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ENHANCING AMERICAN COMPETITIVENESS THROUGH SKILLED IMMIGRATION

HEARING

BEFORE THE

SUBCOMMITTEE ON
IMMIGRATION AND BORDER SECURITY

OF THE

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ENHANCING AMERICAN COMPETITIVENESS THROUGH SKILLED IMMIGRATION

TUESDAY, MARCH 5, 2013

HOUSE OF REPRESENTATIVES
SUBCOMMITTEE ON IMMIGRATION AND BORDER SECURITY
COMMITTEE ON THE JUDICIARY
Washington, DC.

The Subcommittee met, pursuant to call, at 10 a.m., in room 2141, Rayburn House Office Building, the Honorable Trey Gowdy (Chairman of the Subcommittee) presiding.

Present: Representatives Gowdy, Goodlatte, Smith, Jordan, Amodei, Labrador, Holding, Lofgren, Jackson Lee, Gutierrez, and Garcia.

Staff Present: (Majority) George Fishman, Chief Counsel; Allison Halataei, Parlimentarian & General Counsel; Graham Owens, Clerk; and (Minority) David Shahoulian, Minority Counsel.

Mr. GOWDY. Good morning and welcome to the hearing on Enhancing American Competitiveness Through Skilled Immigration. The Subcommittee on Immigration and Border Security will come to order.

Without objection, the Chair is authorized to declare recesses of the Committee at any time.

On behalf of all of us, we welcome our witnesses, and I will introduce them in short order.

The American dream is in large part inextricably intertwined with our economic competitiveness. It is the Subcommittee's hope that we ensure our immigration system helps hone, rather than blunt, that competitive advantage. A single visionary newcomer can start a business, generating thousands of jobs. It is vital that we keep those jobs here so our fellow citizens can experience the most basic of all family values, which is a job.

Nearly half of America's top up and coming venture capital backed companies were started by immigrants. To pick just one, Glaukos Corporation has developed a promising new treatment to glaucoma. It was founded by three men, including a Norwegian and an Iranian immigrant. Today's hearing will investigate how we can build a better immigration system and, therefore, experience more entrepreneurial success, fueled in no small part by the ideas and innovation of immigrants.

The Bureau of Labor Statistics projects employment in computer and information technology occupations will grow by 22 percent

through 2020. It also projects the fastest employment growth will be in occupations requiring doctorate, professional, or masters degrees. Immigrants play a role in filling these jobs. Foreign students comprise about 37 percent of the graduates of science, technology, and engineering and mathematics, commonly known as STEM, master's and doctoral programs at U.S. universities. We must take care that our immigration system ensures the best and brightest of these foreign students decide to make their careers and their homes in America. The typical path has immigrant scientists and engineers first studying in the U.S. on student visas, then working for American companies through optional practical training, or H-1B temporary visas, and then being sponsored by their employers for green cards.

Today's hearing will investigate whether U.S. immigration policy needlessly blocks this path. At the same time, we must encourage our children and grandchildren to study in STEM fields. U.S. students need fair access to our institutions of higher education. Some universities today, in today's tough fiscal climate, are actually considering giving preference to foreign full tuition paying students over our own students. Needless to say, that is unacceptable.

Secondly, U.S. students need to know that viable life-style-friendly long-term careers will follow from the hard work of studying technical fields in college. Stories still abound about American workers being laid off and replaced with H-1B workers, even being forced to train their replacements. American computer scientists face an often brutal job market after they turn 35. Some argue the H-1B visa program facilitates this preference for younger workers. The GAO found that while 38 percent of American systems analysts, programmers, and other computer-related workers are under the age of 35, 83 percent of the H-1B workers in these occupations are under 35.

While the H-1B program has safeguards to protect the interests of American workers, are these safeguards working as they should?

The GAO found H-1B employers categorize over half of their H-1B workers as entry level, which is defined as performing routine tasks that require limited if any exercise of judgment. And only 6 percent is fully competent. The dollar differences are not trivial. In Greenville, South Carolina, the H-1B program's prevailing wage for an electrical engineer is $55,890 for an entry-level worker, and $88,920 for a fully competent worker. Are experienced Americans losing out?

Today's hearing and subsequent ones will answer these questions factually. It is encouraging to note the median salary of H-1B workers approved for initial employment in computer-related jobs increased from $50,000 in 2005 to 64,000 in 2011.

In summary, our skilled immigration policies should meet three goals. It should help ensure our economic growth, it should ensure that we attract to keep the best and brightest from all around the world, and it should nurture the careers of American students and workers who choose to study and work in these essential fields.

I look forward to today's hearing. Again, I welcome our witnesses. And with that, I would recognize the Ranking Member of the Subcommittee, the gentlelady from California, Ms. Lofgren.

Ms. LOFGREN. Thank you, Mr. Chairman. All of us agree that America is the greatest country on Earth. We attribute this success to our unparalleled freedoms, our abundant natural resources. But there is one critical factor that can't be forgotten: Immigration. That the U.S. is the strongest economic and military power on Earth is no accident. It was earned by opening our arms to the world's political and intellectual refugees by giving them the freedom to take risks and own their own accomplishments and by fostering a national identity that welcomes strangers to become as American as the rest of us.

For years, we have been on the winning side of the global brain drain, but today, we find ourselves on the other side of the drain. We used to invite the brightest minds in the world to come make this their home and become Americans with us, now we turn them away. We turn away advanced degree graduates in STEM from our best universities. We turn away entrepreneurs who want to start businesses and create jobs for our constituents. We turn away medical professionals willing to fill gaps in healthcare shortage areas. Rather than harness their potential as our country has done for over 2 centuries, we now tell these people they are not welcome. Worse yet, in this increasingly global economy, we tell them to go home and compete against us from overseas. The result has been a reverse brain drain, and it is not good for our country.

Immigrant students and entrepreneurs have had a profound impact on the U.S. economy and job creation in America. Immigrants were responsible for one-quarter of all engineering and technology startups created in the United States between 1995 and 2005. The vast majority of these immigrants had advanced STEM degrees, mainly from U.S. universities. More than half of the startups in Silicon Valley, my district, had immigrant founders. Immigrants were named as inventors or co-inventors in one-quarter of international patent applications filed in the United States in 2006. Due partly to immigration, our country, which is 5 percent of the world's population, employs one-third of the world's scientific and engineering researchers, accounts for 40 percent of all R&D spending, and publishes 35 percent of all science and engineering articles. This leadership in science and technology, according to the National Academies, has translated into rising standards of living for all Americans, with technology improvements accounting for up to half of GDP growth and at least two-thirds of productivity growth since 1946. This is because, according to the Academies, while only 4 percent of the Nation's workforce is composed of scientists and engineers, this group disproportionately creates jobs for the other 96 percent.

A recent report by the Partnership for a New American Economy, a bipartisan group of businesses founded by New York City Mayor Michael Bloomberg and News Corporation's CEO Rupert Murdoch found that more than 40 percent of Fortune 500 companies were founded by immigrants or their children. These companies currently generate a staggering $4.2 trillion in revenue each year. All of these statistics make it clear that we must find a way to keep more of these minds in America. In 2005, at the request of Congress, the National Academies issued a very sobering report on the country's eroding leadership, economic leadership in science

and technology. The Academies reviewed trends across the globe and found that due in part to restrictive immigration policies, the scientific and technological building blocks critical to our economic leadership are eroding at a time when many other Nations are gathering strength. According to the report, although many people assume the United States will always be a world leader in science and technology, this may not continue to be the case inasmuch as great minds and ideas exist throughout the world. They said, quote, we fear the abruptness with which a lead in science and technology can be lost and the difficulty of recovering a lead once lost if indeed it can be regained at all, unquote.

America's greatest advantage in the global economy is our unique ability to innovate and incubate new ideas and technologies. This history of innovation was built both by harnessing native-born homegrown talent and fostering and welcoming the best and brightest immigrants from around the world. While we focus on the need to welcome those earning graduate degrees in STEM fields from America's greatest universities, it is also important to remember that many of our tech innovators did not receive their immigration status based on their degrees but because they were family-based immigrants or refugees—think Google, think Yahoo. So we need to reform our broken immigration system. I believe that we can do the whole thing when we work in good faith together in a bipartisan manner.

And I yield back, Mr. Chairman.

Mr. GOWDY. Thank the gentlelady from California.

The Chair would now recognize the Chairman of the full Committee, the gentleman from Virginia, Mr. Goodlatte.

Mr. GOODLATTE. Mr. Chairman, thank you for holding this hearing.

The contributions of highly skilled and educated immigrants to the United States are well documented. Seventy-six percent of the patents awarded to our top patent-producing universities had at least one foreign-born inventor. According to a recent report, these foreign-born inventors played especially large roles in cutting-edge fields like semiconductor device manufacturing, information technology, pulse or digital communications, pharmaceutical drugs or drug compounds, and optics. A study by the American Enterprise Institute and the Partnership for a New American Economy found that an additional 100 immigrants with advanced STEM degrees from U.S. universities is associated with an additional 262 jobs for native Americans. The study also found that immigrants with advanced degrees pay over $22,000 a year in taxes yet their families receive less than $2,300 in government benefits.

The United States has the most generous legal immigration system in the world, providing permanent residence to over a million immigrants a year. Yet how many of these immigrants do we select on the basis of the education and skills they can bring to America? Only 12 percent; barely more than one out of 10, and that is including the immigrants' family members. Given the outstanding track record of immigrants in founding some of our most successful companies, how many immigrants do we select on the basis of their entrepreneurial talents? Less than 1 percent. And that is only if they already have the hundreds of thousands of dollars needed to par-

ticipate in the investor visa program. Does any of this make sense, given the intense international economic competition that America faces? Does any of this make sense given that many talented foreign graduates of our best universities are giving up hope of getting a green card and are packing up and moving home to work for our competitors? Does any of this make sense given that Indian nationals with advanced degrees sought out by American industry have to wait over 8 years for a green card? Does any of this make sense, given that Australia, the United Kingdom, and Canada each select over 60 percent of immigrants on the basis of skills and education?

The answer is, clearly not. It is as if we purposely added weights to handicap our horse in order to give our competitors a better shot at the winner's circle. This just doesn't make sense as national economic policy.

The House of Representatives acted last year to rechart our course. We voted by over a hundred vote margin to pass legislation by former Chairman Smith that redirected 50,000 or so green cards a year from winners of the diversity visa lottery toward foreign graduates graduating from our universities with advanced degrees in STEM fields. That bill would have made all Americans winners. Unfortunately, at the direction of the White House, the bill died in the Senate. In this new Congress, we can rechart our Nation's course anew. We should look at all aspects of high-skilled immigration policy. We can look for ways to improve our temporary visa programs for skilled workers, such as H-1B and L visas. We can look for ways to improve our temporary visa program for entrepreneurs, the E-2 program. We can look for ways to offer green cards to aspiring entrepreneurs that don't demand that they themselves be rich but that instead rely on the judgment of the venture capitalists who have funded them. We can look for ways to reduce the backlogs for second and third preference employment-based green cards. And we can seek to help the United States retain more of the foreign students who graduate from our universities.

Of course, at the same time, we need to ensure that whatever we do brightens rather than darkens the career prospects of American students and American workers. Even newly minted Ph.D.s are not immune to sometimes bleak employment prospects. But attracting the world's best and brightest is decidedly in the interest of all Americans. Just think of the incredible economic windfall that America experienced through the arrival of scientists fleeing Nazism in the 1930's and 1940's. This was one of the factors that enabled the postwar economic boom. Today, talented individuals have many options worldwide as to where to relocate. America needs to regain its place as the number one destination for the world's best and brightest. That should be our goal.

Thank you, Mr. Chairman.

Mr. GOWDY. Thank you, Mr. Chairman.

Without objection, other Members' opening statements will be made part of the record. Now it is my pleasure to introduce our distinguished panel. I will introduce you en banc, and then I will recognize you individually. The lights mean what they traditionally mean in life: green means go, yellow means hurry up, red means try to conclude that thought if you are able to.

First, Mr. Bruce Morrison is Chairman of the Morrison Public Affairs Group, which he founded in 2001. He is an expert on immigration policy and practice, and is an immigration consultant and lobbyist. Among other clients, he represents the IEEE-USA with respect to immigration policy advocacy; from 1983 to 1991, Mr. Morrison represented the 3rd District of Connecticut in the United States House of Representatives. He also served on the Judiciary Committee, where he specialized in immigration. As Chairman of the Immigration Subcommittee from 1989 to 1991, he was deeply involved in the passage of the Immigration Act of 1990. He holds a bachelor's degree in chemistry from MIT, a master's degree in organic chemistry from the University of Illinois, and he is a graduate of Yale Law School.

Mr. Dean Garfield is President and CEO of the Information Technology Industry Council, a role he has held since 2008. Mr. Garfield has worked to foster a policy environment and embrace cutting-edge research game-changing technologies and national economic champions as central to the foundation for sustained job creation and growth. He received a joint J.D.-master's degree from New York University School of Law and the Woodrow Wilson School of Public Administration International Affairs at Princeton University. He is a Ford Rockefeller as well as a Root-Tilden-Snow scholar. He is a first-generation immigrant from Jamaica.

Mr. Deepak Kamra—if I mispronounced your name, I apologize—has been a venture capitalist with Canaan Partners for 20 years. Canaan Partners is a global venture capital firm investing in early-stage technologies and healthcare companies. Mr. Kamra joined Canaan Partners in 1991, and has focused on investments in digital media and software. He led Canaan's early investment in such successful startups as DoubleClick, Match.com, Zoosk, and SuccessFactors. He received a B.A. from Carlton University and an M.B.A. from Harvard Business School. He is a first-generation immigrant from India.

Mr. Benjamin Johnson is the Executive Director of the American Immigration Council in Washington, D.C., a nonprofit educational organization, which increases public understanding of immigration law and policy and the role of immigration in American society. He earned a J.D. From the University of San Diego School of Law, and studied international comparative law at King's College in London.

Welcome all of you. Mr. Morrison, I will recognize you first, then we will go from my left to right, your right to left. Mr. Morrison.

TESTIMONY OF BRUCE A. MORRISON, CHAIRMAN, MORRISON PUBLIC AFFAIRS GROUP, ON BEHALF OF IEEE—USA

Mr. MORRISON. Thank you, Mr. Chairman, and thank you, Ranking Member Lofgren, and the entire Subcommittee, for the opportunity to appear before you today on this important topic. I am here representing the IEEE-USA, which represents 206,000 technology workers in the United States as part of the worldwide IEEE, which represents over 400,000 technology workers around the world. IEEE was founded by Thomas Edison and Alexander Graham Bell, no better provenance than that for technology and innovation. And the IEEE-USA is the organization that really represents the people who invented the Internet.

The immigration policy of the United States needs to feed our competitiveness, as the opening statements of Members have said. This is very important. We at the IEEE understand what this is about because we represent the people who are the innovative workers in this sector. We represent people who are born in America and people who are foreign born and who have become Americans. So we are very much sensitive to the challenges that American workers face but also the opportunities that America has in terms of accepting skilled immigrants in order to join our workforce.

Over 50 percent of the students in advanced degree programs in the United States in STEM are foreign born. So the reality is that when employers go to seek employees for the future they see a lot of foreign-born individuals who are highly skilled and are individuals they want to select as part of their workforce, along with their classmates who were born in America. We need to see to it that the immigration system is responsive to that reality.

I don't think I need to convince this Committee that these individuals are job creators, that these individuals as innovators are helpful to our economy and to everyone in the country.

But there are right ways and wrong ways to address this process. And we at IEEE-USA very much believe that the emphasis needs to be on green cards. Green cards are the way that individuals come from all over the world into our country and become Americans. I was privileged to serve on the Jordan Commission during the 1990's. And our Chairwoman, Congresswoman Barbara Jordan, was a great American leader. And I couldn't put it better than she did. She said, "I would be the last person to claim that our Nation is perfect, but as a Nation we have a kind of perfection in us because our founding principle is universal. We are all created equal. People come from all over the world to take us up on that promise. It was immigration that drove us down the track to a broader and more perfect vision of ourselves. They became us. And who we are as in 'We the people' changed and expanded to include new Americans."

We hear all the time that this is a Nation of immigrants. No one has ever said this is a Nation of guest workers. The fact is that immigrants are individuals who come and get green cards and have permanent rights in the United States. And that is the key challenge that this Subcommittee has in formulating a response to the demand for slots in our economy that are not being fully met by our current system.

So you might ask, if that is the case, why all the clammer for more H-1B numbers rather than just being focused on green cards?

First of all, our current green card system is hopelessly backlogged, as Chairman Goodlatte described. We need more green cards, both to address the backlog and to address the future demand. So using methods like recapture and other fashions of getting numbers immediately available and also increasing the numbers and relieving, for instance, STEM workers with advanced degrees from the burden of a cap on the number. We can't have too many of these individuals who are selected by American employers when there is fair competition between American graduates and foreign-born graduates.

What green cards do is give those who are foreign born an equal right and autonomy in the economy to have the full freedom to have their market power to leave their job and not to be required to be in any way beholden to a particular employer. That works for both the employer and—that works for both the American worker and the foreign worker. That is the way to have a level playing field.

I think that needs to be the focus of what the Subcommittee takes up. I have listed in my testimony a number of ways in which the delays that are currently in the system and that make the green card system not work for employers can be addressed. And the Idea Act that was introduced in 2011 has many of those same ideas.

I thank the Chairman.

Mr. GOWDY. Thank you, sir. And your full statement will be part of the record.

[The prepared statement of Mr. Morrison follows:]

TESTIMONY OF BRUCE A. MORRISON

CHAIRMAN
MORRISON PUBLIC AFFAIRS GROUP

ON BEHALF OF

IEEE—USA

FOR THE HEARING ON

"ENHANCING AMERICAN COMPETITIVENESS THROUGH SKILLED IMMIGRATION"

PRESENTED TO THE

COMMITTEE ON THE JUDICIARY
OF THE
UNITED STATES HOUSE OF REPRESENTATIVES
SUBCOMMITTEE ON IMMIGRATION POLICY AND ENFORCEMENT

MARCH 5, 2013

TESTIMONY OF BRUCE A. MORRISON

Thank you, Chairman Gowdy, ranking member Lofgren, and distinguished members of the subcommittee for the opportunity to testify today. You have a vital job to do in these difficult economic times. We all want to help identify the opportunity for consensus on actions that the Congress can take to create jobs for Americans.

I am here today in my capacity as a representative of IEEE-USA, an organizational unit of the Institute of Electrical and Electronics Engineers, Inc., which was founded by Thomas Edison and Alexander Graham Bell, two men who knew something about innovation. IEEE-USA was created in 1973 to support the career and public policy interests of IEEE's U.S. members. It represents over 206,000 engineering, computing and technology professionals and students. Its vision is to be the technical professional's best resource for achieving life-long career vitality and to provide an effective voice on policies that promote U.S. prosperity.

"Immigration" Should Mean Green Cards

The focus of this hearing is skilled immigration, so it may be helpful for me to provide a bit of historical perspective. I was the chairman of this subcommittee in 1990 when we defined the basic structure of skilled immigration based on employment in the Immigration Act of 1990. Our goal was to promote American economic competitiveness by using our greatest economic and civic advantage over the rest of the world – almost unique among the nations of the world, the United States does not merely admit foreigners as workers. We welcome high skilled individuals from around the world as new Americans. That is why the 1990 Act nearly tripled employment-based green cards from 54,000 to 140,000 a year – and why we set a permanent cap of 65,000 H-1B visas a year. We wanted to ensure that employers hiring foreigners for permanent jobs used legal permanent residency visas—"green cards". This status puts immigrants on a road to citizenship, and while on that road they have all workplace rights and economic autonomy of Americans.

This is a value judgment. Congress could make our country more like Europe, which issues work permits and tolerates asylum-seekers and calls that "immigration." But that is not our history. It was the Ellis Island model that literally made us America. I was privileged to serve on the Congressionally-mandated, bipartisan US Commission on Immigration Reform that is known by the name of its chair, the late Congresswoman Barbara Jordan. Let me quote her:

> I would be the last person to claim that our nation is perfect. But as a nation we have a kind of perfection in us, because our founding principle is universal: we are all created equal. People come from all over the world to take us up on that promise. It was immigration that drove us down the track to a broader and more perfect vision of ourselves. "They" became "us", and who "we" are – as in "We, the People" changed and expanded to include new Americans.

So we are not a nation of guest workers. Of course there are seasonal jobs and a certain number of temporary jobs, including international transfers by multinational enterprises, that involve temporary workers who should have temporary status. But for most of those with skills whom we want to come to help build America a unanimous finding of the Jordan Commission applies:

> [G]uestworker programs are predicated on limitations on the freedom of those who are invited to enter and work. Experience has shown that such limitations are incompatible with the values of democratic societies. For that very reason, "temporary" guestworkers tend to become permanent residents, *de facto* or even *de jure*. The inconsistency between the stated intent of guestworker programs and their actual consequences cannot be ignored by policymakers who seek credibility in a reformed system.

The challenge for reform of skilled immigration is to avoid this trap.

More Green Cards Are Needed

Our legal immigration system clearly needs reform. We need more green cards for skilled workers. We need to provide employers with a more direct way to sponsor new hires for green cards as soon as they are hired.

American technology firms need their skills for the research and product development that they are doing in the U.S. They need to draw from the full pool of U.S.-educated graduates, not just the minority that are already Americans. If this talent pool is not available here, American firms will move jobs to where they can access the talent they need. When they do that, it is not just the foreign-born who leave. Along with them go multiples of jobs now held by Americans. It is an outsourcing phenomenon, not immigration that undercuts the U.S. job market for Americans in a range of professions.

In addition, advanced degree STEM graduates are key contributors to innovation and increased productivity that will help grow whatever economy employs them. In America, they will enhance our productivity and prosperity, growing American jobs and the American standard of living. Or, they can take their skills—nurtured by our world leading universities—and put them to work building another country's prosperity. There are plenty of competitors in the world outside our borders ready to hire them.
In May and June, another class of advanced degree STEM graduates will join the workforce. Whose welcome mat will be most attractive? America has usually won this competition in the past, but our competitors are increasingly aggressive in pursuit of this talent pool. And globalization has made it easier for multinational companies to go where the talent goes, rather than insist that the talent stay in America. With our unemployment so high, we desperately need to hold onto these jobs—those filled by Americans and those that can be filled by foreign-born graduates on their way to becoming Americans—as well as the jobs that their work will create. Innovation will occur where the innovators are. It would be a mistake to assume that will always be the United States.

"So, isn't that what the H-1B is designed to do?" No, not really. The H-1B is a temporary status not providing the security or autonomy of a green card. It is a detour and possibly a dead end on the path to citizenship. As a temporary, nonimmigrant category that ties employees to particular employers, it is not America's most effective welcome mat. What makes America unique in the world is the way we turn newcomers into Americans. These STEM graduates, like generations before them, do not want to be "temporary workers" valued only as long as they are of interest to a "temporary employer." Rather, they are skilled individuals, often with families, who seek a secure place in a competitive workplace and a welcoming community. They want to stay permanently in America and become Americans. Likewise, many employers want them to have this security so that they can be fully integrated into the workforce. This "Ellis Island" model of immigration is what should set us apart in the global competition for talent. But to retain this historically successful model, we must repair the green card process so that it provides a realistic route for high skilled workers to join our workforce and our society.

The IEEE-USA represents electrical, electronics and computer engineers. While 80% are native born, 20% are immigrants. Student chapters abound, with their mixture of "grown-up here" and "came from abroad" students. But there is a consensus among the membership. These members do not want to be part of a system that uses "temporary visas" to advantage or disadvantage some employees over others. They want a workplace where the competition is fair because the playing field is level. With "green cards" you do not have to write endless rules regarding portability and prevailing wages. The job market sorts all this out. Employers keep their workers by providing an attractive employment opportunity. Employees keep their working conditions up by having options. That is the better way to attract and keep foreign-born talent without adversely affecting American workers or exploiting the foreign born.

In short, there are no problems for which green cards are not a better solution than temporary visas. And there are no problems with the H-1B program itself that a system built on green cards cannot fix.

Why the Focus on H-1B?

Given the clear advantages for America of admitting skilled immigrants as lawful permanent resident from the start, why the perpetual clamor for H-1B increases? It is not necessary to assign malign motives to understand the mistakes that have led to the H-1B as the preferred route for skilled foreign-born workers to stay in America. We understood this in 1990, and tried to redirect the process to green cards. But the attempt was incomplete and should be a part of new legislative changes.

While we increased the green card quotas substantially and capped the H-1B supply, we were unsuccessful in replacing labor certification with fees and our attempt to substitute shortage determinations for individual labor certification was thwarted by bureaucratic opposition at the Department of Labor. As a result, the green card system was beset with processing delays at both the Department of Labor and INS in the 1990s, such that when

demand spiked in the tech boom, the argument for H-1Bs, with its ability to supply an employee in a relatively quick period, became the vehicle of choice.

Unfortunately, that choice contained the seeds of even bigger problems within it. While green card numbers sat unused for the 1990s due to years-long processing delays, the next decade resulted in enormous backlogs of approved petitions as the expanded multitude of H-1B workers sought the green card they had always wanted. From this the lesson is clear. Slow green card processing will drive the system to temporary visas, but increasing temporary visas will backlog green card quotas. When that happens, the direct to green card option vanishes because of the backlogs. It becomes a self-fulfilling prophesy that only temporary visas can bring in foreign born workers rapidly.

The response in 2013 should not make those two mistakes again. Instead, green cards should be processed quickly and quotas should be adequate to meet the demand.

Having expanded the H-1B quotas to help American employers solve their rapid growth in demand for high skilled workers, others found a way to make use of this visa category to something quite different. Indian firms pioneered an "outsourcing" model using the H-1B status to complete with Americans with workers initially deployed here, but eventually returning to India to secure staffing contracts at Indian labor rates.

India regards the use of our H-1B program by Indian-based outsourcing firms as trade in services. From their perspective, that makes sense: an Indian firm hires Indian workers in India then sponsors them for an American H-1B visa. The firm bids for contracting work in the U.S. Because their bids are cheaper, they get those contracts—and the Americans who had been doing the work lose their jobs. In many cases, like the Nielsen example in Florida, after a few years even those H-1B jobs leave the U.S. entirely. There is a reason why India's former Minister of Commerce Kamal Nath told the New York Times in 2007 that "[the H-1B] has become the outsourcing visa."

While I am sure the Indian government is delighted, it is increasingly bad from an American point of view as the use of H-1B visas by outsourcing companies has evidently accelerated in recent years. The USCIS data is completely consistent with the Labor Condition Application data from the Department of Labor: of the LCA's approved for use in Virginia, 40% were for outsourcers; in Michigan, 53%, also 53% in Idaho, in South Carolina, 58%; in Wisconsin, 68%.

Green Card Backlogs Must Be Eliminated

But I'm not here on behalf of the IEEE-USA to argue for restrictions. I'm here to urge that Congress create more green cards for skilled workers, and enable employers to sponsor new hires for legal permanent residency the moment they are hired. By providing foreign workers with the same rights and ability to fully participate in the labor market, we can solve the endless cycle of problems created by the H-1B program.

Let me say something about backlogs. A few weeks ago, in the first hearing of what

Chairman Goodlatte has properly said will be a careful, deliberative process of examining immigration issues, the full Judiciary Committee heard from Vivek Wadwha, who said that if he were a young H-1B visa holder, he would not put up with the long delays and complex restrictions of the program.

The answer is more green cards, delivered promptly.

I've attached to my written testimony my analysis of the Senate's I-Squared bill (S. 169), which proposes to increase H-1Bs from the 130,000 now issued each year (when all the exemptions are considered), to nearly 200,000 immediately and well over 300,000 in the future. These numbers are much larger than anything that existed even at the height of the tech boom. While the IEEE-USA applauds the green card increases that are included in that legislation, they are not enough to keep pace with the H-1B increases that are also in the bill

I've also attached to my testimony a news cartoon that was done for the IEEE-USA during the last round of H-1B increases more than ten years ago. It depicts the train wreck that we predicted would happen, as hundreds of thousands of H-1B visa holders, most from India and China, ran into the wall created by the failed regulatory system called labor certification and the lack of sufficient green cards.

We are warning now what we warned then. Green cards are what the employees want, what many employers want, and what America needs. So temporary visa increases do not get us where we need to go. They create backlogs that make the direct to green card goal impossible to reach. And the testimony the Judiciary Committee has already received from Vivek Wadwha and Immigration Voice just confirms the accuracy of our earlier warning.

There remains only one way to solve backlogs: ***more***. Zero sum solutions to benefit skilled workers from India and China at the expense of South Korea, Mexico, Pakistan and Taiwan won't get it done.

I know that you are all concerned about U.S. workers. So are we. The IEEE-USA is not just the oldest and largest professional society of technologists in the world, it also represents more tech workers in the U.S. than any other organization.

We believe that the best way to create and keep jobs in America is to empower American employers to use green cards to hire the skilled foreign STEM graduates they need from our schools. The best way to do that is to deregulate the process by which an employer sponsors a new hire for permanent residency, through a market-set fee. Put it this way: if an employer is willing to pay a substantial fee to sponsor a skilled foreign worker for a green card – which means he or she can quit if they are underpaid – that is solid evidence the employer actually needs the worker's skills. But if an employer is only willing to pay a fee for a worker who cannot quit without going back to the beginning of the green card process, that indicates the employer is more interested in the indentured character of the visa, than in the worker's skills.

That is also a huge disincentive to hire Americans. Better to have a fee for green cards that is used to promote competitiveness in our high tech labor market, and to help educate and train Americans for 21st century jobs.

Congress should also recognize that, so long as companies can treat H-1B workers differently from immigrant (green card) workers and American citizens, there will be opportunities for abuse. In fact, because employers have more control over H-1B workers than American workers, there is a built-in incentive for companies to prefer an H-1B worker and some employers even voice this preference in "H-1B only" advertising.

Making the Green Card Process Work for Employers and Immigrants Is Possible

As always, immigration policy should be shaped by what is in our national interest and good for Americans, not by what potential immigrants might prefer.

We have 8% unemployment. So our top priority has to be to create and keep jobs in America. We can debate "how." But that is a "what" we all share.

There is a broad political consensus available to build on: that green cards for STEM graduates, starting **this** year, is one of the best available tools for growing jobs in America.

And it's not just technology jobs—it's the whole economy, everything from our crippled housing market to the retail sector wins with a green-card based system.
After all, no matter how good the jobs, most workers on temporary visas are renters. Legal permanent residents with good jobs can better qualify for mortgages and buy homes.

So what does this mean specifically? Here are some suggestions to make direct access to green cards a convenient route for sponsoring employers and eliminate the need to rely on the H-1B status for a long period, if at all:

- Create a category for advance degree STEM graduates from high quality American universities and move them out from the green card caps. Consider imposing fees on their immigrant petitions to fund STEM education for Americans.

- Exempt the spouses and minor children of immigrants from the visa caps to increase availability of green cards based on the demand for the employee.

- Recapture unused visas from the 1990s (when bureaucratic delays pushed demand away from green cards and into H-1B) so that the long queues of skilled employees can get their green cards now. Create an annual rollover of unused visas to eliminate unused visas in the future.

- Eliminate the per-country limit on employment-based visas, recognizing that the

biggest talent pools come from the biggest countries in the world—India and China and that we want talented innovators regardless of their home country.

- Create incentives for employers to petition for green cards at the beginning of the employment of skilled foreign-born employees, rather than keeping them in "temporary" status for most of a decade.

- Replace labor certification with a training and education fee or at least make that an available option. At least require that labor certification be processed within 30 days, including audit reviews. Charge fees to create the capacity to do this.

- Provide for continuing renewal of Optional Practical Training (OPT) status on an annual basis (after initial period of 17 months to coincide with May to October transition) if sponsored by a current employer and there is a green card process ongoing (whether for that employer or another).

- Provide for filing of adjustment of status applications based on approved (or concurrently filed) employment-based petitions during periods when visas are not available for the beneficiary for the applicable category to allow the green card process immediately without reliance on H-1B.

- Extend the current portability of adjustment applications to the approved petition stage.

The American competitive advantage in immigration is the Ellis Island model. It's not about adding foreigners to our economy. It is adding skilled people who want to become Americans. Giving American employers enough green cards to hire **new** Americans means more jobs **for** Americans—not just those born abroad, but all of us.

ANALYSIS OF EB BACKLOGS AND EFFECT OF S. 169

The following analysis assumes the enactment of S. 169 provisions regarding green cards. It calculates backlogs and ongoing demand and supply using principals only. (For backlog data that includes dependents, the numbers are divided by 2.1, the prevailing average of 1.1 dependents per principal.) Per country quotas are assumed to be eliminated. The State Department publishes backlog data each month, but it is limited to cases at NVC (less than 10% of the EB demand) and I-485s approved at USCIS (which excludes I-140s that have never been current and for which no I-485 could have been filed). The chart below includes I-140 approvals since January 2007 from an inventory produced in July 2012 (and so does not include approvals since then but which is approximated by the January-July 2007 approvals that are included).

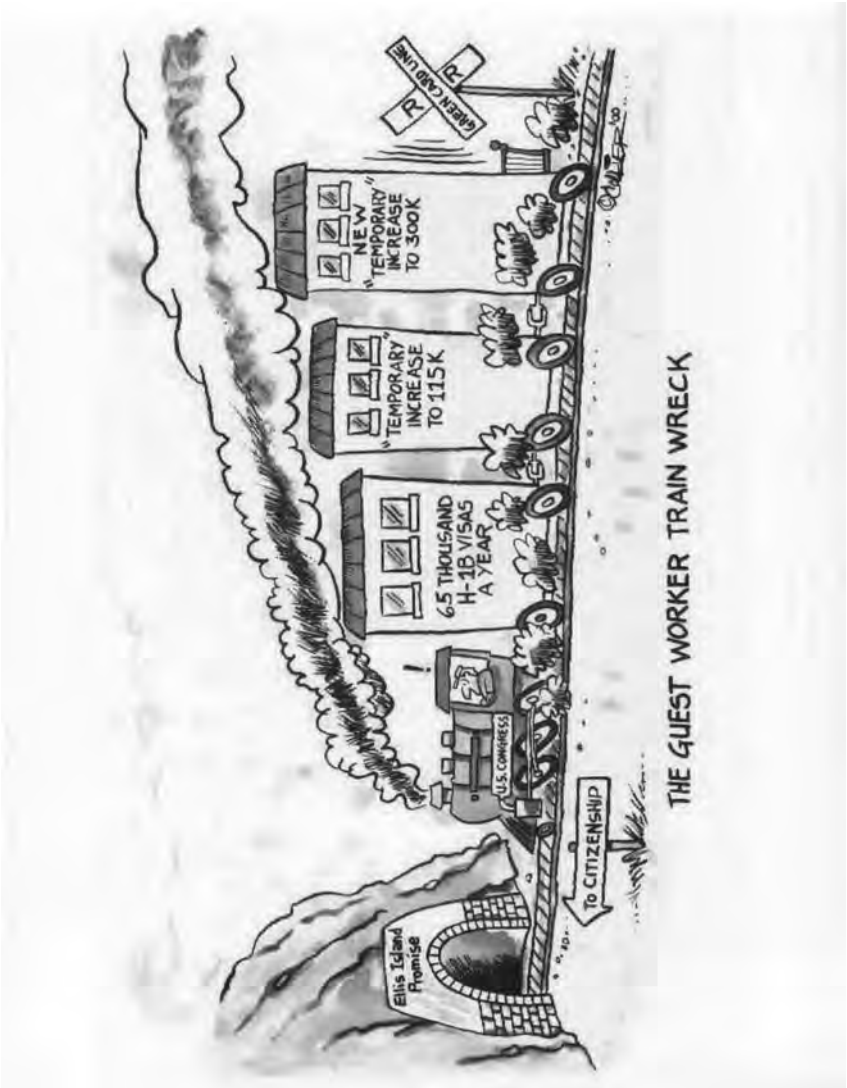
Current Backlog Estimate	EB-2 (Thousands)	EB-3 (Thousands)
DoS Chart (2/8/2013) (/2.1)	24	27
I-140 Approvals Since 8/07(India)	93	60
I-140 Approvals Since 1/08(China)	12	9
I-140 Approvals Since 8/07(Mexico)	0	23
I-140 Approvals Since 8/07(Philippines)	0	35
I-140 Approvals Since 8/07(Other Countries)	0	92
Total Backlog (Principals Only)	129	246

Supply and Demand in 2014	EB-2 (Thousands)	EB-3 (Thousands)
Recapture (Principal Only Usage)	139	81
Estimated EB-1 Fall Down	5	--
Estimated EB-4 & 5 Fall Down	5	--
Effect of STEM Exemption	30	0
Annual Allocation (36.9% of 140,000)	52	52
Supply for EB-2	231	--
Backlog	-129	-246
Annual Demand (Average from I-140 Approvals)	-39	-42
Net 2014 Supply (Fall Down to EB-3)	63	63
Net Unmet 2014 Demand (Carryover to 2015)	0	-92

Supply and Demand in 2015	EB-2 (Thousands)	EB-3 (Thousands)
Recapture (Principal Only Usage)	0	0
Estimated EB-1 Fall Down	5	--
Estimated EB-4 & 5 Fall Down	5	--
Effect of STEM Exemption	30	0
Annual Allocation (36.9% of 140,000)	52	52
Supply for EB-2	92	--
Backlog	0	-92
Annual Demand (Average from I-140 Approvals)	-39	-42
Net 2015 Supply (Fall Down to EB-3)	53	53
Net Unmet 2015 Demand (Carryover to 2016)	0	-29

Supply and Demand in 2016	EB-2 (Thousands)	EB-3 (Thousands)
Recapture (Principal Only Usage)	0	0
Estimated EB-1 Fall Down	5	--
Estimated EB-4 & 5 Fall Down	5	--
Effect of STEM Exemption	30	0
Annual Allocation (36.9% of 140,000)	52	52
Supply for EB-2	92	--
Backlog	0	-29
Annual Demand (Average from I-140 Approvals)	-39	-42
Net 2015 Supply (Fall Down to EB-3)	53	53
Net Unmet 2015 Demand (Carryover to 2016)	0	34

These estimates show that EB-2 clears in the first year, but EB-3 not till the third. Meanwhile, both categories will likely be current because USCIS will not keep up with the processing. Concurrent filings will be the rule again. Some increase in demand will occur due to the improving economy. But H-1B increases would be the main source of additional I-140s. Beginning in 2014, the H-1B usage would increase by a minimum of 50,000 (just the baseline increase) probably 70,000 (due to elimination of the master's cap). This overwhelms the 34,000 extra numbers by 2016 and the backlog grows as fast as the H-1B numbers do.



Mr. GOWDY. Mr. Garfield.

TESTIMONY OF DEAN C. GARFIELD, PRESIDENT & CEO, INFORMATION TECHNOLOGY INDUSTRY COUNCIL (ITI)

Mr. GARFIELD. Thank you. Mr. Chairman, Ranking Member Lofgren, Members of the Committee, on behalf of the Information Technology Council, the world's most innovative dynamic companies, I would like to thank you for convening this hearing. Thank you as well for your bipartisan leadership on this issue. It is our view that we have a once in a generation opportunity to reform and

improve our immigration system in the best interest of our Nation, and we stand ready to work with you accomplish just that.

We submitted testimony for the record. So rather than simply repeating it, I will reaffirm three points. One, improving and reforming our immigration system is in our national best interest. You mentioned the fact that I am a first-generation American citizen. I am. And as someone who spent 6 years separated from his parents as a result of our Byzantine immigration system, I understand the moral imperative for change. But I think there is an equally compelling economic argument to be made as well. Fortunately, the data supports that, and you went through some of them this morning, but some also bears repeating. The fact that 25 percent of our venture-backed companies in this country were started by immigrants. In fact, in a recent study that looked at new companies and new businesses in the United States generally in 2011, it was also 25 percent of new businesses that were started by immigrants. Seventy-six percent of the patents filed by our top 10 research institutions included immigrants. The fact that 40 percent of the Fortune 500 companies in this country were started by immigrants or their children. Moreover, those new businesses are creating the kinds of jobs that we want to have in this country. In a recent—and have the potential, in fact, to dramatically reduce our unemployment rate. In a recent study that was done by the Chamber of Commerce as well as ITI and the Partnership for a New American Economy, the unemployment rate for those who have an advanced degree in the science, technology, engineering, and math was a mere 2 percent. What would we give to have that number be the overall unemployment rate for our country.

My second point is that in order to continue this virtuous cycle of immigrants coming to the United States, investing in our country, growing our economy, and creating new jobs, we have an imperative to improve our immigration system. I don't want to embarrass anyone, so I don't want anyone—I won't ask you to raise your hand if you are walking around with a 1990 cellphone. But I suspect no one in this room is. If my dad were here, he would maybe proudly show off his satellite phone. But it would be quite unusual.

In spite of that being the case, the U.S. is still showcasing a 1990's immigration system, with the same arbitrary numbers for high-skilled visas, both permanent and temporary, when our economy has grown by three times the size that it was in the 1990's. That is simply unacceptable.

To the point that Mr. Morrison made on temporary visas, I will simply make one point before we get to the questions, which is, not every job is going to be a permanent job. There are instances where design team leaders or engineers are hired in the United States with the understanding that as the product being developed or the service being developed moves through the global supply chain, that position will move with the product or service.

The fundamental question we have to ask ourselves is whether we want the United States to be the platform for innovation for the rest of the world. And my strong view is that we, in fact, do.

And there are solutions for helping to advance and improve our immigration system in a way that redounds to the benefit of our economy. Two is the Immigration Innovation Act, I—Squared,

which is moving through your body right now, as well as the start-up visa 3.0. I think both of those stand a great chance if moved as a part of the broader immigration reform effort at dramatically improving the immigration system.

The final point that I will make is that in addition to making sure that we are attracting the best and brightest, it is critical that we make sure that those who are born and bred here have an opportunity to take part in our 21st century economy. Our companies are actually spending billions, with a "b," billions of dollars in making sure that is in fact the case, through mentorship programs, launching initiatives like Change the Equation, or otherwise working to make sure that the benefits of an innovation economy is broadly available to our entire population. And we look forward to working with you to advance that generally.

Thank you.

Mr. GOWDY. Thank you, sir.

[The prepared statement of Mr. Garfield follows:]

Information Technology
Industry Council

Written Testimony of

Dean C. Garfield

President & CEO, Information Technology Industry Council (ITI)

Before the

Subcommittee on Immigration and Border Security Committee on the Judiciary

U.S. House of Representative

Enhancing American Competitiveness through Skilled Immigration

March 5, 2013

Dean C. Garfield Testimony
Enhancing American Competitiveness through Skilled Immigration
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Mr. Chairman, Ranking Member Lofgren, members of the Subcommittee – thank you for your invitation to appear before you today on the timely and important topic of skilled immigration. I am Dean Garfield, President and CEO of the Information Technology Industry Council, known as ITI. ITI is a global trade association representing 47 of the world's most innovative, forward-thinking technology companies.

Having a representative of the technology industry certainly makes sense given today's topic, and while what I say here certainly represents the views of my member companies, it also reflects, I believe, the perspective of a wide swath of the U.S. economy, from advanced manufacturing to medicine; from education to energy – sectors that collectively represent the knowledge economy of this country.

We're here for one simple reason: Our skilled immigration system is broken and does not serve our national interest. On this we all fundamentally agree. Our government allocates the same number of employer-sponsored permanent resident visas, or "green cards" as it did in 1990 – when our economy was one-third the size that it is today, and much less dependent on highly skilled workers. And yet, there are an estimated 500,000 individuals who are stuck in a green card backlog. In June 2007, the last time Congress made a serious attempt at immigration reform, a highly skilled Indian national would have to wait up to four years for a green card. Today, an Indian national with a PhD from a U.S. university would have to wait for more than a decade to get a green card. Such delays stagnate professional development and force skilled talent to consider returning home or moving to places like Canada, Australia or Chile to start a business or create jobs.

Other than a modest permanent change in 2004, the private sector has access to roughly the same annual number of H-1B visas as it did in 1990. However, we are likely to run out of the annual allotment of 65,000 visas within weeks of April 1st, the first day they are available for the next fiscal year (FY), leaving no new hiring options for FY 2014 and forcing businesses to move jobs elsewhere even when they may not otherwise want to.

In short, our economy depends on an immigration system that was assembled nearly a quarter of a century ago. Does anyone here drive a car, operate a computer, or talk on a cell phone manufactured in but not repaired or upgraded since 1990? The answer: of course not.

It's time we upgraded our skilled immigration system to serve our national interest, and anticipate and meet the demands of the U.S. economy – now and in the future. We at ITI believe there are four basic components that Congress must embrace for a truly modern, highly skilled immigration system:

First, reform must help fill the tens of thousands of skilled job openings that exist today, while accelerating new jobs for and new knowledge-driven businesses.

Job creation is priority number one for Congress and rightly so. Our unemployment rate remains unacceptably high, and the proportion of Americans in our labor force is at a record low since the end of World War II. Yet, while the overall unemployment rate hovers near 8%, the unemployment rate for those with a Bachelor's degree and higher is just below 4% -- the marker most economists consider full employment.[1]

In November 2012, we joined with the US Chamber of Commerce and the Partnership for a New American Economy and discovered that unemployment rates in occupations that require so-called STEM advanced degrees – science, technology, engineering and math - are below 2%, and in some occupations the unemployment rate is nonexistent.[2] That may seem like good news, but in fact it's not. Unemployment rates that low mean that the demand for skilled talent in the U.S. is in excess of the current supply. In far too many sectors of the knowledge economy, we have a worker shortage, or underemployment.

This is not surprising. We are creating technology jobs faster than we can fill them. For example, Microsoft reports that it has roughly 6,000 job openings in the United States and more than half are highly skilled positions.[3] The website dice.com, which is an online aggregator of high tech job openings, currently lists more than 83,000 tech job openings in the U.S.[4]

These job openings represent lost economic growth, lost tax revenue, and lost opportunities to create new businesses and new jobs for Americans.

Longer term, I am even more concerned about how our immigration system is harming our nation's ecosystem for entrepreneurial innovation. As has been reported many times, from 1995 through 2005, immigrants founded 25 percent of the venture-backed start-ups in the U.S., and more than 50 percent in Silicon Valley.[5] In 2011, immigrant entrepreneurs were responsible for more than one in four new U.S. businesses, and immigrant businesses employ one in every ten people who work in the private sector.[6]

That same year, 76% of patents awarded to the top ten patent-producing U.S. universities had at least one foreign-born inventor.[7]

The extraordinary contribution of foreign-born entrepreneurs to our economic vitality is unquestioned. Yet, due to our outdated 1990 immigration system, hundreds of thousands of foreign-born talent are stuck in a green card backlog that inhibits their professional development and contribution to our economic growth. Some have given up and are leaving the U.S. to pursue their dreams elsewhere. This

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[1] Bureau of Labor Statistics (http://www.bls.gov/news.release/empsit.t04.htm)
[2] "Help Wanted: The Role of Foreign Workers in the Innovation Economy," November 2012 (http://www.renewoureconomy.org/sites/all/themes/pnae/stem-report.pdf)
[3] "Microsoft Says 6,000 Jobs Open, Wants More Visas," by Paul McDougall, *Information Week*, September 28,2012 (http://www.informationweek.com/windows/microsoft-news/microsoft-says-6000-jobs-open-wants-more/240008011)
[4] 83,768 jobs posted on dice.com as of 11:00 p.m., March 3, 2013
[5] "America's New Immigrant Entrepreneurs: Then and Now," October 2012 (http://www.kauffman.org/uploadedFiles/Then_and_now_americas_new_immigrant_entrepreneurs.pdf)
[6] "Open for Business: How Immigrants are Driving Business Creation in the United States," August 2012 (http://www.renewoureconomy.org/open-for-business)
[7] "Patent Pending: How Immigrants are Reinventing the American Economy," June 2012 (http://www.renewoureconomy.org/patent-pending)

entrepreneurial lockout effect has become so perverse that a number of venture capitalists are attempting to finance a floating barge to house foreign-born entrepreneurs on international waters off the coast of San Francisco.[8]

Mr. Chairman, our skilled immigration system has fallen down the rabbit hole and is taking our economic future with it.

The central reason why we at ITI strongly believe Congress should pass the Immigration Innovation Act, known as "I-Squared," and Startup Act 3.0 is that both bills will accelerate job creation. One of the provisions of I-Squared would remove the green card cap for those with graduate degrees in STEM fields. It effectively would staple a green card to a job offer letter. A study by the American Enterprise Institute has found that an additional 100 foreign-born advanced-degree STEM graduates from U.S. universities is associated with 262 jobs among U.S. natives.[9] Multiply that by 50,000 or 100,000 foreign graduate students, and it's not hard to see just how forcefully immigration reform can propel our economy.

A recent Kauffman Foundation study concluded that an entrepreneurial visa program like that proposed in Startup Act 3.0 has the potential to add between 500,000 and 1.6 million new jobs over the next decade.[10]

With I-Squared and Startup Act 3.0, we can help solve the overall unemployment problem in our country by solving the underemployment, skilled worker shortage that exists in the knowledge economy. Together, I-Squared and Startup Act 3.0 would provide stimulus to the U.S. economy and revenue to the federal government – all at no cost to the taxpayer.

Second, skilled immigration reform must supplement our extraordinarily talented U.S. workforce now and in the future.

At a time when we face skilled worker shortages throughout the knowledge economy, skilled immigration reform will certainly work not just to complement our talented U.S. workforce, but also to create new opportunities for them through new businesses and new jobs. When we bring smart people from around the world together, history demonstrates that we amplify smart outcomes for America and our economy.

Now, we have heard, and I expect we will hear more about the need to protect American workers, and we at ITI could not agree more. We believe the first and best way to look out for American workers is to revitalize economic growth and opportunity in this country. I-Squared and Startup 3.0 both would do that.

With respect to the H-1B visa, we can protect American workers by ensuring effective enforcement of longstanding H-1B policies and laws to prevent the displacement of U.S. workers and protect their wages.

Yes, we have heard some anecdotes and reports of fraud and abuse. In September 2008, the U.S. Citizenship and Immigration Service (USCIS) released a study of H-1B fraud and found that incidents of

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[8] See blueseed.co

[9] "Immigration and American Jobs," December 2011 (http://www.aei.org/article/society-and-culture/immigration/immigration-and-american-jobs/)

[10] "Give Me Your Entrepreneurs, Your Innovators: Estimating the Employment Impact of a Startup Visa," February 2013 (http://www.kauffman.org/uploadedFiles/DownLoadableResources/Startup_Visa_Impact_final.pdf)

fraud were more prevalent among companies with 25 or fewer employees. In addition, the study found that H-1B fraud was more likely to occur in non-tech fields, including accounting, sales and advertising.[11] Since the release of its 2008 report, USCIS has taken a number of steps to reduce the incidence of fraud and technical violations, and has made some progress.[12]

With respect to wages, in a 2011 report, the U.S. Government Accountability Office (GAO) found that, after adjusting for age, H-1B professionals in most occupations earn the same or more than similarly qualified U.S. natives. The report also noted that employers pay significant fees and incur other costs to sponsor an H-1B worker, which suggests that holding wages and qualifications equal, a U.S. employer is better off hiring a U.S. national.[13]

All that said, instances of fraud and abuse can and do occur. If additional enforcement measures are needed to ensure American workers are protected, we should work together to devise solutions that do not force work and jobs offshore.

We also believe that the H-1B should not inhibit professional development, particularly for those waiting for green cards. Today, many H-1B visa holders stuck in the green-card backlog are hesitant to take better jobs with a new employer, because it could force them to wait even longer for a green card. That is why we strongly support the "portability" reforms in I-Squared, which will make it easier for H-1B professionals to change jobs and not have their professional development hampered.

We also can protect both the American worker and the American economy by having H-1B visa availability rise and fall with market demand, as proposed in I-Squared. Since the information technology boom in the 1990s, the demand for H-1B visas has risen and fallen with the overall rise and fall of the economy. That suggests the H-1B visa supplements, not supplants, the overall U.S. workforce. This is not surprising since H-1B professionals represent such a modest part of the U.S. workforce.

Third, skilled immigration reform must maximize work in the U.S. that could be performed elsewhere.

The realities of our global economy require that we have a system that provides sufficient green cards and H-1B visas to fill and create jobs, and to maximize work performed in the United States.

Yes, if the green card reforms in I-Squared and Startup 3.0 solve the backlog challenges and enable foreign-born advanced degree graduates from U.S. universities to stay in the U.S., we will likely see a decline in H-1B demand. However, the H-1B visa will continue to be an important part of a talent pipeline. Some employers may not be as quick to sponsor foreign professionals for green cards, which would make the H-1B visa necessary in such cases.

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[11] "H-1B Benefit Fraud & Compliance Assessment," U.S. Citizenship and Immigration Services, September 2008 (http://www.laborimmigration.com/wp-content/uploads/2008/10/uscis-h1b-audit-report.pdf)

[12] Testimony of Donald Neufeld, Associate Director, Service Center Operations Directorate, U.S. Citizenship and Immigration Services, March 31, 2008 (http://www.dhs.gov/news/2011/03/31/testimony-donald-neufeld-h-1b-visas-designing-program-meet-needs-us-economy-and-us)

[13] "H-1B Visa Program: Reforms Are Needed to Minimize the Risks and Costs of Current Program," January 2011 (http://www.gao.gov/assets/320/314501.pdf)

The H-1B and other nonimmigrant professional visas are necessary to maximize work in the U.S., particularly work that advances the U.S. as a hub for innovation. The global economy necessitates the need for companies to have talent deployed throughout the world to develop, produce, maintain and sell goods and services. Skilled immigration reform should be geared to ensure that the U.S. is a central hub in the many global supply chains that exist for numerous sectors. The H-1B visa, as a temporary visa, enables companies to deploy skilled professionals to the U.S. on temporary projects that work to advance U.S. competitiveness, such as building advanced manufacturing facilities or a shared services center that manages information systems from a central location. Just like baseball players and fashion models, not every skilled professional who works and contributes to the U.S. economy needs to stay here permanently.

Arbitrary and excessive restrictions on the availability and use of the H-1B visa can disrupt global supply chains and work against the U.S. economy. In 2007, when the annual allotment of H-1B visas was exhausted in a matter of hours, Microsoft was forced to expand its product development capabilities and create jobs in Vancouver, Canada.[14] In 2009, when a U.S. information technology services firm faced arbitrary H-1B restrictions, it moved hundreds of U.S. jobs to Toronto, Canada. Last year, due to limited availability of H-1B visas, Facebook had to expand in Dublin, Ireland, in order to house the engineers they planned to have work in the U.S.[15]

Skilled immigration reform is not just about filling and creating jobs – it is a central part of an important and fundamental question: What is the future role of the U.S. economy in an increasingly competitive and innovative global economy? Rather than legislate in response to anecdotes and perceptions of business models, Congress needs to carefully consider how green cards and the H-1B visa together maximize the amount of work and jobs created in the U.S., and how restrictions on both can have the effect of moving work and jobs to other countries.

Last but not least, skilled immigration reform must invest in effective education and training programs for future U.S. innovators and entrepreneurs.

As noted previously, our skilled immigration system is designed to not only supplement our U.S. workforce, but to meet the expected demand in skilled talent in the not too distant future, and as such, we have to invest in our domestic STEM pipeline as well. For example, by 2020, our economy is expected to be generating 120,000 computing jobs each year. However, our higher education system today only awards 40,000 Bachelor's degrees in relevant fields each year.[16]

Current and future demand for STEM talent will not be coming just from high tech. In 2011, the Center on Education and the Workforce at Georgetown University found that math and science jobs are increasingly needed in advanced manufacturing, mining, utilities and transportation.[17]

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[14] "Visa Woes? Microsoft has Vancouver, B.C.," *Puget Sound Business Journal*, April 6, 2008 (http://www.bizjournals.com/seattle/stories/2008/04/07/story5.html?page=all)
[15] "Silicon Valley and Immigrant Groups Find Common Cause," by Julia Preston, *New York Times*, February 12, 2013 (http://www.nytimes.com/2013/02/13/business/tech-companies-and-immigrant-advocates-join-forces.html?pagewanted=all&_r=0)
[16] See inspirestemusa.org
[17] STEM, Center on Education and the Workforce, October 2011 (http://cew.georgetown.edu/stem/)

In response, many of my member companies, and many more in other sectors, have stepped up and committed vast amounts of resources to advance STEM education in the U.S. Our members alone fund tens of millions of dollars in scholarship money for students pursuing STEM degrees. These companies also donate hardware and software to classrooms around the country, enabling students and teachers alike to sharpen their STEM skillsets. In many cases, our companies have set up opportunities for their employees to voluntarily mentor students in STEM. Many of our members operate programs that allow employees interested in a second career to be become fully accredited math and science teachers, with the company reimbursing tuition and stipends. [18]

This commitment to STEM is why we support the provisions in I-Squared that would increase the fees on new H-1B visas by $1,000 to fund state-based STEM programs, accelerating the public-private partnerships already underway to build a robust pool of future innovative and entrepreneurial talent in the U.S.

Mr. Chairman, as an immigrant who spent six years separated from his mother as she dealt with the immigration bureaucracy, I understand the moral imperative of immigration reform. That said, there should be no doubt that reform is in the best interest of our nation.

Immigration is also innovation. Every day that goes by without immigration reform is another day when new jobs and new industries start in foreign countries instead of on American shores. If we want the next-generation industries to be founded in San Jose instead of Shenzhen, then our policy makers must seize this moment and produce legislation that all sides can support.

Fortunately, we are seeing the kind of bipartisan collaboration on immigration reform principles and legislation that would serve the national interest. This leadership is a once-in-a-generation opportunity, and all of us who have a stake in an effective immigration system should work to build support for it. We cannot afford to miss this opportunity to turn away from old, misguided stereotypes and toward a stronger American future.

Thank you again for the opportunity to be here today.

[18] See changetheequation.org

Mr. GOWDY. Mr. Kamra.

TESTIMONY OF DEEPAK KAMRA, GENERAL PARTNER, CANAAN PARTNERS

Mr. KAMRA. Thank you, Chairman Gowdy, Ranking Member Lofgren, and the Members of the Subcommittee. I appreciate this opportunity to discuss the important role that immigrant entrepreneurs play in U.S. job creation and to express support for a new startup visa category, which welcomes the best and brightest to our shores.

Today's topic is very personal for me. I was an immigrant and I was an entrepreneur who helped start Aspect Communications. Aspect is a company headquartered in Massachusetts that launched a successful IPO and that today employs over 2,000 people. And I am now a venture capitalist with Canaan Partners in California, helping other entrepreneurs start new companies. I was born in India to parents who wanted a better life for our family. We were unable to come to the U.S., so they chose Canada, where I moved when I was 10 years old. After getting my undergraduate degree, I came to the U.S. to finish my studies. Upon graduating, I had a job opportunity at a California-based telecom company. But they were unable to secure a visa for me. Thus, I reluctantly returned to Canada for 3 years and eventually received an H-1 visa in 1983 and came back. While at this company, I had ideas for startup companies, but like immigrants with entrepreneurial aspirations, I was unable to leave my employer without putting my visa status at risk. It was only after I received my green card that I was able to leave my employer and help to launch my startup.

At my venture capital firm, one in four companies we have invested in has an immigrant as part of the founding team. These founders hail from places like Russia, France, Iran, India, Germany, just to name a few. Collectively, they have contributed to literally thousands of jobs created by our firm's portfolio.

I would like to thank the Chairman, Congresswoman Lofgren, and the Committee for recognizing that a startup visa category is vital to our country's future as it addresses two elements that have been critical in driving U.S. job creation, venture-backed startup companies and immigrant entrepreneurs.

We have heard a lot of statistics here today on the benefit that immigrant entrepreneurs have contributed. I will just add one more. Companies that were founded with venture capital accounted for 12 million jobs and over 3 trillion in revenues in the U.S. in 2010. That equals 11 percent of private U.S. employment and 21 percent of our country's GDP.

Unfortunately, America is at higher risk for losing immigrant entrepreneurs to foreign countries. Our legal immigration policies have essentially sent a message to these talented people that we do not want them here. While the opportunity for starting a company in the U.S. remains far superior to any other country, options overseas are improving as governments realize the power of startups in their economies. Whereas 10 years ago America was the only choice, it has now become one of many choices, even though it is one of the first choices. And for a growing group of immigrants, America is not a choice at all. For me and other immigrant entrepreneurs, the H-1B visa is not a viable path for starting a company here. Entrepreneurs who are truly serious about building a new company must engage in that endeavor full time. Creating a startup visa category for foreign-born company founders would not only welcome the best and the brightest to our shores, but it would do so in a way that could be well managed and monitored if we consider a few parameters.

Several proposals on this topic include threshold investment level as one parameter the entrepreneur must meet. In setting any threshold, it is important to understand that the cost of getting off

the ground for technology companies has fallen considerably in recent years. Before pursuing venture capital investment, entrepreneurs today often seek much lower levels of funding support from angel investors. Yet these lower levels of seed funding do not in any way impact the promise of exponential growth for their companies.

The required first round of funding for any startup visa should be set at a level to include the founders of these type of seed stage companies. Additionally, the ongoing monitoring of the entrepreneur's progress required for permanent residency must account for the high-risk nature of these companies. In the venture capital world, setbacks are a way of life on the path to ultimate success. So while we fully support the establishment of a monitoring process, it should allow for reasonable flexibility so company founders can learn lessons, regroup, and refocus when conditions change or new opportunities arise.

I speak on behalf of myself and other immigrant entrepreneurs when I express how lucky we were to be given the opportunity to found and fund companies here in the U.S. But luck shouldn't have anything to do with it. America should not just be allowing these individuals to come to our country; we should be welcoming all of them.

I appreciate the opportunity to be a part of this dialogue, and I look forward to answering any questions. Thank you.

Mr. GOWDY. Thank you, sir.

[The prepared statement of Mr. Kamra follows:]

U.S. House of Representatives Committee on the Judiciary

Subcommittee on Immigration Policy and Enforcement

Final

March 5, 2013

"Hearing on Enhancing American Competitiveness through Skilled Immigration"

Testimony of:

Deepak Kamra

Canaan Partners

Menlo Park, California

Introduction

Chairman Gowdy, Ranking Member Lofgren and members of the subcommittee, my name is Deepak Kamra and I am a general partner of Canaan Partners, a venture capital firm founded in 1987, based in Menlo Park, California and investing in startup companies in the technology and healthcare sectors both here in the United States and globally. In addition to my responsibilities as a venture investor, I also served on the Board of Directors of the National Venture Capital Association (NVCA) based in Arlington, Virginia. The NVCA represents the interests of more than 400 U.S. venture capital firms, which comprise more than 90 percent of the venture industry's capital under management.

Prior to my career as a venture capitalist, I was an entrepreneur and part of a team that founded Aspect Communications, a call center software company that went public in 1990 and today is headquartered in Massachusetts, employing approximately 2,000 people. Of particular interest to this hearing and subcommittee, I am also an immigrant, born in India, raised in Canada, educated at Harvard, and now a U.S. citizen.

I am extremely proud of the work that I do each day, investing time and energy into people who turn visionary ideas into amazing companies that employ thousands of

Americans. As an immigrant, I am here by choice after successfully securing a green card in 1985. But the road was not easy and, due to current U.S. immigration policy, it has become increasingly difficult for today's foreign born entrepreneurs to make the same choice that I did -- to build a ground-breaking startup company in the United States.

It is my privilege to share with you, on behalf of this vital community of immigrants, my story and perspective on the important role that foreign-born entrepreneurs play in U.S. job creation and economic growth, and why the risk we face of losing these individuals and their companies to other countries has never been greater. I also appreciate the opportunity to express support for a new StartUp Visa category which would be an extremely positive step in welcoming the best and brightest entrepreneurs to our shores in a manner that we can manage and monitor well.

I would like to thank the chairman and the committee for holding this hearing in recognition that this issue is a critical one to our country's future. There have been many proposals put on the table, and I am certain that these efforts, including the creation of a Startup Visa category, will send a signal to the world that our country is not only "open for business" but also very eager to welcome highly skilled and highly motivated immigrants who share the dream of succeeding in America. This is a message that unfortunately is not being conveyed today.

My Story

Every immigration story is unique, but the challenges associated with foreign-born entrepreneurs all seem to rhyme in one way or another. Mine is just one example.

I was born in India in 1956 to parents who wanted a better life for our family. Their destination of choice was the United States, but U.S. immigration restrictions ruled out America. So, my parents chose Canada, where we moved when I was 10 years old. I was raised in the province of Ontario and graduated from Carleton University with a Bachelor of Commerce and a concentration in computer sciences. After getting my undergraduate degree, I was accepted at Harvard Business School and moved to Boston at the age of 21 on an F1 visa. Upon graduation from Harvard, I had a job opportunity at

ROLM, a California-based telecom company where I had interned over the summer. Unfortunately, they were not able to secure an H-1B visa for me. So, I had to return to Canada, where I reluctantly took a job with a Canadian company for three years. All the while, I very much wanted to go back to the United States. Fortunately, I made a lasting impression on ROLM which finally did secure the H-1B visa for my return in 1983.

While working for ROLM, I had ideas for startup companies that would develop innovative products for the telecommunications industry. Unfortunately, like many immigrants with entrepreneurial aspirations, I was unable to leave my employer without putting my H-1B visa status at risk. Ultimately, I hired my own lawyer to support my efforts to convert my H-1B to a green card which would allow me to stay in the U.S. permanently. Only after securing my green card was I able to work with a team of co-founders to launch Aspect Communications, a call center software company that went public in 1990 and today has more than $400 million in revenues. I joined Canaan Partners, a technology venture capital firm in 1991 to help entrepreneurs like myself start new companies. And, I proudly became an American citizen in 1994.

The challenges I faced are similar to those faced by many immigrant entrepreneurs today. While the United States was my family's first choice and eventually my own as well, entering the country and remaining here as a company founder was quite trying, despite my motivation to innovate and create significant value for our economy and society. This same story continues to play out time and time again for today's immigrants with entrepreneurial dreams. Unfortunately, the ending is not always a good one for the entrepreneur or for our country. Every time we turn another entrepreneur away, we are forsaking the innovation, jobs and value that their newly-formed companies create elsewhere.

The Start-Up Economy and Immigrant Entrepreneurs: A Powerful Combination

When considering legal immigration reform, it is important to recognize the two elements that have been critical to driving U.S. economic growth and job creation – venture-backed startup companies and immigration. Separately, these elements have helped to

differentiate our country from all others. When harnessed together, they are instrumental in maintaining our global economic leadership.

According to a 2011 IHS Global Insight report, companies that were founded as small start-ups with venture capital accounted for 12 million jobs and $3.1 trillion in revenues in the United States. These figures equate to 11 percent of private U.S. employment and 21 percent of our country's GDP. Venture-backed companies are responsible for the creation of entire industry sectors here in America including semiconductors, biotechnology, Internet content and software. Today, we are creating the companies that will serve as the cornerstones for cloud-based computing, Internet security, healthcare, social media and new energy. Companies founded with venture capital that are household names today include Apple, Genentech, Starbucks, Facebook, Home Depot and FedEx. With more than 18,000 companies having received venture funding in the last five years, the next generation of successful companies innovating in high technology, life sciences and new energy are poised to follow in their footsteps.

While America's start-up economy would not be what it is today without venture capital, the same can be said for immigrant entrepreneurs. According to *American Made*, a study conducted in 2006 by the National Foundation for American Policy and commissioned by the NVCA, approximately 25 percent of U.S. public companies that were venture financed since 1990 were founded or co-founded by immigrant entrepreneurs. These companies include Intel, Google, Sun Microsystems, eBay, Juniper Networks, WebEx and Watson Pharmaceuticals. Further, a 2006 survey of start-ups backed with venture capital revealed nearly half (47 percent) had immigrant founders. These companies are hiring U.S. workers, paying taxes and creating value for American shareholders every day. The NVCA is in the process of updating this study, and we are highly confident that the interest of immigrants in forming companies in the U.S. remains strong.

As a venture capitalist investing in the most innovative people and ideas globally, I see the power of these entrepreneurs every day. In Canaan Partners' portfolio of more than 65 U.S. startup companies, approximately one in four have at least one foreign born national as a member of the founding team. These companies include:

- **Virsto Software,** whose co-founders included Russian immigrants and serial entrepreneurs Alex Miroshnichenko and Serge Pashenkov. Virsto had 50 employees before being acquired by VMWare this year;
- **Lending Club,** co-founded by Renaud LePlanche of France and Soulaiman Htite of Canada who have created 200 jobs and intend to create another 200 over the next two years;
- **BiPar Sciences,** a company formed by co-founders including the late Ernest Kun, MD DSc from Hungary and Allan Basbaum, PhD from Canada to develop a new class of tumor-selective drugs designed to meet the unmet needs of cancer patients;
- **Zoosk**, founded by Iranians Alex Mehr and Shayan Zadeh, which now employs 130 people, is translated in 25 languages, with members in more than 70 countries and is growing;
- **Instacart** founded by an Indian entrepreneur (via Canada like myself) Apoorva Mehta; and
- **ALDEA Pharmaceuticals**, a healthcare company whose co-founders include Wenjin Yang of Taiwan and Daria Mochly-Rosen Ph.D. of Israel.

Other founders in Canaan's portfolio hail from China, Sri Lanka, Germany, Bulgaria, Turkey, South Africa, Ecuador, the United Kingdom, Egypt and Denmark.

I cannot imagine these entrepreneurs and these companies operating anywhere but in the United States. We also know that the next wave of immigrant company founders are highly motivated and ready to do what these entrepreneurs have done. That is what I find so remarkable about immigrant entrepreneurs: They are invariably some of the most enterprising citizens their home countries have to offer. For that reason alone, they are very well positioned to succeed here.

The Zoosk story is particularly telling in terms of the immigration challenges faced by the founders and the mettle they demonstrated in overcoming those challenges to succeed. After meeting as students in Iran and sharing a dream to start a successful company in America, Alex and Shayan had to hike to Turkey on foot to get student visas for the U.S.

Once here, at the University of Maryland, they developed breakthrough technology for a startup company. However, as entrepreneurs, they could not obtain the H-1B visas required to stay in the United States. Instead, they could only get H-1Bs as employees of a corporation willing to sponsor them. They had no choice but to dissolve their nascent company and go their separate ways. Shayan joined Microsoft while Alex stayed in school, trying to obtain an O-1 visa. In a stroke of serendipity, Alex won a Diversity green card lottery, which gave him permanent residence. He eventually reconnected with Shayan and they developed Zoosk, which has become the world's largest online social dating network. Almost half of Zoosk's revenue comes from outside the U.S., so had Alex not been lucky enough to win that lottery, he may very well have started Zoosk elsewhere. Today, that is more of an option than ever before.

We Are At Risk for Losing the Game

America is at high risk for losing this coveted group of entrepreneurs to foreign countries for two reasons. First, our legal immigration policies have essentially sent a message to these talented people that we do not want them here in the United States. As I discussed, the current path to a green card is fraught with complex requirements, limitations and delays. And it is incredibly difficult for an entrepreneur to obtain an H-1B visa as a founder of his or her own company. Consequently, these immigrants must remain employees of their sponsor corporations – as economic hostages, in a sense - where they do not have time or license to advance their innovations or build their startups around them.

Compounding the fact that the United States is seemingly unwelcoming of these entrepreneurs is the reality that we are no longer the only destination for high tech, high growth start-up companies. In addition to investing in the United States, Canaan Partners also has offices in Israel and India. The latter is where I initiated our global investment strategy in order to fund those entrepreneurs who are unable to come to the U.S. Even though the opportunity, infrastructure and market potential for starting a company in the United States remains far superior to that of any other foreign country, options for entrepreneurs in many other countries are improving as governments realize the power of

the startup company on their local economies. Whereas 10 years ago, America was the only choice, today it is merely the preferred choice among many. Worse, for a growing group of immigrants who can't obtain visas, America isn't a choice at all.

Support for a StartUp Visa Category

For me and many other immigrant entrepreneurs, the H-1B visa is not a workable solution for starting a company here. Entrepreneurs who are truly serious about building a new company must engage in that endeavor full time. It's not something you can do while keeping "your day job" at a high performing corporation.

Creating a category of visa specifically for foreign-born entrepreneurs who wish to start and build a company in the U.S. would not only welcome the best and brightest innovators to our shores, but it would do so in a way that could be well managed and monitored so that the intention and spirit of the visa is not compromised. Including criteria that the entrepreneur visa candidates receive legitimate funding will ensure proper vetting takes place, and a subsequent requirement for proof of job creation or additional company growth will allow the government to monitor results. As Congress considers the parameters around which the criteria would be based, there are several items to consider:

First, the dollar threshold of investment must take into account that the funding market continues to evolve. Before pursuing venture capital investment, entrepreneurs today often seek funding support from angel investors, and friends and family. And, with the enactment of the JOBS Act by Congress in 2012, we may see crowd funding platforms emerge as viable sources for entrepreneurs as well. In recent years the cost of "getting off the ground" for technology companies has fallen considerably. Many entrepreneurs even "bootstrap" their way to their first venture capital investment. Yet, these lower levels of seed funding do not in any way impact the exponential promise of growth for the company. For example, Kabam, a gaming software company in our portfolio, received an initial round of $500,000 and today has an annual revenue run rate of more than $200 million. And there are many companies that start with even smaller seed

rounds – perhaps from an angel investor – before we have the opportunity to invest. For these reasons, it is important that the required first round of funding for any StartUp Visa be at an acceptable level and not too high to qualify the founders of these types of seed stage companies.

Secondly, it is important that the ongoing monitoring of the entrepreneur's progress and milestones required for permanent residency account for the high risk nature of these companies. Ironically, one of the principles that has made America so successful in innovation and entrepreneurship is our acceptance of failure. In the venture capital world, we are very accustomed to an idea or company changing course midstream, pivoting to another technology or market, or indeed failing altogether. Overcoming setbacks are a way of life on the path to ultimate success. For example, Renaud LaPlanche, the immigrant founder of Lending Club, first founded a software company called TripleHop Technologies which had offices in the North Tower of the World Trade Center. All of TripleHop's computers and software code were destroyed in the September 11th attacks. But Renaud and his team regrouped and rebuilt, selling his very successful company to Oracle in June 2005. He then went on to start Lending Club.

Not all company setbacks are as catastrophic as TripleHop's but they all require recovery time. And more often than not, like Renaud, the company founder, goes on to ultimately succeed time and time again. So while we fully support the establishment of a monitoring process, it should allow for reasonable flexibility, so company founders can learn their lessons, regroup when necessary, and refocus when conditions change or new opportunities arise.

The concept of a StartUp Visa category is an exciting one – but only if it can be accessed in the manner in which it was intended and leave little room for abuse. This is a fine line to walk, but it can be done. That is why I stand with my venture capital colleagues to offer guidance when setting thresholds, parameters and benchmarking as to what is most practical. We welcome the opportunity to contribute to the proposal process in this manner.

Conclusion

I speak on behalf of myself and innovative company founders like Alex Mehr and Shayan Zadeh when I express how lucky we were to have successfully run the U.S. immigration gauntlet – and secure the opportunity to found and fund companies here in the United States. But luck shouldn't have anything to do with it. Our country must approach immigrant entrepreneurs with a renewed sense of vigor, purpose and enthusiasm. We desperately need to change our policies on legal immigration so that any highly skilled individual in engineering, science, technology, or entrepreneurship can come here and thrive. We should not just "allow" these individuals to come to our country; we should encourage and welcome them – and reinforce the notion that the U.S. is indeed the best place to live work and innovate. Only then will we ensure that we remain a global economic leader.

A StartUp Visa category – along with practical thresholds and monitoring - should be considered as part of any immigration reform policy. Doing so would unequivocally support entrepreneurship and innovation here in the United States – which would in turn drive job creation and economic growth. As we look to our future, we must remember our past and foster that which has made this country great. Thank you for recognizing that reforming our highly skilled, legal immigration policy should be a Congressional priority. We appreciate the bipartisan support that this committee has given to this discussion and we are enthusiastic about its potential. The venture capital industry stands ready to work with you to once again attract highly motivated, highly skilled talent to our shores. In our collective opinion, there is no other option.

Thank you once again for this opportunity and I am happy to answer questions.

Mr. GOWDY. Mr. Johnson.

TESTIMONY OF BENJAMIN JOHNSON, EXECUTIVE DIRECTOR, AMERICAN IMMIGRATION COUNCIL

Mr. JOHNSON. Thank you, Mr. Chairman, Ms. Lofgren, Members of Committee. Thank you for the opportunity to appear before you today and provide testimony on behalf of the American Immigration Council. We welcome this hearing as an opportunity to engage in a thoughtful conversation about the role that immigration can and should play in building a 21st century America, one that prospers and grows. Prosperity is a shared goal that unites us all, and it is an important lens through which to evaluate the vital role immigration plays in our economy today, as well as a need to fix our outdated immigration system.

As we undertake reform to enhance prosperity through immigration, it is critical for us to recognize that skilled immigration encompasses a wide range of individuals with very different educational and occupational backgrounds. And it is important to realize that very often the best and brightest from around the world come to our shores not only through employment-based channels of immigration, but through family reunification, the admission of refugees, and asylees and can even be found within the current population of unauthorized workers. In other words, the quest for talent and the role of immigrants as job creators, entrepreneurs, and innovators is not an isolated enterprise, it is and should be an integral component of a broad-based, comprehensive immigration reform.

So what are some additional facts to consider that we perhaps haven't heard? First and foremost, the overwhelming evidence finds that immigrants complement rather than compete with native-born workers, and their presence in our workforce has a positive impact on the wages of all workers. Much of this is due to the fact that we face skill gaps in many areas of our labor force. This can be seen in the fact that many STEM occupations have an unemployment rate that is more than half that of the national average. In some STEM occupations, the unemployment rate is at 1 or 2 percent. An analysis of job openings shows that in STEM fields there are often more vacancies than qualified applicants. In 2010, at the national level there were seven job openings in computer occupations for every graduate from a relevant computer major. In high-tech metro areas the demand was even greater, 25 to 1 in San Francisco, 19 to 1 in San Jose and nearly as high in places like Austin, Seattle, Washington, D.C., Des Moines, Charleston, and Charlotte. This widespread demand reflects the new reality that high-skilled immigration is not just important to the traditional high-tech areas like Silicon Valley, it is a critical issue in cities like San Antonio; Austin; and Houston, Texas; Greenville and Spartanburg, South Carolina; Boise, Idaho. All of these places and many more are building knowledge-based economies that need high-skilled workers. These communities understand the power of attracting and retaining skilled workers and industries and they know that immigrants are an important part of this equation. In Michigan, for example, only 6 percent of the State's population is

foreign born, but those immigrants founded more than 30 percent of high-tech companies in the State over the past decade.

This widespread recognition of the important role of immigrants in creating jobs and building communities has led to a surge in welcoming and recruitment campaigns in States like Michigan and cities like Dayton, Detroit, and St. Louis, where they are actively seeking to bring more immigrants into their communities. Unfortunately, these efforts are being frustrated by our immigration system. As it stands today, our current immigration system simply does not provide the right kinds or the right numbers of visas needed to respond to legitimate demands of our dynamic economy. High-skilled immigrants face years of waiting for an available visa and an endless array of bureaucratic delays. Immigrant entrepreneurs are almost completely left out of our current system. And immigrants who are enrolled in or graduates from U.S. universities are increasingly being recruited to other countries where immigration processes are far more welcoming. Reforms to our immigration system must reflect the needs of both workers and employers and should address both permanent and temporary channels of immigration. The goal must be to create a nimble and efficient system that responds in real time to the needs of the market by giving employers the ability to fill positions quickly with workers who are protected from exploitation. Reforms should also provide ample opportunities for immigrant entrepreneurs to spur innovation, job creation and economic growth for local communities and for the Nation as a whole.

Moreover, these reforms should not be made at the expense of other priorities or other values. For instance, efforts to expand employment-based immigration by reducing existing family-based immigration are shortsighted and self-defeating. The fact is that family-based immigrants contribute to the economy, support working family members, and are important contributors to the phenomenon of immigrant entrepreneurship.

For me the bottom line is this: The United States has created the most dynamic, the most flexible, most creative workforce the world has ever seen, and immigrants have always been a part of that equation. The importance of reforming our system, all aspects of it, are critical to our future prosperity. We owe it to our future to create a system that is good to business, good for workers, and good for families. Thank you.

[The prepared statement of Mr. Johnson follows:]

Written Testimony of

Benjamin Johnson
Executive Director
American Immigration Council

Before the
Subcommittee on Immigration and Border Security
Committee on the Judiciary
United States House of Representatives
March 5, 2013

Introduction

Mr. Chairman and members of the committee, thank you for the opportunity to appear before you today and provide testimony on behalf of the American Immigration Council. The American Immigration Council is a non-profit educational foundation which for 25 years has been dedicated to increasing public understanding of immigration law and policy and the role of immigration in American society.

Today's hearing on "Enhancing American Competitiveness through Skilled Immigration" provides an opportunity to engage in a thoughtful conversation about the role that immigration can and should play in building a 21st century America that prospers and grows. Prosperity is a shared goal that unites us all, and offers an important lens through which to evaluate the vital role immigration plays in our economy today, as well as the necessity of retooling our outdated and hopelessly broken immigration system. As we do so, however, it is critical for us to recognize that skilled immigration encompasses a wide range of individuals with very different educational and occupational backgrounds. Moreover, the talent we seek very often comes to these shores not only through employment-based channels of immigration, but through family reunification, the admission of refugees and asylees, and can even be found within the current population of unauthorized workers.

In other words, the quest for talent, and the role of immigrants as job creators, entrepreneurs, and innovators, is not an isolated enterprise. It is an integral component of systematic immigration reform. Unfortunately, in the highly politicized immigration debate of the last 10 years, the nuanced and complex role immigration plays in American economic growth, business development, and global competitiveness has too often been reduced to a few buzz words and myths designed to minimize the importance of immigration reform in this area, or to pit native-born workers against their foreign-born colleagues. In my testimony today, I will review the abundant research that supports the creation of a revamped and revitalized immigration system, address some of the common misconceptions about the impact of immigration on native-born workers, and highlight some of the critical policy choices that must be made if we are to truly fulfill the promise of an immigration system that serves a 21st century economy.

The Economic Contributions of High-Skilled Immigrants and Immigrant Entrepreneurs

The research on the positive impact that high-skilled immigration has on our economy is overwhelming, and the risk America faces if it does not continue to support the immigration of highly skilled workers is enormous. Economists, social scientists, business leaders, and a broad range of other experts agree that innovation is the key to growing the economy and creating jobs. And the key to innovation is building, growing, attracting, and retaining a skilled workforce.[1] We will not keep pace with international competition without a robust innovation and entrepreneurial sector.[2] The ability to attract and retain foreign-born workers has been and will continue to be a critical part of this equation.

High-skilled immigration is important for America's twenty-first century economy for several reasons. Immigration and job growth go hand in hand. Immigrant workers provide a needed and valuable complement to the native-born labor force. High-skilled immigration provides a boost to critical sectors of the economy that reach far beyond the high-tech industry. Finally, immigrants play critical roles in the economies of metropolitan areas across the country, including the nation's heartland.

High-Skilled Immigration and Job Creation Go Hand in Hand

Time and again, researchers across numerous disciplines have found that high-skilled immigration creates new jobs for Americans.[3] For example, a 2012 report found that each foreign-born graduate from a U.S. university with an advanced degree who stays in the U.S. to work in a science, technology, engineering, or mathematics (STEM) occupation creates an average of 2.62 jobs for American workers.[4] Innovation on the job also translates into strong entrepreneurial tendencies, which also creates jobs. According to a 2011 report from the Partnership for a New American Economy, immigrants were founders of 18 percent of all Fortune 500 companies, including many high-tech giants. The newer the company, the more likely it was to have an immigrant founder.[5] A 2012 report concluded that from 2006 to 2012 immigrant-founded engineering and technology companies in the U.S. employed around 560,000 people and produced over $63 billion in sales.[6] The report's authors note that immigrants will undoubtedly "remain a critical asset for maintaining U.S. competitiveness in the global economy."[7]

Immigrants bring job-creating innovation and ideas not only to the businesses they create, but to the businesses within which they work. A September 2010 report from the Brookings

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[1] The Chicago Council, *US Economic Competitiveness at Risk: A Midwest Call to Action on Immigration Reform* (Chicago: The Chicago Council on Global Affairs, February 2013).
[2] Ibid.
[3] Neeraj Kaushal and Michael Fix, *The Contributions of High-Skilled Immigrants* (Washington, DC: Migration Policy Institute, 2006).
[4] Information Technology Industry Council, the Partnership for a New American Economy, and the U.S. Chamber of Commerce, *Help Wanted: The Role of Foreign Workers in the Innovation Economy* (Washington, DC: December 2012), p. 2.
[5] Partnership for a New American Economy, *The "New American" Fortune 500* (New York, NY: June 2011), pp. 11, 17, 21.
[6] Vivek Wadhwa, AnnaLee Saxenian, and Francis Daniel Siciliano II, *Then and Now: America's New Immigrant Entrepreneurs: Part VII* (Kansas City, MO: Ewing Marion Kauffman Foundation, 2012).
[7] Ibid.

Institution notes that "among people with advanced degrees, immigrants are three times more likely to file patents than U.S.-born citizens."[8] The benefits of these patents extend to native-born researchers and scientists. There is evidence that foreign-born and American-born scientists are benefiting from and building off of each other's work. The increased number of patents received by immigrants coincides with an increase in the number of patents awarded to native-born Americans, thus increasing the overall innovative capacity of the U.S.[9]

High-Skilled Immigrant Workers Complement the Native-Born Workforce

Highly skilled immigrants complement their native-born peers; they do not substitute for them. This is true throughout all high-skilled occupations, but is particularly true in STEM fields. Arguments that immigrants are depressing wages or freezing out native-born workers belie the available evidence. For example, a 2012 report finds that many STEM occupations have very low unemployment compared to the overall national unemployment rate (which stood at 7.9 percent as of January 2013).[10] For U.S.-citizen STEM workers with PhDs (Table 1), the unemployment rate is only 3.15 percent, and for those with master's degrees it is 3.4 percent.[11] In some STEM occupations, the unemployment rate is even lower (Table 2). Unemployment among Petroleum Engineers is 0.1 percent, for Computer Network Architects it is 0.4 percent, and for Nuclear Engineers it is 0.5 percent.[12] Further, those STEM fields in which large shares of workers are foreign-born have low unemployment rates among native-born workers. For instance, although nearly 25 percent of Medical Scientists are foreign-born, native-born Medical Scientists have an unemployment rate of just 3.4 percent.[13]

Table 1. Percentage of Foreign Workers in STEM and Non-STEM Occupations in 2011

	Non-STEM Occupations		STEM Occupations	
	US Citizens	Non-Citizens	US Citizens	Non-Citizens
Master's Degree	94.8%	5.2%	82.3%	17.7%
Doctoral Degree	93.6%	6.4%	73.9%	26.1%
Total All Education Status	91.2%	8.8%	90.8%	9.2%

Source: U.S. Census Bureau and Bureau of Labor Statistics, Current Population Survey, Pooled January 2011 - December 2011 Data. Information Technology Industry Council, the Partnership for a New American Economy, and the U.S. Chamber of Commerce, *Help Wanted: The Role of Foreign Workers in the Innovation Economy* (Washington, DC: December 2012). Note: "All education" category includes high-school only and bachelor's only in addition to the other categories. STEM occupations include technician jobs.

[8] Michael Greenstone and Adam Looney, *Ten Economic Facts About Immigration* (Washington, DC: The Hamilton Project of The Brookings Institution, September 2010), p. 11.
[9] William R. Kerr and William F. Lincoln, *The Supply Side of Innovation: H-1B Visa Reforms and US Ethnic Invention*, Working Paper No. 09-005 (Boston, MA: Harvard Business School, December 2008).
[10] Information Technology Industry Council, the Partnership for a New American Economy, and the U.S. Chamber of Commerce, *Help Wanted: The Role of Foreign Workers in the Innovation Economy* (Washington, DC: December 2012), p. 3.
[11] Ibid.
[12] Ibid.
[13] Ibid.

Table 2. Unemployment Rate for U.S.-Citizen Workers in 11 STEM Fields with the Highest Dependence on Foreign-Born STEM Workers in 2011

	Percent of Workers Who Are Non-Citizens	Unemployment Rate for U.S. Citizens
Total STEM Occupations	**8.82%**	**4.30%**
All Non-STEM Occupations	**8.57%**	**8.40%**
Medical Scientists	24.89%	3.40%
Computer and Information Research Scientists	23.19%	5.40%
Physical Scientists, all other	20.52%	4.00%
Software Developers, applications and systems software	20.13%	4.00%
Statisticians	13.32%	1.60%
Biological Scientists	10.00%	2.90%
Actuaries	9.94%	0.00%
Petroleum Engineers	9.83%	0.10%
Computer Hardware Engineers	9.39%	2.30%
Computer Programmers	9.28%	3.70%
Computer Systems Analysts	9.18%	2.50%

Source: U.S. Census Bureau and Bureau of Labor Statistics, Current Population Survey, Pooled January 2011-December 2011 Data, Information Technology Industry Council, the Partnership for a New American Economy, and the U.S. Chamber of Commerce, *Help Wanted: The Role of Foreign Workers in the Innovation Economy* (Washington, DC: December 2012).

An analysis of job openings data reveals that STEM jobs take longer to fill than non-STEM jobs and that there are more vacancies in STEM fields than there are STEM degree holders in the average metropolitan area. In 2010 there were seven job openings in computer occupations for every graduate from a relevant computer major at the national level.[14] Yet in high-tech metro areas the demand was even greater: 25 to 1 in San Francisco, 19 to 1 in San Jose, and even greater in Austin; Seattle; Washington, D.C.; Des Moines; Charleston; and Charlotte.[15] As a further example, nationally there were six healthcare practitioner job openings for every graduate of a related field, and four job openings for each engineer.

Immigrants are also refilling the talent pool across the country as members of the enormous baby boom generation retire. The National Academy of Sciences concludes that immigration will become increasingly important in maintaining the U.S. science and engineering labor force as more and more native-born workers retire. According to a 2010 report by the National Science Board, "absent changes in degree production, retirement patterns, or immigration, the number of S&E-trained workers in the labor force will continue to grow for some time, but the growth rate may slow considerably as an increasing proportion of the S&E labor force reaches traditional retirement age."[16]

[14] Jonathan Rothwell, "The Need for More STEM Workers" (Washington, DC: Brookings Institution, 2012), http://www.brookings.edu/blogs/the-avenue/posts/2012/06/01-science-oriented-society-rothwell.
[15] Ibid.
[16] National Science Board, *Science and Engineering Indicators 2010*, NSB 10-01 (Arlington, VA: National Science Foundation, 2010), chapter 3, p. 29.

High-Skilled Immigration is Critical Beyond the High-Tech Industry

Although the high-tech industry garners the most attention on the subject of high-skilled immigration, the contributions of foreign-born workers reach far beyond the high-tech sector. High-skilled immigrants play a host of other crucial roles in the U.S. economy and society. One example is in our healthcare industry. As the country's population grows older and grows in size, immigrant physicians, nurses, and other healthcare workers play increasingly important roles. Recent research finds that the United States is experiencing an expanding shortage of primary-care physicians and this shortage is expected to worsen in the coming decades.[17] A 2012 study in the *Annals of Family Medicine* suggests that by 2025 the United States will require nearly 52,000 more primary-care physicians.[18] The opportunity for immigrants to fill gaps in underserved areas is significant.[19] In addition to primary and preventive care, immigrants also play a major role in specialized areas of medicine. For example, a 2013 report found that over 40 percent of cancer researchers in the U.S. are immigrants.[20]

High-Skilled Immigration is Critical to Metropolitan Regional Economies

In addition to boosting the national economy and strengthening America's global competitiveness, high-skilled immigrants and immigrant entrepreneurs are important for metropolitan regional economies. This is true not only in San Jose and Silicon Valley, but in many regions across the country. In Texas, San Antonio and Austin have built knowledge economies around the universities and research industries located there. Houston attracts high-skilled workers for the area's oil industry. In South Carolina, Greenville and Spartanburg have attracted industries that need high-skilled workers. In Boise, knowledge-based employment has spurred the local economy and population growth. The universities and research organizations of the North Carolina piedmont, in Raleigh, Greensboro, and the Research Triangle area, create a high demand for high-skilled workers.

Long-term research shows that in addition to bringing more jobs and higher salaries to communities where they cluster, the impact of innovative industries in localities has a profound multiplier effect.[21] Jobs in the innovation economy generate a disproportionate number of local jobs in other industries. An analysis of 11 million American workers in 320 metropolitan areas shows that each new high-tech job in a metropolitan area creates five additional long-term local jobs outside of the high-tech sector.[22] Furthermore, the five new jobs created for each new high-tech job benefits a diverse group of workers: two new jobs for professional workers such as attorneys and doctors, and three new positions in nonprofessional occupations such as service

[17] Stephen Petterson, et al., "Projecting US Primary Care Physician Workforce Needs: 2010-2025," *Annals of Family Medicine* 11, no. 1 (2013).
[18] Ibid.
[19] Allison Squires and Hiram Beltran-Sanchez, *Strengthening Health Systems in North and Central America: What Role for Migration?* (Washington, DC: Migration Policy Institute, February 2013).
[20] Stuart Anderson, *The Contributions of Immigrants to Cancer Research in America* (Arlington, VA: National Foundation for American Policy, 2013).
[21] Mark Muro, "Multiplier Effects: Connecting the Innovation and Opportunity Agendas" (Washington, DC: The Brookings Institution, August 23, 2012), http://www.brookings.edu/blogs/the-avenue/posts/2012/08/23-multiplier-effects-muro.
[22] Enrico Moretti, *The New Geography of Jobs* (New York, NY: Houghton Mifflin, 2012).

industry jobs.[23] In many U.S. metropolitan areas, the innovation economy, and the high-skilled jobs related to it, drive prosperity for a broader base of workers living in the region.[24]

High-Skilled Immigrants Contribute to America's Heartland

Beyond the Silicon Valleys and Research Triangles of the U.S., high-skilled immigrants and immigrant entrepreneurs are making significant contributions to local economies and communities in America's heartland. In many places, the need for foreign talent is critical. For decades, large numbers of U.S. workers have been migrating from "Rustbelt" cities to the "Sunbelt." The cities and towns experiencing native-born population declines must find ways to maintain a viable workforce. As a result, an increasing number of local communities are recognizing the need to be receptive to immigrants. A growing list of cities and towns across the heartland are officially becoming places of welcome and openness to immigration.

In Michigan, for example, while only six percent of the state's population is foreign-born, immigrants founded around one-third of high-tech companies in the state over the past decade.[25] The state, through its "Welcoming Michigan" campaign of building immigrant-friendly communities, clearly sees the need to attract immigrants to the area.[26] Detroit also recognizes this need. In 2010, the city released the "Global Detroit" report, which documents a start-up rate for immigrant-founded high-tech firms in Michigan that is six times the rate of the native-born population.[27]

Additionally, cities such as Dayton[28] have passed "welcoming resolutions"; formal proclamations by local elected leaders expressing their recognition of the importance of immigration to their local economy, and their openness to the continued contributions of immigrants.[29] In Minnesota, local leaders also acknowledge the positive contributions of immigrants. As a member of the Minnesota Chamber of Commerce states: "Immigrants aren't just an asset because they numerically increase the workforce. They are also playing a key role as entrepreneurs in Minnesota and have transformed neighborhoods in both Minneapolis and St. Paul while helping revitalize downtowns in several regional centers around our state."[30]

The Problems with the Current Immigration System

Most observers agree that our current immigration system is outdated and dysfunctional, making it more difficult for the U.S. to compete in the global marketplace and attract the power and potential of high-skilled immigrants and immigrant entrepreneurs. Yet our immigration laws

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[23] Ibid.
[24] Jonathan Rothwell, "Regional Inequality and 'The New Geography of Jobs'" (Washington, DC: The Brookings Institution, August 7, 2012), http://www.brookings.edu/blogs/the-avenue/posts/2012/08/07-regional-inequality-rothwell.
[25] The Chicago Council, *US Economic Competitiveness at Risk: A Midwest Call to Action on Immigration Reform* (Chicago: The Chicago Council on Global Affairs, February 2013).
[26] Welcoming Michigan, http://www.welcomingmichigan.org/content/learn-more.
[27] Global Detroit, *Global Detroit: Final Report* (Detroit, MI: 2010).
[28] Welcome Dayton, http://www.welcomedayton.org/.
[29] Welcoming America: Building a Nation of Neighbors, http://www.welcomingamerica.org/about-us/accomplishments/.
[30] Bill Blazar, Senior Vice President of Public Affairs and Business Development, Minnesota Chamber of Commerce, quoted in The Chicago Council, *US Economic Competitiveness at Risk: A Midwest Call to Action on Immigration Reform* (Chicago: The Chicago Council on Global Affairs, February 2013).

and polices remain mired in the past and are often an impediment to achieving economic growth, job creation, and global competitiveness. As it stands, the current immigration system simply does not provide the right kinds or numbers of visas needed to respond to the legitimate demands of our dynamic economy. High-skilled immigrants face years of waiting for an available visa and an endless array of bureaucratic delays. Immigrant entrepreneurs are completely left out of our current system. And immigrants who are enrolled in or graduates from U.S. universities are increasingly being recruited to other countries where immigration processes are far more welcoming.

Current Visa Caps and Per-Country Quotas are Out-Dated

Our current laws are out of touch with the economic realities of our current economy. The last major revision of our immigration system occurred with the Immigration Act of 1990, which raised the annual ceiling on employment-based immigration from 56,000 to 140,000 and created the five employment-based immigration preferences in place today. Despite dramatic changes to our economy since then (including the entire technology boom), our immigration laws have not been updated to conform to evolving economic realities. For instance, the H-1B visa for highly skilled immigrants is currently capped at 65,000 visas per year, with 20,000 additional visas for foreign professionals who graduate with a Master's or Doctorate from a U.S. university. Since 2003, when the quotas were reduced from 195,000 back down to the 65,000 limit set in 1990, the demand for these visas has outstripped supply every year. In some years, the limit has been reached on the first day the visas are made available. The H-1B and other temporary nonimmigrant visa programs play an important role in U.S. economic growth, innovation, and competitiveness. Companies, including those that make world-class products and deliver services to clients across the economy, rely on these visa programs to fill labor-market gaps and perform critical business functions. A 2012 Brookings Institution report recommends that H-1B visa caps be adjusted each year based not simply on national economic indicators, but on the skill needs of local employers as well as regional economic conditions.[31]

One lesson learned from the immigration reforms of 1986 and 1990 is that it is impossible to predict the business conditions or the demands of the U.S. labor market years in advance. We should not box ourselves in with arbitrary visa caps and per-country quotas.[32] Instances of abuse must be taken seriously, and our permanent and temporary immigration categories can and should be strengthened to guard against fraud and to protect workers. But to deny the important role that these immigration policies play in a global economy is a dangerous mistake. Other countries are spending billions of dollars trying to recruit high-skilled workers, and global competition is only becoming more fierce. For now, the United States continues to be in a position of strength in the global battle for talent. But if we squander this opportunity to reform our immigration system we are jeopardizing a competitive advantage that has been critical to establishing ourselves as the world leader in innovation and entrepreneurship.

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[31] Neil G. Ruiz, Jill H. Wilson, and Shyamali Choudhury, *The Search for Skills: Demand for H-1B Immigrant Workers in U.S. Metropolitan Areas* (Washington, DC: Brookings Institution, 2012).
[32] Immigration Policy Center, *The U.S. Economy Still Needs Highly Skilled Foreign Workers* (Washington, DC: American Immigration Council, 2011).

Talent of Immigrant Students and Graduates in the U.S. is Underutilized

The U.S. immigration system should provide clear and efficient pathways to both permanent residence and temporary work visas for immigrants already studying in U.S. universities, as well as those high-skilled immigrants who came to the U.S. through family-based immigration channels or as refugees and asylees. But, at the same time, the U.S. must also commit to strengthening and encouraging STEM education at the secondary and post-secondary levels. Immigration and education reforms together will help solve the problem of future flow in the STEM fields. Reforming the avenues for high-skilled immigration would be a fast way to solve half the equation, while reforming STEM education in the U.S. is a long-term goal for solving the full equation.

Policy Recommendations and Conclusion

More flexibility is needed in the U.S. immigration system. The permanent-temporary visa dichotomy often fails to work in the best interests of employers or workers. In some cases, employers may only be able to obtain visas for temporary workers when they actually need permanent workers. Workers who arrive on temporary visas may find permanent jobs, but are unable to adjust to a permanent visa under the current system. Our immigration system does not have the flexibility needed to respond to the country's evolving economic needs.

Reforms to high-skilled immigration and immigrant entrepreneur policies should address the needs of both workers and employers. Specifically, reforms should provide job portability, labor protections, and economic opportunities for workers and their families. Reforms should create a nimble and efficient system that responds in real-time to the needs of the market by giving employers the ability to fill positions quickly with workers who are protected from exploitation. Reforms should also provide ample opportunities for immigrant entrepreneurs to spur innovation, job creation, and economic growth for local communities and for the nation as a whole.

We must also be mindful that family-based immigration need not be reduced to improve employment-based immigration. Family-based immigrants contribute to the economy as well. On the one hand, employment-based immigrants in the U.S. are more productive if their families are with them. On the other hand, immigrants who arrive through family reunification are workers and innovators themselves. There is significant research showing that close family relationships facilitate entrepreneurship because families can provide important resources that foster entrepreneurship, such as support in caring for children and working in family-owned businesses. According to data from the Small Business Administration, immigrant women in particular are one of the fastest-growing segments of small business owners in the United States.[33]

As the Independent Task Force on U.S. Immigration Policy noted several years ago: "Immigration has helped make the U.S. economy, despite its recent difficulties, into the world's strongest and most dynamic; maintaining that economic advantage is the foundation of America's influence and power in the world. If the United States loses its economic edge, its power will diminish. Getting immigration policy right is therefore critical to U.S. economic and

[33] Elizabeth Kelleher, "Immigrants Fuel Small Business Growth in the United States," America.gov, March 7, 2008.

political leadership."[34] Furthermore, "immigration has brought to the United States an inordinate share of the world's best talent, which has been a windfall in a global economy where heavy advantages accrue to the most innovative companies and the countries where they are based."[35] Therefore, the U.S. must not squander the brain gain it has enjoyed in the past by letting its outdated immigration system continue to decay. Many other countries around the world have already updated their immigration policies to attract high-skilled workers who are now choosing other destinations when they encounter barriers for U.S. migration. For the U.S. to remain globally competitive, we must embrace the opportunities brought by high-skilled immigrant students, workers, and entrepreneurs.

While Washington continues immigration reform discussions, cities and towns throughout the U.S. confront the economic barriers imposed by a cumbersome and antiquated immigration system on a daily basis. A 2013 report by the Chicago Council on Global Affairs asks: "Where does this leave…regions whose future competitiveness depends on a rational, functioning immigration system?" Their answer: "It leaves us high and dry – economically hamstrung, wasting invaluable human capital and increasingly frustrated by a political impasse that violates our values and ideals."[36] Perhaps that is why Edward Alden of the Council on Foreign Relations has characterized America's failure to reform its immigration system as "national suicide."[37]

[34] Jeb Bush, Thomas F. McLarty III, and Edward Alden, *U.S. Immigration Policy: Independent Task Force Report No. 63* (Washington, DC: Council on Foreign Relations, 2009).
[35] Ibid.
[36] The Chicago Council on Global Affairs, *US Economic Competitiveness at Risk: A Midwest Call to Action on Immigration Reform* (Chicago, IL: February 2013).
[37] Edward Alden, "America's National Suicide," *Newsweek*, April 10, 2011.

Mr. GOWDY. Thank all of the witnesses, and especially for adhering to the time limit. I wish I could give you an award for that, but it would probably break some law.

So with that, I would recognize the Chairman of full Committee, the gentleman from Virginia, Mr. Goodlatte.

Mr. GOODLATTE. Thank you very much, Mr. Chairman.

Mr. Morrison, welcome back to this Committee. I know you have served here before my time, and I have been here a while. And worked in immigration law, as have I and Congresswoman Lofgren. So we appreciate your contribution.

My first question is the other primary, as I said in my opening remarks, the other primary immigrant-receiving countries, U.K., Canada, and Australia, select over 60 percent of their immigrants based on education and skills; the United States only 12 percent. And when you take out family members, only really 6 percent of our immigrant visas go to people with job skills needed in the U.S.

Which type of immigration system do you believe makes the most sense?

Mr. MORRISON. I think the first priority is for us to have an adequate number of green cards for the employment-based system. And there are ways to do that, various ways to do that. And that is the priority. Now, the Congress will choose and this Committee will choose the extent to which the overall number of immigrants can be increased and what priorities ought to be set. Certainly, the IEEE-USA does not believe it is its job to say which other priorities ought to be lower. But we do believe and we have been willing to say that ultimately the country has to choose and that it ought not to shortchange its need for innovators and entrepreneurs in favor of doing something that might be less important to the country as a whole.

Mr. GOODLATTE. Thank you. My next question is, isn't it the case that most employers will want to give new workers a tryout period before committing to the significant resources necessary to sponsor them for a green card? And isn't it better for the national economy that we grant permanent residence to aliens who have already proven themselves on the job, and thus, doesn't the H-1B program work hand in hand with our green card programs in selecting the best recipients?

Mr. MORRISON. I think that there is a problem with that analysis. First, Mr. Garfield was very clear that there are temporary jobs in the H-1B program and it very much ought to be directed at temporary jobs. But when we are filling permanent jobs, the idea is that we are bringing people from abroad and we are asking them to come and choose America as the place where they are going to make their commitment and their investment.

When we do that, the notion of a tryout, you know, come from Korea and spend 3 years or 5 years or 10 years trying out——

Mr. GOODLATTE. Let me interrupt because I have a limited amount of time. I don't disagree with that analysis. But when I practiced immigration law, the reality was that if you were in an American university and—or even in a foreign university, and a company wanted to hire you, the waiting list was so long for the permanent card that they wanted to get you on the H-1B so that they could then begin the process of applying for labor certification and then filing petition for an immigrant visa. And so the two really need to work hand in hand. There definitely are people who should come directly here for green cards, because they have the skills and qualify, and our current law allows that, and there are definitely people who come on an H-1B and do not intend to stay

here permanently. But we also need to have these two programs mesh better than they do now in terms of those people who are going to come here temporarily, and if they do prove their worth, do get the opportunity from employers to move on to a green card.

Mr. MORRISON. The only thing I would say, Mr. Chairman, is that it is not necessary to have that delay in the green card system. And in 1990, we intended to change that. But, unfortunately, what happened in the 1990's, after I was gone, we didn't succeed in keeping that promise. And so we used the H-1B, we stuffed the green card system with huge numbers that created huge backlogs and we also did not deal with the delays inherent in the selection system and the processing system.

That ought to change. The use of optional practical training for those people who are here, the use of other mechanisms to speed admission, including possibly fees, can be a way in which we don't play this tryout game. Because I think the tryout game is wrong.

Mr. GOODLATTE. Let me interrupt you because we can have further discussion about that. I want to get one more question in for Mr. Garfield. And that is, you mentioned in your testimony that Microsoft was forced to locate a product development facility in Vancouver because of the limitations of our immigration laws. Do you believe that other companies will make similar decisions unless our immigration laws are modernized? That is called a softball.

Mr. GARFIELD. Yes, it is. The simple answer is yes, not only would they, but they are. In fact, I was in California just last week and met with a group of investors, and I am sure you guys have heard this story as well, who are literally looking at locating a cruise ship 12 miles off the coast of San Francisco so they can avoid this problem, because they would be in international waters.

The interesting thing, which goes to the point about the complementary nature of the innovation ecosystem and the H-1B's and permanents, is that there are a significant number of U.S. citizens who are applying to be on that cruise ship because they know the benefit of partnering and working with immigrants and how it advances innovation generally. So I agree with you completely that it is a complementary system.

Mr. GOODLATTE. Thank you very much. Thank you, Mr. Chairman.

Mr. GOWDY. Thank you, Mr. Chairman. The Chair would now recognize the gentlelady from California, Ms. Lofgren.

Ms. LOFGREN. Thank you very much, Mr. Chairman. And thanks to these excellent witnesses. I see here officials from the IEEE. It is good to see you here and thank you very much for your support of the Idea Act and the work that you did with me to hone and clarify the issues there.

I think this is an important hearing. And I was mentioning to the Chairman, we can't tell from your testimony who is the majority witness and who is the minority witness, which is a good thing. I think we are all on the same page in wanting to make progress here. And the question is what are the details that need to be attended to.

You know, I think back on my experience in this field. And I always remember a young fellow who had spent 4 years as an undergraduate at Harvard and then it took him 7 years, actually, to get

his Ph.D. at Stanford. And he did a couple years of practical training. And then he had—was on an H-1B, and he got an extension. And he came to me and he said, you know, I have been here 20 years and I am still in limbo. And the question is, do I buy a house? Or do I go someplace else?

And I said, well, just hold on. You know, we are going to fix this system.

What we have now is not competitive. I mean, smart people like that fellow can go anywhere in the world. And he was getting offers from all over the world. So we need to think about how to be competitive for the brightest people in the world, how to allow them to become Americans with us.

I think that the answer is green cards. That doesn't mean that there isn't a place for a reformed H-1B program. But I was noticing in the Chairman's opening statement his comment about Level 1 salaries versus the median in his area. Here is the information from Silicon Valley: Computer and information scientists, researchers, the Level 1 salary is $86,736. The median is $133,577.

For electrical engineers, the Level 1 salary is $71,884, the median is a $105,102.

So I think there is an issue with the Level 1 salaries that we addressed in the Idea Act. We need to make sure that when we are getting the best and brightest we are not actually undercutting American engineers and computer scientists and the like. And that goes both for the green card program as well as for the H-1B program.

I do think—I guess I have a question for Mr. Garfield, I guess it is best directed to you, or Mr. Kamra. Microsoft came out with a white paper a number of months ago recommending increased fees that would be allocated toward education of American students in STEM fields. Do you think that that is something that should be part of what we look at in this package as we are providing greater green cards for the best and brightest? We want also to make science and technology education more accessible to American students. And not as an instead of providing the green cards but in addition to providing immigration reform. What do you think of that, Mr. Garfield?

Mr. GARFIELD. I will answer a direct question with a direct response, which is yes. As a part of improving the entire system. So improved or increased fees by itself is not something that you will have a lot of support for. But as a part of not only attracting the best and the brightest but making sure that those who are born and bred here have access to the same opportunities through science, engineering, and math that others do, then yes. So the one thing that I would add is that there are a number of small businesses who have raised some concern about——

Ms. LOFGREN. Right.

Mr. GARFIELD [continuing]. That fee. And I think those issues can be addressed.

Ms. LOFGREN. It should be tiered so we are not adversely impacting startups and small businesses. But for a company like Microsoft, they were the ones that suggested the fee. That would be something that they could support.

Mr. GARFIELD. Correct.

Ms. LOFGREN. Let me ask—I am running out of time. But it seems to me all the times—I have so many technology companies in my district—that part of being competitive is also having a family immigration system that works. I mean, the number of times a company is called because their hotshot engineer is about to bail out because he has separated from his wife and kids for half a decade is also a problem. Do you see that as part of the solution here, Mr. Garfield and Mr. Kamra?

Mr. GARFIELD. Yes, absolutely. I think Chairman Gowdy made the point that a lot of the iconic brands that were founded by immigrants, and certainly Mr. Johnson made the point as well, didn't come through the high-skilled program. So, yes.

Mr. KAMRA. Absolutely. I think a number of countries out there are competing with us for these kind of immigrants. And spouse, family visas are included as part of the program. And I think we need to be cognizant of that.

Ms. LOFGREN. Thank you very much, Mr. Chairman. My time has expired.

Mr. GOWDY. Thank the gentlelady.

The Chair would now recognize the gentleman from Nevada, Mr. Amodei.

Mr. AMODEI. Thank you, Mr. Chairman.

I was going to ask if anybody thought things ought to stay the same. But I will take the lead from the Ranking Member, clearly nobody thinks the status quo is good. What I would just be interested in is, since you have all testified over a protracted period of time in your remarks, what do you attribute the fact that we are here again today talking about this issue? Why haven't we been able to get traction to make some level of changes? And I want to start in reverse order with you, Mr. Johnson. What do you attribute the fact that you are here urging change again in the face of pretty much inactivity?

Mr. JOHNSON. Well, I think the political rhetoric around this issue, in general, is divisive and often destructive. And I think that makes, you know, charting a political course difficult. I think myths and misinformation abound in this area. And I think as a result of that oftentime we are driven more by bumper-sticker slogans rather than real solutions to a complex system.

So I think the best thing that we can do is start focusing on the facts as we know them and challenge ourselves to be honest in this debate about the importance of immigration in building a stronger economy and a stronger society.

Mr. AMODEI. Thanks.

Mr. Kamra.

Mr. KAMRA. Well, I have not been here before myself.

Mr. AMODEI. Welcome to the club.

Mr. KAMRA. Thank you. I will just note, since I am talking mostly about startup visas, it is getting more urgent every day. I came from Canada, even though I was born in India. Just last week, Canada announced a startup visa program. I would like to think that is not just because I am testifying; they're not trying to get me back. But it is—every country or every—many countries that we compete with for these entrepreneurs are moving ahead of us.

Mr. AMODEI. Mr. Garfield.

Mr. GARFIELD. I think——

Mr. AMODEI. Why are we here talking about this still?

Mr. GARFIELD. I think it is in part what Mr. Johnson said. But I think it is also in part because there is—the previous attempts have focused on moving this issue where there is a broader recognition that this issue is one of the ones on which there is bipartisan agreement. And if we are going to deal with the broader immigration challenge, there is a desire to keep this issue as a part of resolving the broader puzzle. And so I think that has been part of the limitation in the approaches that have been taken.

Mr. AMODEI. So you haven't chosen to use the word "hostage"?

Mr. GARFIELD. I would not use that word. I would use probably as an allure. It is one of those issues that will help build bipartisan support for broader immigration reform. So it is viewed as being an integral part of that broader effort.

Mr. AMODEI. Mr. Morrison, I know things were clicking right along until you left. So what do you attribute the inactivity after you left to?

Mr. MORRISON. Well, obviously, we had great success in 1990 in a bipartisan effort that passed an important bill that was very relevant at that time. But times change and times pass.

Unfortunately, many times our discussions about immigration don't focus on what the problem is in a particular sector of the economy and a particular part of immigration. So there are matters of the structure of our legal immigration system and there are matters of the fact that we have many unauthorized workers here. And those both need to be addressed. But they aren't the same problem. And they shouldn't be talked about as if they are. And sometimes in the politics of this issue, that is the way it has been discussed. And some people have found benefit in doing that in terms of stopping progress. But I think now the Congress seems to be very intent on progress, and that is very encouraging.

Mr. AMODEI. Thank you. I yield back, Mr. Chairman. Thank you.

Mr. GOWDY. I thank the gentleman from Nevada.

The Chair would now recognize the gentlelady from the State of Texas, Ms. Jackson Lee.

Ms. JACKSON LEE. Thank you so very much. And I want to thank the Chairman and the Ranking Member again for these rapid series of hearings which I think are extremely important in creating a record.

Just last week, we were in the Supreme Court on the issue of the Voting Rights Act. And one of the stellar moments was when the Court or the lawyers could not ignore the 15,000 pages of testimony that Congress had established of the relevance of the Section 5. And I am hoping that we create 15,000 pages of advocacy for immigration reform. And it looks like we are on the way to doing so.

So I thank you, gentlemen, for your testimony.

And I want to ask a question of all four of you. Taking a quote from Dr. Robert—well, it does not say Dr. Robert—D. Atkinson, President of the Information Technology and Innovation Foundation, just a quick quote that he has just indicated. "The odds of high skilled passing without comprehensive, and that is immigration reform, is close to zero, and the odds of comprehensive immigration reform passing without high skilled is close to zero."

Mr. Morrison, do you agree to that?

Mr. MORRISON. I think the best thing that the Congress could do right now is to pass comprehensive reform that includes addressing both of the questions.

Ms. JACKSON LEE. Yes.

Mr. Garfield.

Mr. GARFIELD. Just as a political assessment, yes.

Ms. JACKSON LEE. Mr. Kamra?

Mr. KAMRA. Yes, I do agree.

Ms. JACKSON LEE. Mr. Johnson.

Mr. JOHNSON. Yes.

Ms. JACKSON LEE. Thank you.

Mr. Garfield, a lot of us are excited, there is some legislation going on regarding what we call a startup company visa. I am just going to lead into that. There are a lot of creative things that one can do around this need for high tech.

And I want to raise two questions with you on this issue of the high skilled. I tend to not like to use "low skilled," I like to use different skills for those who don't fall into that category. But I want to see where we are to answer the concerns of a lot of Americans on two issues. One, that under the pretense of a high-skilled visa, it would really be technicians who would come to the United States. Those technicians would lower the wages of our trained scientists and high-skilled engineers. Therefore, substituting them for high-skilled engineers, American engineers and scientists. And the other side of the coin is where is our focus on ensuring that the doors of opportunity are open to the—what we hope will be the emerging STEM-qualified Americans, particularly out of Hispanic-serving institutions and historically Black colleges.

So there are two questions. One, would the H-1B visa lead to individuals being techs and getting lower salaries, undermining our scientists and mathematicians? And then where is the Information Technology Industry Council in working with historically Black colleges, Hispanic-serving colleges and building a base of opportunity for those young people?

Mr. GARFIELD. Yes. To question number one, there is a fair amount of discussion earlier on the GAO study from 2011. And one of the conclusions from the GAO study is that there isn't any systematic evidence that controlling for experience and age of an undermining of the prevailing wage in any of the categories.

The other data point from the study——

Ms. JACKSON LEE. You said it does not? I didn't hear you.

Mr. GARFIELD. It does not. Does not.

Is, which I think the Chairman pointed to, was the trend line over the last few years of increasing salaries even at that lower level. That is not to suggest that the H-1B program is perfect and cannot be improved. It is to suggest that it is not worthy of being thrown out. So we can improve it.

As to the second question, it is a great question around accessibility. And one of the points I made earlier is that our companies are actually spending billions of dollars, whether through mentorship programs or improving teacher skills in STEM, to make sure that the 21st century workforce reflects the diversity of

our entire country. And we intend to make it a continued point of focus.

Ms. JACKSON LEE. Thank you. Let me get another question in. Thank the Chairman. One of the issues of the earlier process that we used was again tying visas to s specific employer, therefore stymying the growth of our domestic STEM field. So what type of STEM visa program or system do you recommend that will not tie employees to a specific employer? Maybe I can get Mr. Johnson and Mr. Morrison.

And I would just conclude by, if I could, Mr. Chairman, allow them to answer, just conclude and hope that my colleagues will join me in making sure that the language in any legislation that we support has the emphasis on diversifying this industry with access.

Mr. Morrison on the question of the STEM visa.

Mr. GOWDY. Mr. Morrison and Mr. Johnson, I am going to ask you to answer as efficiently as you can without doing a disservice to the issue.

Ms. JACKSON LEE. Thank you, Mr. Chairman.

Mr. MORRISON. A STEM green card does not tie the employee to the employer. And by using that approach, you get all the autonomy and security for the employee. And the employer keeps the worker the same way the employer keeps an American worker: by paying well and giving good and challenging working conditions.

Ms. JACKSON LEE. Mr. Johnson.

Mr. JOHNSON. I disagree. I think, in fact, portability issues with the H-1B visa, the H-1B visa is completely portable. The day that you get the H-1B, you can transfer employers. Not suggesting that we shouldn't try to strengthen that, particularly if the employee just needs to quit. I mean, grace periods after termination, I think, are really important.

The portability and build being tied to an employer comes in when the employer files a green card petition. That is when you can't change jobs within that company, you can't change employers without having to get to the back of the line. So it seems to me that the real focus of reform and sort of tying employees to employers needs to come in that green card application process, as well as strengthening it in the H-1B context, but really the problem exists in the green card petition.

Mr. GARFIELD. And I-Squared does attempt to resolve that issue and address that challenge.

Mr. GOWDY. I thank the gentlelady from Texas.

The Chair will now recognize the gentleman from North Carolina——

Mr. HOLDING. Thank you.

Mr. GOWDY [continuing]. Former U.S. Attorney, Mr. Holding.

Mr. HOLDING. Thank you very much. Mr. Garfield, I continue to be fascinated with the concept of the fund for STEM education, which you touched on briefly and is in your submitted testimony, and would just ask you to elaborate that, on it a bit more and exactly how it would work and particular benefits that you think that it would draw.

Mr. GARFIELD. Thank you. How it would work is subject to further discussion with the Members of this Committee. It is simply

a recognition of the fact that we have been talking about, which is there is a significant skills gap in this country.

The fastest growing areas of employment in this Nation are in the areas related to science, technology, engineering and math, and yet we all know that high school students graduating today, less than 30 percent of them are proficient in the sciences, less than 50 percent are proficient in math.

And so a fund like the one we are talking about would give us an opportunity to begin addressing that so that we are dealing with our short-term skills issue through H-1B's or the visa program, but also taking steps to make sure that we are dealing with the longer term, more systematic skills challenges that exist in the country.

Fundamentally, I think the bottom line is there is a lot of flexibility in how you could devise that program, and we are willing to work with the Members of this Committee to make sure it works effectively.

Mr. HOLDING. Thank you. The issue we are talking about is near and dear to my heart because my wife is an immigrant and she came here because her father is a very highly skilled worker. He headed engineering and construction worldwide for a pharmaceutical firm in the United States and then headed one in Switzerland. And he has constantly remarked around the dining room table that the United States is one of the most difficult countries to get his teams into to build these facilities. He may want an engineer, you know, one from Switzerland, one from Italy, two from England and one from Germany. And he has built facilities literally in just about every country that has one of these facilities, he has been there.

What are some of the systems in other countries that would be worthy of emulation or further study to see how they are doing it in a way that is productive for their country? And I throw that out to you and then a follow-up to anyone else. So Mr. Garfield.

Mr. GARFIELD. What you describe is exactly what we hear from our companies all the time. There is a website that is popular in our community that has over 80—almost 85,000 open jobs right now, and so it speaks to the issue.

Most of our international competitors are not only adopting programs like I-Squared, which is before you now, or the startup visa program like Canada recently did, but they are actually taking steps to go out and recruit talent like many of our sports teams do. So then rather than leaving it simply to serendipity, they are going to other markets and looking for talent and working to bring them to their country.

And so for us, I think a great starting point is moving I-Squared and the startup visa 3.0, but also looking at ways that we can use our other agencies to go out and attract talent.

Mr. HOLDING. If any other panelist would like to follow up on that?

Mr. JOHNSON. Well, I think there has been a lot of talk about other countries that are, you know, actively engaged in global competition for talent, that is certainly true, but other countries also recognize that it is the entire immigration system that needs to work.

I mean, I think we have got some serious problems when it comes to family members of certain visa holders that aren't allowed to be employed in the United States. That is a real challenge in terms of attracting talent to our shores. Other countries don't tolerate a situation where once somebody is here in the United States, they have to wait 5 to 7 years to be able to petition for another family member.

So I think as a whole, we need to do what other countries are doing, using our immigration system as a tool for recruitment, thinking about it as a kind of resource management rather than only thinking about it from an enforcement perspective, you know, how do we keep people out, instead of how do we attract people through an effective system.

Mr. HOLDING. Only in exclusionary terms.

Mr. JOHNSON. Right.

Mr. HOLDING. Thank you. Mr. Chairman, I yield back.

Mr. GOWDY. Thank you to the gentleman from North Carolina.

The Chair will now recognize the gentleman from Illinois, Mr. Gutierrez.

Mr. GUTIERREZ. Thank you very much. First of all, I would like to thank you, Chairman Gowdy, because once again I think this panel is indicative of your leadership and your desire and the desire of this Committee to resolve this issue. I say that because in each and every instance, each and every panelist is contributing in a meaningful way, and not that you are all identical, but you are all meaningfully contributing to resolving the problem. And we can take from each and every one of you information and ideas that we can include in resolving the issue.

I have to say that unfortunately that has not always been the case, and just so that we are clear, when we were in charge, it wasn't always the case. That is to say, our side most of the time, and I think it is worth repeating, if the majority put up three witnesses, I would have absolutely nothing in common with them and I would probably avoid and not listen, and maybe sometimes to my detriment and to the detriment of the Nation.

I would say, however, that I know that people want to keep having conversations about the past and the inability to get to a solution in the past, but I would say that there was an election and that if there was a big winner in this election, it was the STEM industry, and yet it wasn't people in the STEM industry that caused that victory for you. It was a victory that came from millions upon millions of people in States like Colorado and New Mexico and Florida and Arizona and, yes, Nevada, who came out and said, we want to fix this issue once and for all, and said, we want comprehensive immigration reform, and that includes the STEM industry.

And I just want to say that some of the ideas I hope that we will take a look at are ideas that were fostered by the Ranking Member of this Committee, Zoe Lofgren. I and others proposed legislation that would give up to 50,000 STEM visas. And in our program, there was complete portability; moreover, you got to bring your wife and your children with you right away. Those are the kinds of green cards.

Now, I want to make sure that everybody understands that as we move forward, it is really not about keeping one person hostage to the other. It is really about doing the greatest good for the greatest number of people, and that you are part of an immigrant family. It was almost as you want to say, oh, well, save your thumb and to hell with the rest of your hand. No. I say save the hand. And that hand is important in the functioning, not only of my body, right, but in the functioning of the economy of the United States of America.

And we spend, I think, too much time stressing what my mom and dad didn't have when they came to the United States of America. And they came as migrants to this country, they never graduated from high school. I don't think they did very poorly. I think they did very well. They worked hard, they saved their money, they sent their kids to college and they contributed to the United States of America.

And I would like to thank Chairman Gowdy, because he has really given us, you have really given us a sense and a flavor for the agricultural community that you put such an excellent panel together. And it was interesting. I mean, the millions and millions of people that wake up each and every day to go and work our fields, there is honor and there is dignity, and we should respect that honor and the dignity that their work provides us, because they provide an invaluable service.

And I am just going to say, I don't want my children working those fields. And I don't think any of us send our kids thinking of one day picking peaches or lettuce or tomatoes or grapes or any of the fields in this country. That is hard, back breaking work, but somebody has got to do it, and they should also be afforded the opportunity.

So I would like to thank especially Mr. Johnson, because I read you and I, right, we are pretty much in sync, so thank you so much.

I don't want to take any more time. I just want to say lastly, we are in it together. And understand, I am somebody who is going to practice the greatest good for the greatest number of people. Your industry is in. Please, could you help us so that other sectors of our society can also be in, too use the incredible, how would I say, importance that you have, and credibility that you have on this issue to help others along the way. Hmm?

You know, love God above everything else, but love your neighbor as you love yourself. And I will tell you something, those other immigrants that work the fields, that wash cars and dishes and floors and do so much of the work in this country, they are your neighbors, too, and then we can all be successful together.

Thank you so much for the wonderful testimony you have all provided.

Mr. GOWDY. Thank the gentleman from Illinois.

The Chair will now recognize the gentleman from Idaho, Mr. Labrador.

Mr. LABRADOR. Thank you, Mr. Chairman, and thank you for putting this panel together. Thank you for the work you are doing and thank you to all the Members for their thoughtful questions.

Mr. Morrison, sometimes I think we make the mistake of assuming that our audience understands what we are talking about when we are talking about immigration and they understand the process. I have a really simple question. Can you just walk us through why people are not directly getting their green cards right now? I don't think—if anybody is watching this today, they don't understand why if you have an advanced degree and you have a job that is available to you, why you are not getting your green card right away. Can you explain that for us?

Mr. MORRISON. Yeah. There really are two sources of delay in the system. One is that the number of visas is not sufficient, so we create a waiting list and a backlog. And at the moment that backlog stretches up to 10 years for some people in employment-based categories.

Mr. LABRADOR. So I just want to be clear. I am a person with an advanced degree from a country like China or India, I have a job that is available to me, and in order for me to get a green card right now, I have to wait up to 10 or more years? Is that right?

Ms. LOFGREN. Would the gentleman yield?

Mr. LABRADOR. Yes.

Ms. LOFGREN. I would just like to add in that for India, Bachelor of Science graduates, the recent study shows it is a 70-year wait, seven zero. Thank you for yielding.

Mr. LABRADOR. Thank you.

Mr. MORRISON. So that is one source of delay, but the other source of delay——

Mr. LABRADOR. Before you get to the other source, can you explain how a country like Canada deals with that?

Mr. MORRISON. Well, it depends on whether it is an advanced degree category or not. Canada right now has immediate availability for master's and above, but for bachelor's degrees, it also waits for about 6 to 7 years.

Mr. LABRADOR. So for a master's degree or above, in Canada they get immediate availability.

Mr. MORRISON. You mean—you mean in the United States?

Mr. LABRADOR. No. In Canada it is——

Mr. MORRISON. Oh, I am sorry. That is——

Mr. LABRADOR [continuing]. Immediate availability. In the United States, it is at—it is about 10 years, 6 to 10 years.

Mr. MORRISON. I answered the wrong question.

Mr. LABRADOR. Okay.

Mr. MORRISON. I thought you were saying from Canada as contrasted from——

Mr. LABRADOR. No. I apologize.

Mr. MORRISON [continuing]. Other countries.

Mr. LABRADOR. So in Canada, so if I were an immigrant trying to go to Canada, how would that——

Mr. MORRISON. Canada doesn't keep waiting lists. They have a system by which you apply, you get landed immigrant status or you don't, and if you are turned down, you can apply again, but you don't get on a waiting list. So they don't keep waiting lists. And that source of delay doesn't exist explicitly, but not everybody gets in that first application, so there can be delays in time, but it is usually not as long as ours. But Canada has a system much more

like ours in terms of giving landed immigrant status rather than a temporary program.

Mr. LABRADOR. Okay. Sorry. And you were saying there was a second——

Mr. MORRISON. The other source of delay is processing, and processing has two parts: one is labor certification, demonstrating that the person is needed and an American isn't available, and the other is processing just to do the paperwork. And those two things together can sometimes take months, but oftentimes have taken years. And unless you fix that, employers can't get the person they need in a timely fashion. So you can't focus on one or the other, but it is the long delays that tie people up.

Mr. Johnson is correct when he says that H1B's are fully portable, but most people on H1B's want green cards, and so it is not fully portable, because whoever it is that is going to file for the green card, you are stuck with that employer until you get the green card, and that can go on for as much as a decade.

So you need to get rid of the backlogs by having enough visas, and you need to get the processing expeditious. And you can wed together the idea of fees to support the education of Americans and creating a market mechanism instead of labor certification. In other words, if you charge——

Mr. LABRADOR. Okay. Okay. Mr. Garfield, do you think that this delay, this process that we have is hurting us, our competitiveness in the United States? And number two, do you think it is preventing the emergence of the next Google or the next Facebook or the next big company?

Mr. GARFIELD. It certain—I think yes on both counts. It certainly could. I couldn't resist noting that the use of the very technologies that this country is creating can help us across all of those fronts to the extent that we integrate that into the work that we are doing.

But the thing that has happened over the last 20 years since we last comprehensively dealt with our immigration system or dealt with it in any real meaningful way is that people have become and human capital has become as portable as capital generally, and so people are moving all around the world.

I was recently in China and talking to educators there, and they made the point that the United States is still very attractive for its university system, but increasingly folks who are going to school in the United States are coming back, because it is just easier to come back and build their business here as opposed to staying in the United States, which is not what we want.

Mr. LABRADOR. And by "here," you mean China, right?

Mr. GARFIELD. Correct. Correct.

Mr. LABRADOR. Okay. Thank you very much. I yield.

Mr. GOWDY. Thank the gentleman from Idaho.

The Chair will now recognize the gentleman from Texas, Judge Poe.

Mr. POE. Thank you, Mr. Chairman. Thank you, gentlemen.

Immigration reform has been talked about all my life; I am sure all of your lives, too. We are dealing with a system that is not broken. It is a disaster. All across the board, there are problems in our

immigration model. We have the responsibility to start fixin' them. That is a word, fixin'. And we probably need to start someplace.

I personally think we ought to zero in on workers, verifiable worker program in the U.S. And expand it to other areas. That is my personal belief. So I appreciate what you have talked about.

One concern I have, though, is something that we can control. In the United States in our education system, it seems to me the system doesn't promote the education of Americans in these areas of high-skilled labor, so companies look somewhere else. We have to fix that problem as well. The jobs are there. Companies can't hire Americans, because they are not qualified, and they are not qualified because the education system doesn't educate them to take those jobs.

First question: What does the industry do to move us in a direction to have high school students, college students move into these high-skilled labor jobs rather than go do something else?

Mr. Garfield.

Mr. GARFIELD. Thank you for the question. So there are a couple of different layers to it: one is to—and a lot of resources are being spent on studying how do you get students better prepared coming out of high school and college. And part of it is access, you know, knowing about the opportunities that exist. Part of it is preparing teachers, so to make sure that teachers are proficient in these areas as well. And——

Mr. POE. What is the industry doing?

Mr. GARFIELD. What we are doing is actually addressing it across all fronts. So 4 years ago, we helped to, in partnership with this Administration, create an organization called Change the Equation, which is focused on addressing it at K through 12.

There are companies like Microsoft, IBM, Adobe, Cognizant, I can name a long list, that have programs directed at addressing it across the country. And so we are doing a lot. There is certainly more that we can do.

The point that Congresswoman Jackson Lee made about making sure that we have more diversity in these programs is a good one that we take to heart. And so we are spending billions of dollars trying to deal with it in a systematic and strategic way, but initiatives like I-2 give us an opportunity to deal with it across the country as well.

Mr. POE. The comment that was made by several of you that we bring foreign students over here, they are educated in our schools, they are hired by your industries, then they go home and they compete against us, that kind of irritates me. You know, we educate them, they work for you, they can't stay, they go home, then they compete in China against American companies. That is an issue that I think needs to be addressed as well.

Mr. Kamra, you have been quiet. I want to deal in specifics. Let us get down to the nuts and bolts. Give me three suggestions, ideas that you see we can do, Congress can do, to make the system work better; specific ideas, not rhetoric.

Mr. KAMRA. I think I tried to be pretty specific with my comments on the startup visa. That is one thing, and it is not specifically STEM, it could be any kind of startup. If an entrepreneur, an immigrant entrepreneur can come over without any sort of visa, it

doesn't have to be in country, it doesn't have to be an H-1B, has an idea that he can get funded by an American investor to a certain amount of money, whatever that money is I am not really here to say, and can hire a certain number of employees for a certain number of times, he should be allowed do that. And to the extent he can create employment, that is great.

And there are tests to measure that on an ongoing basis to make sure those employees are real and that the company is progressing.

Certainly we have heard about, as is often said, stapling a green card to the diplomas of STEM graduates from overseas. You mentioned that. That is a very specific thing.

Again, the details, I am not qualified to talk about, but those are a couple of things that the venture capital community would be very interested in seeing happen.

Mr. POE. Thank you. I yield back the rest of my time, Mr. Chairman.

Mr. GOWDY. Thank you, Judge Poe.

I will now recognize myself. They say the last shall be first, so I decided to test that theory and go last.

I do want to thank all of my colleagues. The attendance on the Subcommittee has been phenomenal. I know Judge Poe and Mr. Gutierrez and Ms. Jackson Lee and Ms. Lofgren and others have other commitments, so thanks to everyone for coming.

And my colleagues are what I consider to be highly skilled in this area, whereas I was kind of a small town prosecutor, but I want to ask my questions from that perspective, from folks who are watching perhaps the immigration discussion for the first time. And I want to ask a couple of questions, and I want to recognize each of you, but if you could give me kind of quick responses, that would be great.

Last week we had a hearing that focused on agriculture, and one of the things we wanted to address was the argument that agricultural workers are displacing American workers, and the farmers sought to do that anecdotally and otherwise. That same argument is made in this realm, that immigrants will displace American workers. Give me your single best piece of evidence to either impeach or advance that notion.

We will start with you, Mr. Morrison.

Mr. MORRISON. There is no reason there should be displacement, but there can be displacement in the current system. The existence of a visa which is temporary and which is tied to a specific employer creates an incentive to select a foreign born individual over an American. We need to remove that incentive.

Mr. GOWDY. Mr. Garfield.

Mr. GARFIELD. I think the best data against it is that the entire H-1B program is less than one-tenth of 1 percent of our non-foreign field employment in this country, which would suggest it is pretty small.

I certainly think, as I said earlier, that there are things that we can do to improve the H-1B program to ensure there is no displacement, and we are happy to talk and work with this entire Committee to find those solutions.

Mr. GOWDY. Mr. Kamra.

Mr. KAMRA. As it relates to startups, entrepreneurs create more jobs than just themselves. The numbers are very clear. Every startup creates jobs. They are not displacing U.S. workers, they are hiring them.

Mr. GOWDY. Mr. Johnson.

Mr. JOHNSON. I mean, I think the evidence is—you know, I look at the demographic trends and realities. We just have a lot more Americans, native born folks in the labor force in the middle of our skill sections, not at the top and the bottom, and that is where we see a high number of immigrants, at the low end of the education spectrum and the high end of the education spectrum.

To me that is an indication that the system is generally working in terms of attracting immigrants to fill gaps in our labor market. Lots more details to that, but, you know, at the 60,000-foot level, the fact that these worker profiles match each other is one of the strongest evidence, I think, of complementary nature.

Mr. GOWDY. Those that are just beginning to follow this discussion for the first time will hear something referred to as the point system that other countries may have. Give me a relative merit or demerit of point systems as quickly as you can, and I will get all four. We will start with you, Mr. Johnson.

Mr. JOHNSON. So I think the point system is challenged by two realities. Number one, I think that our ability to identify and assign value to workers based on future needs hasn't proven to be very effective. And number two, I think in general the idea of, you know, identifying and welcoming talent into the labor force is a good thing, but we have to be more sure, have to have some assurance that those folks are landing in the labor market at the right place.

Canada has a real problem with the fact that they have got a lot of really talented people, but they are not in the occupations where their talent exists.

So being able to match people in your labor market is as important as being able to identifying them. And making sure that we respect families in the point system is, I think, incredibly important.

Mr. GOWDY. Mr. Kamra.

Mr. KAMRA. I don't really have a comment on the point system. Sorry.

Mr. GOWDY. Mr. Garfield.

Mr. GARFIELD. One of the challenges we have identified throughout this hearing is bureaucracy, and I think a point system will bring bureaucracy to an already complicated and broken process, and so we would certainly not support that.

Mr. GOWDY. Mr. Morrison, I will get you to go quickly, because I am going to ask one more question before the red light comes on.

Mr. MORRISON. Yes. Our immigration system is a uniquely American way of doing it. Americans choose the next Americans, whether it is employers choosing the people who are most appropriate to work for them or families who choose their members, and that is superior to any government agency trying to score who those people are or who is best.

Mr. GOWDY. Alright. In conclusion, I have a friend back home who is a reporter, he probably would not want me to say he is a

friend, but he had to camp out for several days so his child could go to a public school that focuses on math and science and engineering, literally camped out in a car for 3 days so he could get in line for his child.

What would you say to parents or others who are watching, what can we do to incentivize our young people? I have two children. My son's a philosophy major. I think he wants to work in the fast food industry. That is all I can think of that he can do with that, but, you know, he also did okay in physics in high school, so why did he pick, you know, Wichenstein over physics, I don't know.

What can we do for our own students? And just give me a couple things, and then I will recognize some of my colleagues as we close. You start, Mr. Morrison.

Mr. MORRISON. First, I think more investment in our education system to enrich the training that those people get, but secondly, to make sure that we don't have a system of employment that discourages people with the amount of time it is going to take for them, the Americans, to get the kind of opportunities they need that they would be competing along the way with people who don't have the same opportunities as they do.

So the fair competition at the job stage transfers back to what people—Americans are very smart about where it is going to lead, and if they get negative signals there, they will read those and they will not go into those fields.

Mr. GOWDY. Mr. Garfield.

Mr. GARFIELD. One thing I would add is the tangible connection between STEM and success. And so the story is often told that in many other countries, the challenge we have is that in America, Brittney Spears is Brittney Spears, but in other markets, Steve Jobs is Brittney Spears. And to the extent that we can elevate industries, jobs that require those sorts of proficiencies as a cultural matter, I think we help ourselves.

Mr. GOWDY. Mr. Kamra.

Mr. KAMRA. Since I am from the technology industry, my answer has to do with technology. There is an easy way to learn online now. There are a number of companies, Corte Sierra, Kahn Academy, at all levels taught by professors, qualified teachers, teaching literally hundreds if not thousands of courses that are accessible to everybody, and mostly at no charge. And some of these also provide certificates and degrees. That is a great way, I think, for people to learn without standing in line.

Mr. GOWDY. Mr. Johnson.

Mr. JOHNSON. So I think we can encourage and continue to incentivize businesss that are spending billions of dollars and finding creative ways to do this to continue to do that. And then I would agree with Mr. Garfield. We need to celebrate the Mr. Kamras of the world and lift them up as examples for our kids.

Mr. GOWDY. Thank you. I apologize for going over. I will now recognize the gentlelady from Texas, who wanted to make a brief conclusory—or concluding remark.

Ms. JACKSON LEE. Mr. Chairman, thank you very much. Just a clarification to make sure everyone understood that I am complimentary of both the Chairman and the Ranking Member for creating the basis of thousands of pages of positive testimony as we,

hopefully, move forward to comprehensive immigration reform, which part of this is included.

I just want to extend my hand to my fellow colleagues and to all of you that some of the questions that you asked, Mr. Chairman, on how do we reach our young people, how do we build a base of American workers to complement those who receive the H-1B visas, ultimately green cards. And that will be the question that I will ask the gentlemen if they can expand in writing about real partnerships in educating American young people. And my focus was historically Black colleges and Hispanic serving colleagues, the Prairie View A&M's, the Florida A&M's, the Texas Southern University.

Lastly, I conclude on this question that if you would answer in writing as well, because we are here trying to bring people together, and the question is, as we move forward to have comprehensive immigration reform, bringing in high skilled workers and others in that component, is it necessary that we should reduce the number of family visas and diversity visas as a substitute or to in essence substitute H-1B visas? Do we deny those individuals access, families, those who come under the diversity visa process, is that a necessity in order to get to H-1B? I know that many of you will say Congress sets the numbers, but diversity visas has a particular focus. And I would appreciate, Mr. Chairman, if I could get those answers in writing.

And I thank the Chairman for yielding on what I think has been a very important hearing. And I thank you, gentlemen, very much. Look forward to working with you. I yield back.

[The information referred to follows:]

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Bruce A. Morrison, Chairman
Member of Congress, 1983-1991
Chairman of Federal Housing
Finance Board, 1995-2000

May 19, 2013

Bob Goodlatte, Chairman
Committee on the Judiciary
U.S. House of Representatives
2138 Rayburn House Office Building
Washington, DC 20515

Dear Mr. Chairman:

This letter is submitted to respond to two questions asked by Congresswoman Sheila Jackson-Lee during the Committee's March 5, 2013 hearing on "Enhancing American Competitiveness through Skilled Immigration." My responses are as follows:

1. The Congress should substitute a mandatory or optional fee of a substantial amount (e.g., 15 to 25% of the prevailing wage) as demonstration that an immigrant worker is needed, in place of the bureaucratic and ineffective labor certification system. Funds collected from this fee should be invested in STEM education for Americans. Significant focus should be placed on investing these funds in institutions that serve large numbers of African-American and Latino students.

2. Adequate numbers of green cards can be provided for skilled immigrants without reducing family or diversity visa categories. However, if political disagreements mean that insufficient visas are available to meet the demand for visas from all categories, priority should be given to nuclear families of citizens and immigrants and on skilled workers needed for job-creating employment.

Thank you for the opportunity to respond to these questions.

Respectfully submitted,

Bruce A. Morrison

Phone: (301) 263-1142 **Fax: (301) 263-1141** **E-mail: b.a.m@att.net**

Information Technology Industry Council

April 8, 2013

The Honorable Sheila Jackson Lee
U.S. House of Representatives
2160 Rayburn House Office Building
Washington, D.C. 20515

Dear Representative Jackson Lee:

It was good to see you at last month's House Immigration Subcommittee hearing on high-skilled immigration reform, and I appreciate your comments and questions about the importance of investing in our nation's education system, particularly programs geared toward improving student participation and performance in science, technology, engineering and mathematics (STEM). This is a critical issue for the U.S. technology industry, as well as many other industries that depend increasingly on a high-skilled STEM workforce.

As we discussed, the Information Technology Industry Council (ITI) represents forty-eight of the world's leading information and communications technology companies, including computer hardware and software, Internet services, and wireline and wireless networking companies. ITI is the voice of the high tech community, advocating for policies that advance U.S. leadership in technology and innovation, open access to new and emerging markets, support e-commerce expansion, and enhance our domestic STEM talent pool.

At the hearing, you asked for more information about what our member companies are doing to help ensure that STEM opportunities are available for all young people in our country, particularly those attending historically black colleges and universities (HBCUs) and Latin American colleges and universities. I appreciate the chance to share some key examples of our member company engagement with you.

Our nation has reached a seminal moment, where more must be done to ensure that today's students are adequately prepared for tomorrow's challenges. As the nation continues to evolve into a knowledge-based economy, it is imperative that we take every step necessary to ensure that all students from all backgrounds are armed with the necessary skills to succeed. In the high-tech sector alone, open jobs outnumber qualified applicants by nearly 2 to 1. This skills gap threatens to get even wider in the future. There is no better way to jump start our economy and spur economic growth than to ensure the nation is producing bright and innovative students. Below are four key areas in which our members are actively working to improve STEM opportunities among underrepresented groups.

Information Technology Industry Council

In the Classroom

The high-tech sector has a strong history in supporting path-breaking research conducted by HCBU institutions and students. ITI's members are key drivers in ensuring that all students are given the chance to explore their STEM curiosities in pursuit of academic success.

Our members have forged key partnerships to make certain that initiatives are supported, financial or otherwise. One such partnership is The Semiconductor Research Corporation (SRC), a consortium that counts Intel, IBM, Texas Instruments, Applied Materials, Micron, and AMD among its members. The SRC's Education Alliance supports minorities and women in STEM at the university level, connecting them with in-demand research opportunities. The research carried out by the students is hands-on and industry-relevant.

Through their partnerships with colleges and universities, some of which are HBCUs, companies are engaging in a win-win scenario. First, because of industry support, students are able to experience intellectual growth through their research. Secondly, the program is helping to grow the domestic pipeline of STEM graduates. In 2012, more than 350 students were enrolled in the program, and about 60 percent of those were from underrepresented groups.

Oracle's ICT Vision 2020 is another example of an industry-led initiative to level the STEM playing field. Oracle has partnered with businesses, non-profit organizations, government agencies, and nine HBCUs to increase the number and competitiveness of HBCU STEM graduates. The pilot program launched last year, and will conclude in 2015.

Finally, in 2001, Dell launched an initiative with the Howard University School of Business, allowing students to gain real world experience in supply chain management. More than a decade later, the partnership is still strong, and continues to produce graduates with the skills needed to develop and respond to the latest industry trends and innovations.

Scholarships

ITI is proud of the leadership our members have demonstrated in helping to defray the costs of higher education. Our members give generously, helping to fund scholarships that target a number of underrepresented groups. Members have contributed to the United Negro Scholarship Fund, Congressional Hispanic Caucus Institute Scholarship, American Indian Science and Engineering Society Scholarship, National Society of Black Engineers Scholarship, National Coalition of 100 Black Women

Scholarship, Society of Women Engineers, Hispanic Scholarship Fund, and Black Data Processing Associates Scholarship. Scholarships such as these are often available to deserving students who are pursuing a STEM degree at an accredited college or university.

HP, EMC, IBM, Intel, Motorola, BlackBerry, and Symantec also partner with the National Action Council for Minorities in Engineering (NACME). NACME serves a key role in increasing the number of minority STEM graduates through scholarships and fellowships. In 2007, those universities that partnered with NACME produced more than one-third of all minority engineering graduates. Among those schools that NACME partners with, are Morgan State University, Florida A&M University, North Carolina A&T State University, Tuskegee University, and Prairie View A&M University.

Teacher Training

If we are to be successful in the near and long term in increasing the number of STEM graduates, we have to ensure STEM teachers are armed with the most up-to-date skillsets. A key component in STEM education is ensuring those who teach the material are doing so effectively and making it industry-relevant. Our members offer a number of teacher training programs where industry experts can share cutting edge technologies with educators. Our members also host summits where participating educators can network and share best practice ideas with one another. Even more, in some cases our members are actually helping to craft the curriculum that will be needed to prepare students for today's global marketplace. Oracle provides an excellent example.

Oracle Academy, a program designed to ensure that today's students are afforded a top-flight, in-demand computer science education, touches the lives of about two million students each year in secondary schools, colleges, and universities. The Academy actually helps craft curriculum that will successfully arm students with those skills needed in today's marketplace. Educators are granted access to hundreds of Oracle products for teaching use, and in many instances, educators are given extensive training at no cost to ensure they are able to effectively teach the Oracle Academy curriculum. Fifteen HBCUs are Oracle Academy members.

Retention

Any effort to grow the STEM pipeline has to include retention. Only about 40 percent of students who declare a STEM major upon entering their first year of higher education end up graduating four years later with a STEM degree. No fixed set of items can solve all of our retention problems, but a number of things do help, many of which were already mentioned in this letter. Things like making STEM hands-on and offering scholarship opportunities for students to continue their academic endeavors are both areas that

Information Technology Industry Council

industry and educators have identified as helping to retain students. IBM has taken it a step further, launching a program to identify those students most at risk of dropping out during their first year of higher education.

IBM, with the help of Queensboro Community College, created the Latino STEM Support Network (LSSN) Early Alert System. The LSSN identifies areas that are likely to contribute to a student's decision to leave school before graduating –things like remedial placement, academic standing, attendance, and classroom performance –to serve as an alarm to school administrators should a student begin to slip. The program was launched during the spring of 2011, and the early returns are positive. IBM plans to broaden LSSN use to include additional higher education partners.

The examples I have outlined above are representative of a broad range of programs and initiatives that are underway across the country to build the next generation of STEM innovators and leaders. These efforts have provided numerous opportunities for academic collaboration and greater student participation and achievement among HBCUs and Latin American colleges and universities. I hope you found this information helpful. Should you or your staff have additional questions or would like additional details on these or other programs being undertaken by our member companies, do not hesitate to contact me.

Thank you for your strong interest and leadership on this extremely important matter for our nation's competitiveness and economic security.

Sincerely,

Dean C. Garfield
President and CEO

CALIFORNIA · CONNECTICUT · INDIA · ISRAEL

May 20, 2013

The Honorable Bob Goodlatte
Chairman
Committee on the Judiciary
U.S. House of Representatives
2138 Rayburn House Office Building
Washington, DC 20515

Attn: Graham Owens, B-353 Rayburn House Office Building

Dear Chairman Goodlatte:

Thank you again for the opportunity to testify at the Committee's recent hearing on "Enhancing American Competitiveness Through Skilled Immigration." I appreciate the opportunity to review the transcript of my statement; at this time, I do not have any edits to submit.

In regards to Representative Sheila Jackson-Lee's question (p. 74, "...is it necessary that we should reduce the number of family visas and diversity visas as a substitute or to in essence substitute H-1B visas?") my response for the record is as follows:

I understand from questions raised by several Members of the Committee during the hearing that significant policy concerns remain regarding the multitude of components of any potential immigration reform effort. However, my personal experience and expertise as a former immigrant entrepreneur does not qualify me as an expert in family and diversity immigration policy which would be necessary to formulate a response to Rep. Jackson-Lee's question.

Again, thank you for the time and commitment of your Committee in addressing this topic.

Sincerely,

Deepak Kamra

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25th Anniversary
AMERICAN
IMMIGRATION
COUNCIL

Committee on the Judiciary
Attn: Mr. Graham Owens
B-353 Rayburn House Office Building
Washington, D.C. 20515

June 6, 2013

Dear Representative Jackson-Lee:

Thank you for the honor of speaking before the Committee on the Judiciary at the hearing on "Enhancing American Competitiveness Through Skilled Immigration" and for the opportunity to respond to your questions.

In response to your questions from the Committee about building a base of American workers to complement foreign skilled workers, I agree completely that we must not only reform our immigration system, but must invest in the development of a domestic workforce that is ready, willing, and able to continue leading the world in innovation and entrepreneurship. In the short term, industry employers in science, technology, engineering, and mathematics (STEM) fields report difficulty recruiting individuals with the specific skills necessary for available positions. Over the long term, research shows that there will be significant growth in high-skilled occupations requiring STEM talent. The reality is that the current numbers of STEM graduates in the U.S. are not enough to meet that anticipated growth, particularly when considering the competition for STEM competencies among both STEM and non-STEM employers.

Bolstering the STEM labor force in the U.S. is ultimately both a short-term and long-term endeavor. Creating and strengthening temporary and permanent pathways for foreign-born individuals with STEM skills to contribute to STEM industries will help strengthen our high-skilled workforce in the short term. Encouraging and facilitating greater STEM education and training at the secondary and post-secondary educational levels will help grow the population of workers with STEM skills and competencies over the long term. And there are many ways in which to do that. Businesses and public-private partnerships can contribute in creative ways by funding various education and training programs at all levels. H-1B application fees that fund the STEM Education and Training Account are also part of this long-term approach to strengthening STEM skills among the U.S. native-born population. I commend the STEM Education and Training provision in section 4104 of S.744. This provision takes application fees and applies them toward an Education and Training Account, which will fund low-income scholarships in STEM fields, create STEM scholarships for women and minorities, fund STEM programs in rural, urban, and economically disadvantaged regions in grades K-12, and fund grants to minority-serving institutions of higher education. In this vein, I would also suggest public-private

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partnerships and community programs to foster interest in STEM fields among minority and economically disadvantaged youth.

In response to your question about whether it is necessary to reduce family and diversity visas in order to increase skilled worker visas, the answer is certainly "no." As I mentioned in my testimony, family immigration and reunification is just as important as employment-based immigration. The diversity visa program also serves an important role in providing opportunities to under-represented nationalities to immigrate to the U.S. If the diversity visa program is eliminated by S.744, I hope the point-based system may be modified to provide advantages to under-represented nationalities to allow them to come to the U.S.

In approaching immigration reform, we must always be mindful that family-based and diversity-based immigration need not be reduced to improve employment-based immigration. Family- and diversity-based immigrants contribute to the economy as well. On the one hand, employment-based immigrants in the U.S. are more productive if their families are with them. On the other hand, immigrants who arrive through family reunification and diversity visas are workers and innovators themselves. There is significant research showing that close family relationships facilitate entrepreneurship because families can provide important resources that foster entrepreneurship, such as support in caring for children and working in family-owned businesses.

As we undertake reform to enhance prosperity through immigration, it is critical for us to recognize that very often the best and brightest from around the world come to our shores not only through employment-based channels of immigration, but through family reunification, the admission of refugees and asylees, the diversity visa program, and can even be found within the current population of unauthorized workers. In other words, the quest for talent—and the role of immigrants as job creators, entrepreneurs, and innovators—is not an isolated enterprise. Reforms to one component of the immigration system should not be made at the expense of another. Efforts to expand employment-based immigration by reducing existing family-based immigration are short sighted and self-defeating. Our system should be nimble enough to allow visas numbers in one program to change dynamically without detriment to other areas of immigration. The fact is that all immigrants—regardless of the particular program through which they arrived—contribute to the economy, support working family members, and are often innovators and entrepreneurs.

Thank you again for the opportunity to participate in this hearing. I stand ready to help in any way that I can to assist in the development of immigration laws and policies that reflect our proud tradition as a nation of immigrants.

Sincerely,

Benjamin Johnson
Executive Director

www.americanimmigrationcouncil.org

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Mr. GOWDY. I thank the gentlelady from Texas.

The Chair will now recognize the gentlelady from California for any concluding remarks that she would like to make.

Ms. LOFGREN. Thank you, Mr. Chairman. I will be brief. I think this panel has been terrific, and I want to thank each one of you for what you have added, enriching our understanding of not the challenge, but the opportunity that we have here to make our coun-

try even greater by making immigrants more welcome than they have been.

As I was listening to Ms. Jackson Lee, I was thinking about the startup world. And sometimes it is people with Ph.D.'s, but sometimes it isn't. And I was thinking about Steve Wozniak and Steve Jobs, both—they were not college graduates when they started. As a matter of fact, Steve Wozniak went under a pseudonym to University of California Berkeley because his mother, Margaret Wozniak, who was a wonderful woman, he wanted to please his mother and get his bachelor's degree. This was after Apple was a huge success.

So we need to have the opportunity for entrepreneurs to start businesses, we need to capture the smart people who are geniuses, we need to pump up our economy. And it is not in opposition to making it more viable for Americans to also be achieving in the sciences and technology. These are not either/or. We need to do both.

And I think that given the testimony today and the comments from my colleagues, I have an increased sense of optimism that the Congress is going to come together and come up with sensible approaches that solve the whole challenge that we face in a way that works for America. So thank you, Mr. Chairman, for your leadership in holding this hearing, and I yield back.

Mr. GOWDY. Thank you, gentlelady from California.

On behalf of all of us, we want to thank our panel. Your expertise and acumen is manifest, but I especially am grateful to you for your collegiality toward one another and with this Subcommittee.

With that, we are adjourned. And thank you again.

[Whereupon, at 11:44 a.m., the Subcommittee was adjourned.]

APPENDIX

Material Submitted for the Hearing Record

Statement of Chairman Trey Gowdy
Immigration and Border Security Subcommittee Hearing
"Enhancing American Competitiveness through Skilled Immigration"
March 5, 2013

The American Dream is in large part inextricably intertwined with our economic competitiveness. It is the subcommittee's hope what we ensure our immigration system helps hone -- rather than blunt -- that competitive advantage.

A single visionary newcomer can start a business, generating thousands of jobs. It's vital we keep those jobs here, so that our fellow citizens can experience the most basic of all family values, which is a job. Nearly half of America's top up-and-coming venture-capital backed companies were started by immigrants. To pick just one, Glaukos Corp. has developed a promising new treatment for glaucoma. It was founded by three men including a Norwegian and an Iranian immigrant.

Today's hearing will investigate how we can build a better immigration system and therefore experience more entrepreneurial success, fuelled in no small part by the ideas and innovation of immigrants.

The Bureau of Labor Statistics projects employment in computer and information technology occupations will grow by 22% through 2020. It also projects the fastest employment growth will be in occupations requiring doctorate, professional or master's degrees.

Immigrants play a role in filling these jobs. Foreign students comprise about 37% of the graduates of science, technology, engineering and mathematics – commonly known as STEM -- masters and doctoral programs at U.S. universities. We must take care our immigration system ensures the best and brightest of these foreign students decide to make their careers and their homes in America.

The typical path has immigrant scientists and engineers first studying in the U.S. on student visas, then working for American companies through Optional Practical Training or on H-1B temporary visas, and then being sponsored by their employers for green cards. Today's hearing will investigate whether U.S. immigration policy needlessly blocks this path.

At the same time, we must encourage our children and grandchildren to study in STEM fields. U.S. students need fair access to our institutions of higher education. Some universities in today's tough fiscal climate are actually considering giving preference to foreign full-tuition paying students over our own students. Needless to say, that is unacceptable.

Secondly, U.S. students need to know that viable, lifestyle-friendly, long-term careers will follow from the hard work of studying technical fields in college. Stories still abound about American workers being laid-off and replaced by H-1B workers, even being forced to train their replacements.

American computer scientists face an often-brutal job market after they turn 35. Some argue that the H-1B visa program facilitates this preference for younger workers. The GAO found that while only 38% of American systems analysts, programmers and other computer-related workers are under the age of 35, 83% of the H-1B workers in these occupations are under 35.

While the H-1B program has safeguards to protect the interests of American workers, are these safeguards working as they should? The GAO found H-1B employers categorize over half of their H-1B workers as entry level – which is defined as "perform[ing] routine tasks that require limited, if any exercise of judgment" – and only 6% as fully competent.

The dollar differences are not trivial. In Greenville, South Carolina, the H-1B program's prevailing wage for an electrical engineer is $55,890 for an entry-level worker and $88,920 for a fully competent worker. Are experienced Americans losing out? Today's hearing and subsequent ones will answer these questions factually.

It is encouraging to note that the median salary of H-1B workers approved for initial employment in computer related occupations has increased from $50,000 in 2005 to $64,000 in 2011.

In summary, our skilled immigration policy should meet three goals. It should help ensure our economic growth. It

should ensure that we attract and keep the best and brightest from all around the world. And it should nurture the careers of American students and workers who chose to study and work in these essential fields.

I look forward to today's hearing, and again I welcome our witnesses. With that, I now recognize Zoe Lofgren, the Ranking Member of the Subcommittee.

Prepared Statement of the Honorable Zoe Lofgren, a Representative in Congress from the State of California, and Ranking Member, Subcommittee on Immigration and Border Security

Every Member of this Committee agrees that America is the greatest country on Earth. We must attribute this success to our unparalleled freedoms and abundant natural resources. But there is one other critical factor that cannot be forgotten—immigration.

That the U.S. is the strongest economic and military power on Earth is no accident. It was earned by opening our arms to the world's political and intellectual refugees; by giving them the freedom to take risks and own their own accomplishments, and by fostering a national identity that welcomes strangers to become as American as the rest of us.

For years, we have been on the winning side of the global "brain drain."

But today, we find ourselves on the other side of the drain.

We used to invite the brightest minds in the world to come, make this their home, and become Americans with us. Now we turn them away.

We turn away advanced degree graduates in STEM from our best universities. We turn away entrepreneurs who want to start businesses and create jobs for our constituents. We turn away medical professionals willing to fill gaps in health care shortage areas.

Rather than harness their potential as our country has done for over two centuries, we now tell these people they are not welcome. Worse yet, in this increasingly global economy, we tell them to go home and compete against us from overseas.

The result has been a reverse brain drain. And it is not good for our country.

Immigrant students and entrepreneurs have had a profound impact on the U.S. economy and job creation in America.

- Immigrants were responsible for one quarter of all engineering and technology startups created in the U.S. between 1995 and 2005. The vast majority of these immigrants had advanced STEM degrees, mainly from U.S. universities.
- More than half of startups in Silicon Valley had immigrant founders.
- Immigrants were named as inventors or co-inventors in *one quarter* of international patent applications filed from the U.S. in 2006.
- Due partly to immigration, our country—with just 5% of the world's population—employs nearly ⅓ of the world's scientific and engineering researchers, accounts for 40% of all R&D spending, and publishes 35% of all science and engineering articles.
- This leadership in science and technology, according to the National Academies, has translated into rising standards of living for all Americans, with technology improvements accounting for up to *half of GDP growth* and at least *⅔ of productivity growth* since 1946.
- This is because, according to the Academies, "while only four percent of the nation's work force is composed of scientists and engineers, this group disproportionately creates jobs for the other 96 percent."

A recent report by the Partnership for a New American Economy, a bipartisan group of businesses founded by New York City Mayor Michael Bloomberg and News Corporation CEO Rupert Murdoch, found that *more than 40% of Fortune 500 companies* were founded by immigrants or their children. These companies currently generate a *staggering $4.2 trillion* in revenues each year.

All of these statistics make it clear we must find a way to keep more of these minds in America. In 2005, at the request of Congress, the National Academies issued a very sobering report on the country's eroding economic leadership in science and technology. The Academies reviewed trends across the globe and found that, due in part to restrictive immigration policies, "the scientific and technological building blocks critical to our economic leadership are eroding at a time when many other nations are gathering strength."

According to the report: "Although many people assume that the United States will always be a world leader in science and technology, this may not continue to be the case inasmuch as great minds and ideas exist throughout the world. *We fear the abruptness with which a lead in science and technology can be lost—and the difficulty of recovering a lead once lost, if indeed it can be regained at all.*"

America's greatest advantage in the global economy is our unique ability to innovate and incubate new ideas and technologies. This history of innovation was built both by harnessing native-born, homegrown talent *and* fostering and welcoming the best and brightest immigrants from around the world.

While we focus on the need to welcome those earning graduate degrees in STEM fields from America's greatest universities, it's important to remember that many or our tech innovators did not receive their immigration status based on their degrees but because they were family based immigrants or refugees. Think Google, Yahoo, Intel.

We need to reform our broken immigration system. We can do it all.

Prepared Statement of the Honorable Bob Goodlatte, a Representative in Congress from the State of Virginia, and Chairman, Committee on the Judiciary

The contributions of highly-skilled and educated immigrants to the United States are well-documented. Seventy-six percent of the patents awarded to our top patent-producing universities had at least one foreign-born inventor. According to a recent report, these foreign-born inventors "played especially large roles in cutting edge fields like semiconductor device manufacturing, information technology, pulse or digital communications, pharmaceutical drugs or drug compounds and optics."

A study by the American Enterprise Institute and the Partnership for a New American Economy found that an additional 100 immigrants with advanced STEM degrees from U.S. universities is associated with an additional 262 jobs for natives. The study also found that immigrants with advanced degrees pay over $22,000 a year in taxes yet their families receive less than $2,300 in government benefits.

The United States has the most generous legal immigration system in the world—providing permanent residence to over a million immigrants a year. Yet, how many of those immigrants do we select on the basis of the education and skills they can bring to America? Only 12%—barely more than one out of 10—and that is including the immigrants' family members.

Given the outstanding track record of immigrants in founding some of our most successful companies, how many immigrants do we select on the basis of their entrepreneurial talents? Less than 1%—and that is only if they already have the hundreds of thousands of dollars needed to participate in the investor visa program.

Does any of this make sense, given the intense international economic competition that America faces? Does any of this make sense, given that many talented foreign graduates of our best universities are giving up hope of getting a green card and are packing up and moving home to work for our competitors? Does any of this make sense, given that Indian nationals with advanced degrees sought out by American industry have to wait over eight years for a green card? Does any of this make sense, given that Australia, the United Kingdom and Canada each select over 60% of immigrants on the basis of skills and education? The answer is clearly not.

It is as if we purposely add weights to handicap our horse in order to give our competitors a better shot at the winner's circle. This just doesn't make sense as national economic policy.

The House of Representatives acted last year to rechart our course. We voted by over a hundred vote margin to pass legislation by former Chairman Smith that redirected 50,000 or so green cards a year from winners of the diversity visa lottery toward foreign students graduating from our universities with advanced degrees in STEM fields. That bill would have made all Americans winners. Unfortunately, at the direction of the White House, the bill died in the Senate.

In this new Congress, we can rechart our nation's course anew. We should look at all aspects of high-skilled immigration policy. We can look for ways to improve

our temporary visa programs for skilled workers—such as H–1B and L visas. We can look for ways to improve our temporary visa program for entrepreneurs—the E–2 program. We can look for ways to offer green cards to aspiring entrepreneurs that don't demand that they themselves be rich but that instead rely on the judgment of the venture capitalists who have funded them. We can look for ways to reduce the backlogs for second and third preference employment-based green cards. And we can seek to help the United States retain more of the foreign students who graduate from our universities.

Of course, at the same time, we need to ensure that whatever we do brightens rather than darkens the career prospects of American students and American workers. Even newly-minted PhDs are not immune to sometimes bleak employment prospects.

But attracting the world's best and brightest is decidedly in the interests of all Americans. Just think of the incredible economic windfall that America experienced through the arrival of scientists fleeing Nazism in the 1930s and 1940s. This was one of the factors that enabled the post-war economic boom. Today, talented individuals have many options worldwide as to where to relocate. America needs to regain its place as the number one destination for the world's best and brightest. That should be our goal.

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