does not do enough to welcome foreign-born founders or talent into the country. Manan Mehta, Founding Partner of Unshackled Ventures, a venture capital fund supporting immigrant entrepreneurs, told us in a recent profile:

“Full stop, we need a startup visa. This is an issue with bipartisan support. Yet, it gets caught up in the grinding gears of comprehensive immigration reform. I think it's time to recognize that we are educating, employing, and using U.S. taxpayer dollars for immigrant students and others that immigrate here but are constrained by the current system. Let them build and employ more Americans. We have at least two dozen nations right now trying to recruit them out of our country. None less than Canada, who put billboards on highway 101 in Silicon Valley to recruit immigrants to come build their company there.”¹⁵

And Nicky Goulimis of Nova Credit agrees—“[w]e hear stories from immigrants we work with who are stuck abroad in this weird limbo, waiting to see if they’ll have the option or ability to come to the U.S. Some of them are actually starting to look at other countries, like Canada and Australia, which are able to attract some of this talent away from the U.S. That uncertainty can have a very real impact on the lives of immigrants.”¹⁶ Unfortunately, the U.S. simply isn’t doing enough. Congress must commit themselves to creating a startup visa program, so that international founders with scalable ventures and a certain level of investment, can come to the U.S. and eventually obtain citizenship. While implementation of the International Entrepreneur Rule is a good first step that the Biden Administration is undertaking, we need a dedicated visa program, with a pathway to citizenship, to truly remain competitive.

Finally, the U.S. is also neglecting a critical talent pool represented by Dreamers—those brought to the U.S. as minors, and largely grew up in and were educated in the U.S. Numerous Dreamers attend or have attended university here, work for American companies, and even found startups. But many remain in limbo, both at the hands of the courts and also at the hands of policymakers. While the House has passed the American Dream and Promise Act, the Senate has yet to do so, meaning, a significant source of U.S.-educated talent may be forced to eventually lend their skills (which could include promising new businesses), to numerous other countries, countries of which many Dreamers may have no memory.

In short, by failing to implement meaningful immigration reform, the U.S. is simply and unfortunately forcing founders to look to other countries to dedicate their talents and found their innovative companies. And, in order to achieve an innovation-driven, long lasting recovery, policymakers must ensure that businesses have access to the talent they need in order to thrive, and must make the U.S. the destination for immigrant founders who want to launch scalable new businesses. Our competitiveness in the innovation ecosystem depends upon it. Again, Engine is encouraged by the convening of today’s hearing. We are eager to serve as a resource for the subcommittee going forward on the critical impact of immigrant talent in the startup ecosystem.

Sincerely,

Engine

¹⁴ Russ McMeekin, *Why we moved our Silicon Valley startup to Canada* (Oct. 5, 2019), <https://venturebeat.com/2019/10/05/why-we-moved-our-silicon-valley-startup-to-canada/>.

¹⁵ The Engine Team, *Startups Everywhere: San Francisco, CA* (June 18, 2021), <https://www.engine.is/news/startupseverywhere-sanfrancisco-ca-unshackled>.

¹⁶ Graham, *supra* note 12.