Written Testimony of

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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which to evaluate the vital role immigration plays in our economy today, as well as the necessity of retooling our outdated and hopelessly broken immigration system.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

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

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

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

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.

	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%	

 Table 2. Unemployment Rate for U.S.-Citizen Workers in 11 STEM Fields with the Highest

 Dependence on Foreign-Born STEM Workers in 2011

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), <u>http://www.brookings.edu/blogs/the-avenue/posts/2012/06/01-science-oriented-society-rothwell</u>.

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 primarycare 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 highskilled 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 hightech 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-multipliereffects-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 Dayton²⁸ 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

²³ Ibid.

²⁴ Jonathan Rothwell, "Regional Inequality and 'The New Geography of Jobs'" (Washington, DC: The Brookings Institution, August 7, 2012), <u>http://www.brookings.edu/blogs/the-avenue/posts/2012/08/07-regional-inequality-rothwell</u>.

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, <u>http://www.welcomingmichigan.org/content/learn-more</u>.

²⁷ Global Detroit, *Global Detroit: Final Report* (Detroit, MI: 2010).

²⁸ Welcome Dayton, <u>http://www.welcomedayton.org/</u>.

²⁹ Welcoming America: Building a Nation of Neighbors, <u>http://www.welcomingamerica.org/about-us/accomplishments/</u>.

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.

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.