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Immigration policies to stimulate high-growth entrepreneurship and innovation

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A growing body of rigorous academic literature empirically demonstrates that high-skilled immigrants provide a range of long-lasting and material benefits to the U.S. economy through entrepreneurship and innovation. Despite this evidence, significant hurdles exist for high-skilled immigrants to obtain visas that allow for starting new ventures.

Both the H-1B visa program and new immigration policies are affecting visa approvals, and additional effects are being felt from the Trump administration's failure to grant status under the International Entrepreneur Rule (IER) to foreign entrepreneurs seeking temporary parole to build and scale their businesses in the U.S.

In the current era of global talent competition, we suggest a number of specific policies that the United States can implement to lower barriers for immigrant entrepreneurs, benefit from high-skilled immigrants and foster associated entrepreneurial economic growth:

- 1. Institute startup visas.** A simple and powerful program to make the U.S. the most attractive location for global entrepreneurs, such as the one recommended in the bipartisan Startup Act, would provide a visa for immigrant entrepreneurs who can demonstrate a sufficient level of external and carefully documented funding for their ventures. In addition, the administration should put the International Entrepreneur Rule (IER) on firm footing, enabling immigrant entrepreneurs to launch high-growth companies in the U.S.
- 2. Reform the H-1B program.** To address cyclical and secular trends in the labor market of emerging and rapidly evolving industries, we suggest a rolling program which would set an appropriate annual fee for employers to obtain H-1B visas (e.g., \$5,000-10,000) and then let them determine the needed quantity based on market demand. An appropriate cost would lower the chances that foreign workers would undercut wages of domestic workers, while guaranteeing a supply of skilled workers for growing businesses. Fee revenues from the program could provide tuition support for U.S. students and workers to study fields with high visa demand, so that the labor market equilibrates over the intermediate term.
- 3. Establish a STEM visa program.** The U.S. could provide an easy path to visas for high-value workers with training in STEM fields by allowing STEM graduates from accredited U.S. universities to stay in the U.S. as long as they are employed in STEM-related jobs. Workers could become eligible for a green card once a certain level of cumulative W-2 income is amassed (e.g., \$250,000). This type of program, coupled with a modest program fee for employers (e.g., \$2,000 per year), would assist in retaining top global talent in the U.S., while also lowering the odds of these workers undercutting wages of similarly qualified domestic STEM graduates.

Read the full report at kenaninstitute.unc.edu/immigrantentrepreneurship