

# ENTREPRENEURSHIP POLICY DIGEST

JANUARY 22, 2015

## IMMIGRANT ENTREPRENEURS: A PATH TO U.S. ECONOMIC GROWTH

Immigrants are almost [twice as likely](#) to start businesses in the United States as native-born Americans, with many of these firms creating [large numbers of jobs](#). This trend is nothing new. Going back more than a century, immigrants have been consistently more entrepreneurial. The American Dream has always been a beacon of hope for people around the world, and that is acutely true with immigrants who come here to start and grow companies.

Immigrant founders from top venture-backed firms have created an estimated average of [150 jobs per company](#). Just in the engineering and high-tech sectors, immigrant-founded firms employed some [560,000 workers and generated \\$63 billion in sales](#) in 2012. Despite these successes, it remains difficult for immigrants to bring their entrepreneurial ideas to reality in America. Legal barriers to immigrant entrepreneurship result in lost jobs, lost innovation, and lost growth in the United States.

Even though Congress has not yet passed immigration reform, there is no shortage of policy ideas at the federal, state, and even local level for how to capture the economic benefits and growth that come from entrepreneurial immigrants.

### INNOVATION AT THE FEDERAL LEVEL

#### STARTUP VISA

One approach to attract immigrant entrepreneurs is a [startup visa](#) that authorizes non-citizens to start and operate a business in the host country. Such visas often require the visa holder to meet certain benchmarks related to investment, revenue, or job creation. The United States currently does not have such a visa for entrepreneurs.

- A startup visa could create [500,000 to 1.6 million](#) new American jobs.
- In a globalized economy, [talent is mobile](#). If immigrant entrepreneurs don't start businesses in the United States, they likely will start businesses elsewhere.

#### FOREIGN STUDENTS AS ENTREPRENEURS

In 2013, [more than half a million foreign students were granted visas](#) to study at American universities. The [Curricular Practical Training \(CPT\) and Optional Practical Training \(OPT\)](#) programs administered by the U.S. Department of Homeland Security (DHS) allow foreign students and recent graduates to work in fields related to the student's course of study while pursuing a degree for as long as twenty-nine months after graduation.

- [Expanding the ability](#) of student visa holders to start a business through CPT/OPT, regardless of their field of study, and applying the seventeen-month extension granted to STEM majors to foreign students studying non-STEM fields would open up business opportunities.
- Allowing foreign graduates of American universities to pursue permanent residency would make it easier for those who wish to be entrepreneurs to start their businesses in the United States.

*(Continued)*

### A SAMPLE OF STARTUP VISA REQUIREMENTS AROUND THE WORLD

|                          | Australia                                       | Canada                | Spain                   | United Kingdom    |                       |
|--------------------------|---|-----------------------|-------------------------|-------------------|-----------------------|
| APPLICATION REQUIREMENTS | Is there a funding requirement?.....            | \$800,000 (AUD)       | \$0-\$200,000 (CAN)     | £50,000           |                       |
|                          | From where must the funding come?.....          | ANYONE                | CANADIAN FUNDING SOURCE | MULTIPLE SOURCES* |                       |
|                          | Must individual provide own health insurance?.. | YES                   | NO                      | YES               | NO                    |
| EXTENSION REQUIREMENTS   | How many jobs need to be created?.....          | 2 JOBS WITHIN 3 YEARS | NONE                    | NONE              | 2 JOBS WITHIN 2 YEARS |
|                          | Is there a revenue requirement?.....            | \$296,000 IN 3 YEARS  | NO                      | NO                | NO                    |
|                          | What is the length of the visa?.....            | 4 YEARS               | PERMANENT               | 2 YEARS           | 40 MONTHS             |

\*e.g., venture capital, business competitions, government

Examples of other countries that have similar startup visas include Brazil, Chile, Germany, Ireland, Israel, Italy, the Netherlands, New Zealand, Singapore, and South Korea.

## ADMINISTRATIVE ACTION ON IMMIGRATION

On November 20, 2014, President Barack Obama directed DHS to make administrative changes to the EB-2 and other skilled visa programs so that more immigrants can pursue entrepreneurship in the United States. The White House Council of Economic Advisers estimates that the following changes will increase the number of foreign entrepreneurs [by at least 33,000](#).

- The United States Citizenship and Immigration Services (USCIS) has been directed to [clarify the usage of "national interest waivers"](#) so that immigrant entrepreneurs can self-petition for [EB-2 visas](#).
- USCIS may propose a program that [grants conditional status](#) to startup founders so that they can temporarily reside in the United States.

## INNOVATION AT THE STATE LEVEL

### GLOBAL ENTREPRENEURS IN RESIDENCE

In 2014, [Massachusetts created a pilot program](#) whereby venture development centers affiliated with University of Massachusetts schools employ "[resident entrepreneurs](#)" on an [H-1B visa](#). Although federal law limits the number of these visas that can be dispersed yearly, non-profit entities, like universities, are exempt from the cap.

- Having completed a master's or doctorate degree in certain fields, entrepreneurs participating in the program work part-time for the university while running their startup the remainder of their time.

### STATE-BASED WORK VISAS

The creation of [state-based work visas](#) would give states a say in how visas are allotted, allowing states to match the needs of their regional economy with skilled workers.

- As envisioned, states would negotiate with the federal government for a fixed number of visas for immigrants that would eventually work in the requested state without any employer restrictions.
- Because these visas would not tie workers to a single employer, immigrants would be able to better match their skills to the labor market and contribute to the needs identified by each state.

### RECOGNITION OF FOREIGN DEGREES

[Nearly one-third](#) of immigrants have a college degree or higher. Yet, when applying for licenses or other credentials, immigrants often face the challenge of applying their academic achievements earned abroad to satisfy domestic requirements, contributing to [one-in-five](#) highly skilled immigrants being underutilized. [Four governor-appointed commissions](#) each identified foreign degree recognition as a challenge.

- Developing clear processes for evaluating training, skills, and education earned abroad would allow more immigrants to work, and potentially start companies, in fields related to their education.

## INNOVATION AT THE LOCAL LEVEL

### WELCOMING INITIATIVES

- [Welcoming America](#) is an organization that encourages cities and regions to recognize and enhance the contributions of immigrants. One city in this network, Dayton, OH, works with existing institutions to engage and train immigrant entrepreneurs to develop new businesses that sustain long-term economic growth.
- To restore the spirit of innovation and entrepreneurship that drove St. Louis' early 20th century growth, community leaders founded the [Mosaic Project](#) to assist immigrant entrepreneurs in their quest to run successful businesses by providing them with mentors and networks to guide them through the business process.

## FOR MORE INFORMATION

Click on the links for access to the following resources, or contact Jason Wiens at [jwiens@kauffman.org](mailto:jwiens@kauffman.org):

- Consult [The Economic Case for Welcoming Immigration Entrepreneurs](#)
- Review [American-Made 2.0: How Immigrant Entrepreneurs Contribute to the U.S. Economy](#)
- Read [DC Open Secret: Immigration's Good for Economy](#)
- Read Vivek Wadhwa's views: [America's Crazy, Upside-Down Immigration System](#)



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