

The background of the top half of the cover features a stylized American flag with white stars on a grey field and wavy stripes in shades of grey and white. A solid blue horizontal band spans the width of the page, serving as a backdrop for the main title.

American Made

2.0

**How Immigrant Entrepreneurs Continue
to Contribute to the U.S. Economy**

by **Stuart Anderson**

NATIONAL FOUNDATION FOR AMERICAN POLICY

NATIONAL VENTURE CAPITAL ASSOCIATION



About the Study

This study commissioned by the National Venture Capital Association was prepared by Stuart Anderson, Executive Director, National Foundation for American Policy, a non-profit, non-partisan public policy research organization.

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Executive Summary

Entrepreneurs are the heroes of a market-based economy, driving innovation and job creation. This NVCA study shows if entrepreneurs are indeed heroes, then immigrant entrepreneurs have made heroic contributions to America's economy. The analysis concludes the contributions of immigrants to the United States would be even greater if Congress adopted the right policies on startups and high skill immigration.

In 2006, the National Venture Capital Association released *American Made: The Impact of Immigrant Entrepreneurs and Professionals on U.S. Competitiveness*. It received significant attention as the first study to examine the role of immigrants in starting venture-funded companies. The study found immigrants started many U.S. venture-backed companies that became publicly traded and that these companies had achieved a significant market value, representing a benefit to the American economy, employees and investors.

The new study used the Thomson Reuters database and performed extensive research to determine the nativity of the founders of U.S. venture-funded companies that became publicly traded between 2006 and 2012. It also updated data on companies with initial public offerings prior to 2006. In addition, privately-held venture-backed companies were surveyed for their views on current immigration policy and potential reforms to the immigration system. The report is divided into three sections. The first section analyzes and presents data on immigrant founders of publicly traded venture-funded companies. The second section presents the results of an NVCA survey of privately-held companies. The final section discusses U.S. immigration policy and innovation. The study also contains profiles of outstanding immigrant founders of venture-backed companies.

Key Findings

Immigrant-Founded Public Venture-Funded Companies

- Successful startup companies illustrate the increasing importance of immigrants to the U.S. economy. Data on initial public offerings (IPOs) show a sharp increase in the economic influence of immigrant founders: 20 percent of venture-funded companies with an initial public offering prior to January 1, 2006, had an immigrant founder. But between 2006 and 2012, immigrants started 33 percent of U.S. venture-backed companies that became publicly traded, a total of 92 such companies. Prior to 1980, only 7 percent of U.S. publicly traded venture-funded companies had an immigrant founder or co-founder.
- Venture-funded companies with at least one immigrant founder that went public between 2006 and 2012 include such well-known names as Facebook, LinkedIn, Zipcar and Tesla Motors.
- The value created to date by immigrant-founded venture-backed companies is extraordinary. Venture-backed publicly traded immigrant-founded companies have a total market capitalization of \$900 billion (as of June 2013). If immigrant-founded venture-backed public companies were a country, then the value of its stock exchange would rank 16th in the world, higher than the exchanges of Russia, South Africa and Taiwan.
- Venture-backed public companies with at least one immigrant founder and the largest market capitalization include Google, Intel, eBay, Facebook, LinkedIn, SanDisk, Altera and Tesla Motors. LinkedIn, Facebook and Tesla all had their initial public offerings since 2010. The combined market capitalization of immigrant-founded venture-backed companies with initial public offerings between 2006 and 2012 exceeds \$167 billion.
- Immigrant-founded venture-backed public companies employ approximately 600,000 people worldwide, the majority in the United States. The companies employ an average of 2,579 employees, with 457 the median number of employees per company. Among the largest employers on the list are Intel, Google, Sanmina, eBay, PAREXEL, and Yahoo!. Immigrant-founded companies that went public since 2006 employ 65,588 people, with annual sales of over \$17 billion.
- Among all venture-backed publicly traded companies with immigrant founders 21 percent had a founder from India, 10 percent from Taiwan, 10 percent from Israel, 8 percent from the United Kingdom, 7 percent from Germany, and 6 percent each from Canada and France. Among the companies with an IPO since 2006, India was the most common country of origin for founders, with the United Kingdom and Germany next, followed by Taiwan, France, Canada and Israel.

- Among all venture-backed companies with an immigrant founder that became publicly traded 57 percent were located in California, 16 percent in Massachusetts, 4 percent in New Jersey, and the remainder in other states. Almost half of the venture-backed publicly traded companies with immigrant founders with initial public offerings since 2006 were located in California. Massachusetts was the second most common headquarters, followed by Maryland, New York and Texas.
- Among companies that became publicly traded prior to 2006, 42 percent of immigrant-founded venture-backed public companies were in high-tech manufacturing, 24 percent in information technology, 21 percent in life sciences, and the rest in professional/technical services, finance/insurance, e-commerce and other services or manufacturing.
- For the immigrant-founded companies with an initial public offering between 2006 and 2012, the leading sector was biotechnology, representing 27 percent of the total. Software was next with 19 percent, followed by semiconductors with 12 percent and medical devices and equipment with 10 percent. Networking and equipment, along with telecommunications, represented 6 percent of the total.
- Thirty-three percent of the entrepreneurs in the survey were foreign-born, matching the proportion among venture-backed companies with an initial public offering since 2006.
- India was the most common country of origin among the immigrant-founded venture-backed privately-held companies with 20 percent of the total. The United Kingdom was next with 15 percent, followed by Canada with 11 percent, France, Israel and Germany.
- Forty percent of the immigrant founders in the survey entered the United States as employment-sponsored immigrants, 38 percent as international students, 13 percent as family-sponsored immigrants, and the rest in another category.
- Sixty-one percent of the privately-held immigrant-founded companies held one or more patents.
- Software, with 41 percent, was the most common industry among the privately-held venture-backed companies with immigrant founders responding to the NVCA survey, followed by biotechnology (11 percent), IT services (9 percent), business services (6 percent), consumer goods/services (5 percent), media/entertainment (5 percent) and energy/clean energy (5 percent).

Immigrant-Founded Private Venture-Funded Companies

To provide greater insight into privately-held venture-backed companies, NVCA sent surveys on immigrant entrepreneurs and immigration policy to venture capital members, who then forwarded the surveys to companies in which they have invested. NVCA received over 600 responses.

- Thirty-six percent of the privately-held venture-backed companies with immigrant founders in the survey were located in California, 29 percent were in Massachusetts, 10 percent in New York, 5 percent in Pennsylvania and the rest in other states.

Private Company Perspectives on U.S. Immigration Policy

- Among all private company founders, both native-born and foreign-born, 79 percent believed, “The process for a foreign-born entrepreneur to enter and remain in the U.S. to start a business is too difficult.”
- According to the NVCA survey, 90 percent of both native-born and foreign-born company founders believe a startup visa category would benefit the U.S. economy. Two-thirds of immigrant entrepreneurs replying to the survey said, “A startup visa category would have been helpful when starting their company in the United States.”
- The Ewing Marion Kauffman Foundation concluded a startup visa with an annual quota of 75,000 could create “nearly 1.6 million new jobs after ten years.”
- The survey results indicate company executives believe America’s immigration system needs to be reformed. Overall, 74 percent of companies agree: “Current U.S. immigration laws for skilled professionals harm American competitiveness.” That is an increase from 66 percent in the 2006 survey.
- The survey comments from companies present a picture of frustration at how ineffectively the U.S. immigration system operates for those attempting to compete globally and create more jobs, products, services and wealth in the United States.
- Under U.S. immigration law, often the only practical way for an employer to hire a skilled foreign national in the United States is on an H-1B temporary visa, but for more than a decade the supply of H-1B visas has

been exhausted before the end of the fiscal year. Fifty-seven percent of the companies replied that “projects had been delayed because of the lack of H-1B visas.” Forty-three percent of the companies said the lack of H-1B visas influenced the company’s decisions to place or hire more personnel in facilities located outside the United States.

- While those who oppose expanding H-1B temporary visas often argue they are preventing the “outsourcing” of jobs to other countries, numerous companies say it is the current restrictions on H-1B visas that push jobs offshore.

U.S. Immigration Policy and Proposed Changes to the Immigration System

Reforms to U.S. immigration policy must address four major problems for employers. First, there is no reliable way for a foreign national to remain in the United States as an entrepreneur. Second, the long wait time for employment-based green cards (permanent residence) makes it more difficult to retain talented individuals in the United States. Third, Congress has failed to allocate a sufficient annual quota of H-1B temporary visas. Fourth, the current process for sponsoring skilled foreign nationals is expensive and bureaucratic.

When companies recruit they find a large proportion of recent graduate students from U.S. universities in key technology fields are foreign nationals. It is illogical to ask companies to reject so many potential job applicants from U.S. universities because such individuals were not born in America. In 2011, 65 percent of those receiving a Ph.D. from U.S. universities in electrical engineering were foreign nationals, while approximately 60 percent of master’s degrees in electrical engineering went to international students, according to the National Science Foundation. In computer science, foreign nationals

earned 50 percent of the Ph.D.s and 47 percent of the master's degrees from U.S. universities were foreign nationals. In mathematics and statistics, 47 percent of the Ph.D.s and 39 percent of the master's degrees went to international students.

S. 744, the “Gang of Eight” Senate immigration bill, and a House bill on skilled immigration would create a new green card category for entrepreneurs, increase the quotas on H-1B visas and supply more employment-based green cards, particularly for those completing a graduate degree in science, technology, engineering or mathematics (STEM) from a U.S. university.¹ S. 744 proposes to eliminate entirely the current backlog of employment-based green cards. On the other hand, both bills would require employers to pay higher wages to H-1B visa holders than comparable U.S. professionals and S. 744 would place many new regulatory requirements on employers and vastly expand the Department of Labor’s investigative authority.

Immigration reform in Congress presents both risks and opportunities for startup companies and their founders. If Congress enacts the solutions proposed by today’s cutting-edge companies – an entrepreneur visa, more temporary visas and green cards for highly skilled foreign nationals, and less government bureaucracy – then we are likely to see more jobs and innovations created in the United States.

Profile

Ping Fu, Chinese-Born Founder of Geomagic, Inc. (Morrisville, NC)



Bend, Not Break is the title of Ping Fu's book detailing her triumph over adversity. At age 8, Chinese authorities removed Ping from her loving adoptive parents and returned her to birth parents she did not know. Shortly afterwards authorities sent away her birth parents, leaving Ping alone with her younger

sister to subsist on meager rations.

While in college Ping examined the impact of China's one-child policy in the countryside. She was arrested and asked to leave the country. Through a family friend she gained admission to the University of New Mexico. When she arrived in America, Ping did not have enough money to pay for the ticket from San Francisco to Albuquerque. The man behind her in line handed her a \$5 bill to make up the difference. "My first impression of Americans – and one that endures to this day – was that they are warm, giving people. The experience offered me this life lesson: When in doubt, always err on the side of generosity."

Ping learned English and worked her way through school as a waitress, passing calculus by learning all the math she never learned in China, starting with a 3rd grade textbook she found in the library. She later transferred to a university in San Diego and began to earn money as a computer programmer. Shunning the opportunity to stay long-term with a startup company, Ping took a job with Bell Labs, which helped her pay for a Ph.D. program at the University of Illinois at Urbana-Champaign.

She worked at the National Center for Supercomputing Applications (NCSA), experimenting with 3D technology, and played a role in helping a soon-to-be-famous student, Marc Andreessen, build one of the first web browsers.

Ping left NCSA and took the bold step of starting her own company, but not one fitting the trend of dot-com companies in the 1990s. Instead, she founded Geomagic, a 3D digital reality company. In 1999 she launched the company after garnering contracts with Boeing and Mattel and raising \$6.5 million in venture capital from Paul Rizzo of Franklin Street Partners. When Geomagic suffered from severe cash flow problems that left it a few months from bankruptcy, Ping put up her home as collateral and took over the reins of CEO (she had been chairman of the board). The company turned around after she negotiated deals to enhance revenue, including one with Invisalign to help orthodontists craft individualized braces for patients.

By 2006 Geomagic's success was recognized when Inc. magazine named Ping Fu its Entrepreneur of the Year. In January 2013, longtime business partner 3D Systems acquired Geomagic. Ping is now 3D Systems's chief strategy officer. "I didn't choose to come to America; I had to leave China," said Ping. "But I did choose to become American. I have embraced this country as my adopted home, and I am fiercely loyal to it. I am humbly grateful every day that my life is an embodiment of the American dream, and I do everything in my power to offer others the same opportunities that I was blessed to have found here."

"I didn't choose to come to America; I had to leave China. But I did choose to become American. I have embraced this country as my adopted home, and I am fiercely loyal to it." – Ping Fu

Section I:

Immigrant-Founded Public and Privately-Held Venture-Funded Companies

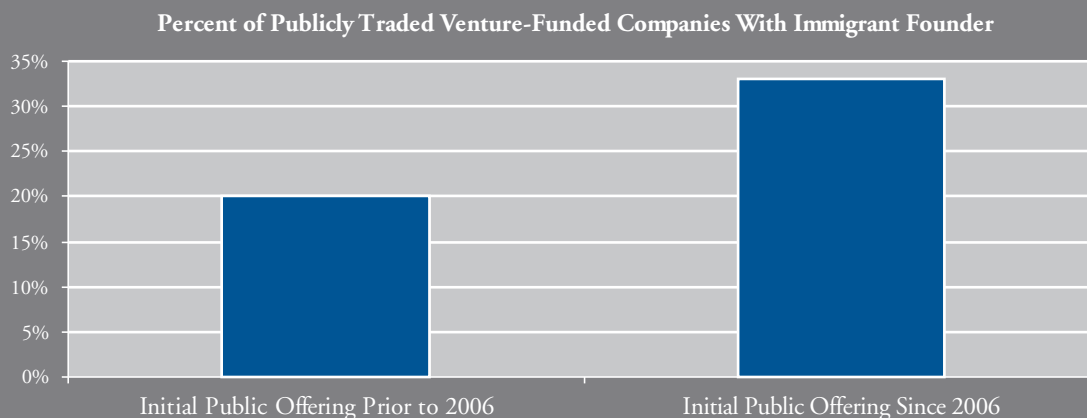
Immigrant-Founded Public Venture-Funded Companies Since 2006

Securing venture capital can mean the difference between life and death for a new company. Without sufficient funds, new companies can be caught in a vicious cycle of needing to increase their resources in order to grow but being unable to grow without sufficient resources. Typically a venture capital firm will receive equity in a company in exchange for financing and operational support of the startup entity. Venture investments in companies are long term – lasting many years and often committing multiple rounds of financing. The ultimate goal is an exit in which a venture-backed company is either

acquired or goes public on a U.S. stock market exchange. When a company becomes publicly traded on a stock exchange it has reached a milestone of success that rewards the founders, employees and its investors.

An examination of successful startup companies that go public illustrates the ongoing importance of immigrants to the U.S. economy. Immigrants started 33 percent of U.S. venture-backed companies that became publicly traded in the past 7 years, a total of 92 of such companies between 2006 and 2012.² Venture-funded companies with at least one immigrant founder that went public between 2006

Table 1
Immigrant-Founded Venture-Backed Companies by Year of IPO



Source: Analysis of publicly traded companies from Thomson Reuters database; Stuart Anderson and Michaela Platzer, *American Made: The Impact of Immigrant Entrepreneurs and Professionals on U.S. Competitiveness*, National Venture Capital Association, 2006.

and 2012 include Facebook, LinkedIn, Zipcar and Tesla Motors.

The trend line is significant. Prior to 1980, only 7 percent of U.S. publicly traded venture-funded companies had an immigrant founder or co-founder, compared to the 33 percent in the past 7 years. And only 8 such companies existed prior to 1980, compared to the 92 companies that went public from 2006 to 2012. Between 1980 and 1989, there were 48 ventured-funded companies started with an immigrant founder that became publicly traded, or 20 percent of U.S. public venture-funded companies during that time period.³

Comparing the date of initial public offering illustrates the increased impact of immigrant founders. Twenty percent of venture-funded companies with an initial public offering prior to January 1, 2006, had an immigrant founder. However, among venture-backed companies whose initial public offering was in 2006 or later, 33 percent had an immigrant founder or co-founder, a proportional rise of about 60 percent among such companies.

As noted in the executive summary, the research was conducted by examining all companies that had received venture capital and had an initial public offering (IPO) between January 1, 2006, and

Table 2
Market Capitalization of Immigrant-Founded Firms vs. World Stock Exchanges

Exchange	Market Capitalization	World Rank
<i>Immigrant-Founded Venture-Backed Public Companies</i>	\$900 billion	16
Johannesburg SE	\$864 billion	17
Singapore Exchange	\$811 billion	18
Taiwan SE Corp.	\$767 billion	19
MICEX/RTS (Russia)	\$740 billion	20
Mexican Exchange	\$556 billion	21
Indonesia Exchange SE	\$504 billion	22
Bursa Malaysia	\$480 billion	23
Stock Exchange of Thailand	\$470 billion	24
Saudi Stock Exchange	\$385 billion	25
Santiago SE	\$329 billion	26

Source: World Federation of Exchanges; immigrant-founded companies valuations as of June 2013; individual exchange values as of April 2013.

Table 3
Leading Immigrant-Founded Venture-Backed Public Companies
Ranked by Market Capitalization

Company	Immigrant-Born Founder or Co-Founder	Country of Birth	Market Capitalization (June 2013)	Industry
Google	Sergey Brin	Russia	\$295 Billion	Web Search
Intel	Andy Grove	Hungary	\$124 Billion	Semiconductors and Related Device Manufacturing
eBay	Pierre Omidyar	France	\$69 Billion	Electronic Auctions
Facebook	Eduardo Luiz Saverin	Brazil	\$59 Billion	Social Network, Media and Entertainment
LinkedIn	Konstantin Guericke, Jean-Luc Vaillant	Germany, France	\$19 Billion	Social Network for Professionals
SanDisk	Eli Harari, Sanjay Mehrotra, Jack Yuan	Israel, India, Taiwan	\$14 Billion	Flash Memory and other Technology
Tesla Motors	Elon Musk	South Africa	\$12 Billion	Automotive
Altera	Rodney Smith	United Kingdom	\$10 Billion	Programmable Logic Devices

Source: Analysis of publicly traded companies from Thomson Reuters database; Stuart Anderson and Michaela Platzer, *American Made: The Impact of Immigrant Entrepreneurs and Professionals on U.S. Competitiveness*, National Venture Capital Association, 2006. Market capitalization as of June 2013. Values rounded to nearest billion.

December 31, 2012.⁴ The research identified the founders of each company and determined if at least one of the founders was foreign-born. To provide a more complete picture the study also updated information reported in 2006 on immigrant-founded venture-backed companies with initial public offerings prior to January 1, 2006.

Market Capitalization of Immigrant-Founded Companies

The value created to date by immigrant-founded venture-backed companies is impressive. If

immigrant-founded venture-backed public companies were a country, then the value of its stock exchange would rank 16th in the world. Examining all venture-backed publicly traded immigrant-founded companies through 2012 finds a total market capitalization of \$900 billion (as of June 2013).

In comparison, the total value of the Johannesburg stock market is \$864 billion, the Singapore Exchange is \$810 billion, Taiwan's exchange is \$767 billion, Russia's stock market (MICEX/RTS) is \$740

billion and the Mexican Exchange is \$556 billion.⁵ The immigrant-founded companies cited above have a market capitalization higher than the stock markets of Thailand and Saudi Arabia combined.

Venture-backed public companies with at least one immigrant founder and the largest market capitalization include Google, Intel, eBay, Facebook, LinkedIn, SanDisk, Altera and Tesla Motors. It is noteworthy that LinkedIn, Facebook and Tesla all had their initial public offerings since 2010. The combined market capitalization of immigrant-founded venture-backed companies with initial public offerings between 2006 and 2012 exceeds \$167 billion.

Employment

Immigrant-founded venture-backed public companies employ approximately 600,000 people worldwide,

the majority in the United States. Among the largest employers are Intel, which Andy Grove (Hungary) helped found, Google, co-founded by Russian-born Sergey Brin, Sanmina, founded by Jure Sola (Bosnia) and Milan Mandaric (Croatia), and eBay, founded by Pierre Omidyar (France). Other notable employers include PAREXEL, a pharmaceutical company founded by Josef H. Rickenbach (Switzerland), and Yahoo!, founded by Jerry Yang (Taiwan). Immigrant-founded companies that went public since 2006 employ 65,450 people, with annual sales of over \$17 billion.

Country of Origin

Examining all venture-backed publicly traded companies with immigrant founders (including those with IPOs before 2006) finds 21 percent of the companies had a founder from India, 10 percent

Table 4
Leading Immigrant-Founded Venture-Backed Public Companies Ranked by Employment

Company	Immigrant-Born Founder or Co-Founder	Country of Birth	Employment (2012)	Industry
Intel	Andy Grove	Hungary	105,000	Semiconductors and Related Device Manufacturing
Google	Sergey Brin	Russia	53,861	Web Search, Internet Publishing
Sanmina	Jure Sola, Milan Mandaric	Bosnia, Croatia	44,879	Circuit Board Manufacturing
eBay	Pierre Omidyar	France	35,100	Electronic Auctions
PAREXEL	Josef H. von Rickenbach	Switzerland	12,695	Pharmaceuticals
Yahoo!	Jerry Yang	Taiwan	11,700	Web Search

Source: Hoover's. Analysis of publicly traded companies from Thomson Reuters database; Stuart Anderson and Michaela Platzer, *American Made: The Impact of Immigrant Entrepreneurs and Professionals on U.S. Competitiveness*, National Venture Capital Association, 2006. Employment reflects 2012 worldwide total.

Profile

Vip Patel, Indian-Born Founder of eHealth Inc. (Sunnyvale, CA)



Here's a question: Can anything good come from food poisoning? In the case of Vip Patel the answer appears to be "yes." After graduating from Stanford University, Vip, who was born in India, became bed-ridden from food poisoning. Lacking health insurance he decided at first to

tough it out. At one point he thought he was going to die. He tried one health facility that he said turned him away because he didn't have health insurance. The experience stuck with him and years later, when the Internet emerged as a tool of commerce, he founded eHealth Inc. and the parent company and website eHealthInsurance.com.

Serving as an online marketplace for primarily individual, small business and family policies, which was part of Vip's initial vision of the company, eHealthInsurance.com now operates in all 50 states and has enrolled more than 3 million people into health plans.

The website today allows users to compare as many as 10,000 health plans offered by 185 different insurance companies. When Congress enacted digital signature legislation more than a decade ago it made it possible for individuals to sign insurance and other documents online, expanding the market possibilities for a company like eHealth. "The goal is to create a broad selection of plans so people have confidence they are seeing as many options as possible," said Brian Mast of eHealth. The company averages 15 to 20 million visitors a year to its website and it sees good opportunities going forward as federal health care legislation establishes both subsidies and requirements related to insurance for individuals, families and businesses. "We want to help enroll anyone who needs health insurance coverage and provide the best consumer experience in the process," said Brian Mast.

Today, eHealth, Inc. employs 772 people, primarily in offices in California.

"To me, knowing that all of our years of labor could result in many more millions of people getting coverage . . . That's a dream fulfilled," said Vip.

"To me, knowing that all of our years of labor could result in many more millions of people getting coverage . . . That's a dream fulfilled." – Vip Patel

from Taiwan, 10 percent from Israel, 8 percent from the United Kingdom, 7 percent from Germany, and 6 percent each for Canada and France. Among the companies going public since 2006, India was the most common country of origin for founders, with the United Kingdom and Germany second and third, Taiwan next, followed by France, Canada and Israel.

Geographic Location

Among all venture-backed companies with an immigrant founder that became publicly traded (both before and after 2006), 57 percent were located in California, 16 percent in Massachusetts, 4 percent in New Jersey, and the remainder spread among other states. Almost half of the venture-backed publicly traded companies with immigrant founders with initial public offerings since 2006 were located in California. Massachusetts was the second most common headquarters, followed by Maryland, New York and Texas.

Industry

Examining companies that became publicly traded prior to 2006, 42 percent of immigrant-founded venture-backed public companies were in high-tech manufacturing, 24 percent in information technology, 21 percent in life sciences, and the rest spread among professional/technical services, finance/insurance, e-commerce and other services or manufacturing.⁶

For the immigrant-founded companies with an initial public offering between 2006 and 2012, the leading sector was biotechnology, representing 27 percent of the total. Software was next with 19 percent, followed by semiconductors with 12 percent and medical devices and equipment with 10 percent. Networking and equipment, along with telecommunications, represented 6 percent of the total. IT services and industrial/energy were 5 percent each, with only a little more than a handful

of companies collectively in financial services, media and entertainment, consumer products and services, computers and peripherals and electronics/instrumentation.

Success Has Many Fathers

The research shows the vast majority of venture-funded companies successful enough to become publicly traded were started by a team of founders, rather than just a single individual. This provides insight into how high-growth businesses are formed. It appears many companies would never have started, never mind succeeded well enough to become listed on a stock exchange, if even one co-founder were removed from the team.

At SanDisk, all three co-founders were immigrants. It is improbable that anywhere but in America could individuals born in three different countries – Israel, India and Taiwan – have come together to start a company. Each proved indispensable to making SanDisk a success. Here is how a history of computing describes the company: “Eliyahou Harari was the visionary, Sanjay Mehrotra was the memory system designer, and Jack Yuan was the device process leader. Collectively, they recognized that properly improved flash memory in combination with a controller could be erased and reprogrammed in blocks, allowing large amounts of data to be stored reliably in a compact, removable format at a low cost. The trio founded SunDisk in Sunnyvale, California in 1988, which later changed its name to SanDisk.” The history goes on to note, “The flash memory technology that they pioneered has revolutionized data storage and become the industry standard. Their work has profoundly impacted such devices as mobile computers, cellular phones, digital cameras and digital music players.”⁷

Glaukos is another company successful due to the unique backgrounds of its founders. During an office visit, Dr. Richard Hill told Olav Bergheim

he had a potential alternative treatment for the glaucoma afflicting Bergheim's young relative. Hill's idea was to "implant a micro-bypass stent into Schlemm's canal to restore physiologic outflow while avoiding the major drawbacks of invasive glaucoma surgeries."⁸

Bergheim, an immigrant from Norway who has invested in a number of startups, decided to provide financial backing for the idea. To develop a prototype, Hill and Bergheim turned to Iranian-born Mory Gharib, Ph.D., a professor at the California Institute of Technology. "Mr. Bergheim, Dr. Hill and Dr. Gharib subsequently formed Glaukos and immediately began development of the micro-bypass stent," explains the company's history. "Dr. Gharib provided the fluid mechanics of the design, as well as technical leadership. One month later, Dr. Gharib developed the first prototype and within one year the first human implant of the micro-bypass stent was performed."⁹

Privately-Held Venture-Backed Companies

To provide greater insight into privately-held venture-backed companies, NVCA sent surveys on immigrant entrepreneurs and immigration policy to venture capital members, which forwarded them to companies in which they have invested. NVCA received over 600 responses.¹⁰

Thirty-three percent of the entrepreneurs in the survey were foreign-born, matching the proportion among venture-backed companies with an initial public offering since 2006.

India was the most common country of origin among the immigrant-founded venture-funded privately-held companies in the survey with 20 percent of the total. The United Kingdom was next with 15 percent, followed by Canada with 11 percent, and then France, Israel and Germany.

Under current law it is generally not possible for a foreign entrepreneur to establish a company and stay permanently in the United States unless sponsored through another part of the immigration system. Forty percent of the immigrant founders in the survey entered the United States as employment-sponsored immigrants, 38 percent as international students, 13 percent as family-sponsored immigrants, and the rest in another category.

Sixty-one percent of the privately-held immigrant-founded companies held one or more patents.

Software, with 41 percent, was the most common industry among the privately-held venture-backed companies with immigrant founders responding to the NVCA survey, followed by biotechnology (11 percent), IT services (9 percent), business services (6 percent), consumer goods/services (5 percent), media/entertainment (5 percent) and energy/clean energy (5 percent).

Thirty-six percent of the privately-held venture-backed companies with immigrant founders in the survey were located in California, 29 percent were in Massachusetts, 10 percent in New York and 5 percent in Pennsylvania.

Among all company founders, both native-born and foreign-born, 79 percent believed, "The process for a foreign-born entrepreneur to enter and remain in the U.S. to start a business is too difficult." The good news is that despite current difficulties, 89 percent of foreign-born founders said they would still choose the United States as the place to start their company.

Among those who said they would not choose the United States today as the location for a new company, current immigration law was cited. One entrepreneur said, "It is easier for me to acquire and grow technical talent outside the U.S. today. It is hard to find qualified technical talent in the U.S.

and scale the talent pool and it is hard to bring in talent into the U.S.” Another replied, “Visa quotas and processes are too cumbersome and space is limited.” And another noted, “It’s too difficult of a process and the insecurity of whether visas are granted makes it hard to plan ahead.”

Section II:

Private Company Perspectives on U.S. Immigration Policy

The NVCA survey asked companies, both those with native-born founders and those with at least one immigrant founder, for their experiences and perspectives on the U.S. immigration system. The responses should be of interest to policymakers, since many of these companies are at the center of the type of job creation and innovation nearly all participants in the immigration debate say they favor.

The survey results indicate company executives believe America's immigration system needs reform. Overall, 74 percent of companies agree: "Current U.S. immigration laws for skilled professionals harm American competitiveness." That represents an increase from 66 percent in the 2006 survey.

The comments from companies present a picture of frustration at how ineffectively the U.S. immigration system operates for those attempting to compete globally and create more jobs, products, services and wealth in the United States.

"My business would be more competitive if I could freely hire the best talent and bring them here to help us grow," said one survey respondent. "Instead I face delays, so I either leave those individuals in other countries where they're less productive due to communications issues (and of course don't pay U.S. taxes) or continue searching and grow my business more slowly."¹¹

Another executive of a small growth company commented: "We allow bright international students to earn degrees from U.S. universities but then we force them to go home. We'd be better off having

them stay here and strengthen our economy than having them strengthen competitive economies. Imagine if a Major League Baseball farm system trained prospects and when they were ready for the Major Leagues they gave those prospects away to another team in its own division."

Under U.S. immigration law, often the only practical way for an employer to hire a skilled foreign national in the United States is on an H-1B temporary visa, which generally can last up to 6 years (with a renewal after three years). For the past decade, the supply of H-1B visas has been exhausted before the end of the fiscal year. That means companies needing to utilize such a visa to hire a foreign national might need to wait several months or even a year before doing so. Fifty-seven percent of the companies replied that "projects had been delayed because of the lack of H-1B visas."

Forty-three percent of the companies said the lack of H-1B visas influenced the company's decisions to place or hire more personnel in facilities located outside the United States. The proportion would likely have been higher except that many of the privately-owned companies in the survey are newer or of a size where a foreign facility is not a viable option.

While those who oppose expanding H-1B temporary visas often argue they are preventing the "outsourcing" of jobs to other countries, numerous companies say it is current restrictions on H-1B visas that push more jobs offshore. "We recently opened an office in India for software developers. We were forced to do this because we simply could not find

qualified people in the U.S. who met our specific technical needs,” noted one company. Another said, “We have decided to hire more in the India office as a result and plan on expanding that office instead of our NY or Philadelphia office.”

Smaller companies are less able to absorb the time and expense of the visa process. “The H-1B process is prohibitively costly and arduous for small companies,” noted one executive. “The cap is often met well in advance by large corporations – we can’t plan our hiring needs more than 6 months in advance.” This comment was echoed by another company: “Looking at what happened with H-1Bs in 2013, the fact that they are all gone after a few weeks is a clear sign that things are wrong. It is unrealistic to assume in today’s economy that companies are able to once-a-year bundle up all their personnel needs and then to find people just in time for the narrow slot of the H-1Bs.”

Companies believe U.S. immigration restrictions harm their ability to compete globally. “Outstanding talent in Europe was lost to competitors because we couldn’t provide a visa to allow individuals (in three cases) to work on our team in Silicon Valley,” noted one respondent. Another executive said, “Our product development roadmap has been slowed down due to a lack of available engineers in Silicon Valley.”

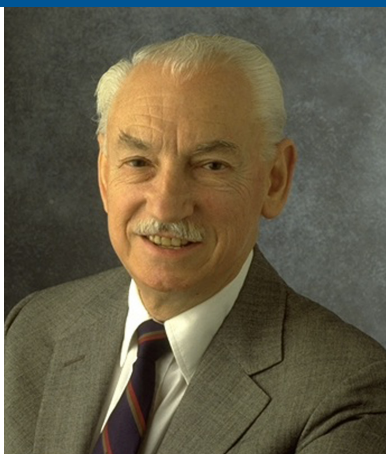
Approximately half of the approximately 600 companies in the survey hired skilled foreign nationals on H-1B temporary visas. Among the companies that used H-1B visas three reasons were cited in about equal proportion:

- Quantity: We can’t find enough American-born workers here to meet our needs.
- Quality: We need access to skills that American workers do not possess.
- Targeted hiring: We identify specific individuals for their skills and bring them here.

Three-quarters of the companies in the survey used H-1B visas to hire engineering talent, and approximately 40 percent utilized the visa category for IT (information technology) development / programming and scientific R&D (research and development).

Profile

Alejandro Zaffaroni, Uruguay-born founder of Affymax (Palo Alto, CA) and Alexza Pharmaceuticals (Mountain View, CA)



Alejandro Zaffaroni's story shows how immigration can provide opportunities to the immigrant and allow achievement in the adopted country not possible in the country of birth. Alejandro Zaffaroni earned a Bachelors of Science degree at the University of Montevideo in Uruguay. With little opportunity for advanced

research in his small country at that time, Alejandro came to America and earned his Ph.D. in Biochemistry at the University of Rochester (New York) in 1951. He was recruited for a position with the Syntex Corporation in Mexico City and rose to be president of Syntex Laboratories, which moved to Palo Alto, California.

"Zaffaroni was determined to invest in, and invent, alternative means of drug delivery," explains a Massachusetts Institute of Technology (MIT) tribute. "His graduate work in endocrinology had taught him that the body was able to release vital hormones into the body at a strictly regular rate; Zaffaroni wanted to create drugs that could mimic this timed-release process." At Syntex, Alejandro helped make history when his work with Carl Djerassi and others contributed to the development of the oral contraceptive known as "the Pill," notes MIT. "Zaffaroni faced an uphill climb, because the medical and pharmaceutical industries were still hesitant, through the 1970s and into the '80s, to accept controlled drug delivery."

In 1968, Alejandro founded ALZA, in Palo Alto, and was awarded patents for "controlled-release drug delivery." In addition to working for three decades at ALZA, Alejandro founded several other companies, including DNAX, Affymax and Alexza Pharmaceuticals. In 1995, President Clinton awarded him the National Medal of Technology.

Alejandro overcame a childhood that saw his mother die when he was 12 and his father pass away 5 years later.

Looking back on his long career, Alejandro has reflected on what leads to innovation. "Discovery happens to the prepared mind, and therefore you want to have people who have a very broad perspective, not just a very narrow way of thinking, like a production line in that Charlie Chaplin movie when he had to do just the one thing. That is the last thing that you want," he told *San Jose Mercury News* reporter Jill Wolfson. "I was the first person to leave my little country of Uruguay to come to the United States to get a doctorate in biochemistry. My enthusiasm was so great that I wanted to go all the way." With his success as a serial entrepreneur and medical researcher few could argue with the proposition that Alejandro Zaffaroni has gone all the way.

"I was the first person to leave my little country of Uruguay to come to the United States to get a doctorate in biochemistry. My enthusiasm was so great that I wanted to go all the way." –
Alejandro Zaffaroni

Section III:

U.S. Immigration Policy and Proposed Changes to the Immigration System

Reforms to the U.S. immigration system must address four major problems for employers. First, there is no reliable way for a foreign national to remain in the United States as an entrepreneur. Alex Mehr learned this the hard way. Alex nearly won an entrepreneurship contest at the University of Maryland after starting a business with three classmates. The four young men were all international graduate students. On what he describes as the “worst day of his life” an immigration attorney advised Alex to disband the company. The reason? The immigration service would never approve an H-1B visa for him and his friends as founders of their own company. One of the students left the country. Alex gained permanent residence through luck – winning the Diversity Visa (green card) lottery. About a decade later, Alex re-connected with one of his friends, his college roommate Shayan Zadeh. They developed Facebook applications for uploading videos and it led to another idea. So in an “only in America” story, two immigrants born in the Islamic Republic of Iran started an online dating site called Zoosk, which now employs more than 100 people and has 15 million active users a month.¹² But they accomplished this despite the current immigration system.

A second immigration problem for employers and skilled immigrants is the long wait time for employment-based green cards (permanent residence). This is caused by the low annual quotas and per country limits, which particularly affect immigrants from China and India. An analysis by the National Foundation for American Policy estimated an Indian national sponsored today in the

employment-based third preference (EB-3) category could wait potentially 70 years before receiving a green card.¹³ In the employment-based second preference (EB-2) category, which includes many individuals with advanced degrees, the wait time for many from China has already exceeded 5 years, while Indians have been waiting close to a decade.¹⁴

Third, as noted earlier, an H-1B visa is often the only practical way to hire a skilled foreign national to work long-term in the United States. However, the supply of H-1B visas has been exhausted before the end of every fiscal year from FY 2004 through FY 2014. The FY 2014 quota (65,000 plus a 20,000 exemption for those with graduate degrees from U.S. universities) was oversubscribed in the first week of April 2013 and a lottery was conducted to select petitions within the statutory limits.

Fourth, the current process for sponsoring skilled foreign nationals is expensive and bureaucratic. The American Council on International Personnel and Society for Human Resource Management estimate it could cost over \$19,000 for an initial H-1B petition and a renewal of H-1B status after three years. The groups estimate the cost from the start of the H-1B process through sponsorship for a green card (permanent residence) could reach \$50,000.¹⁵ Moreover, the uncertainty of whether H-1B visas will “run out” is compounded by what companies see as capricious denials for H-1B and L-1 (intracompany transferee) visas. U.S. Citizenship and Immigration Services subjected companies that use H-1Bs to onsite compliance visits totaling over 30,000 in FY 2010 and 2011, though the agency referred only 1 percent of the audits for fraud investigation.¹⁶

For most companies, the Senate immigration bill S. 744 would increase fees by close to \$5,000 for H-1B petitions and would give the U.S. Department of Labor virtually unlimited authority to investigate companies that utilize H-1B visas. It would also force companies to pay higher prevailing wages for H-1B visa holders compared to similar U.S. professionals (generally \$10,000 or more). And it would impose new regulatory requirements on recruitment and nondisplacement of U.S. workers, as well as outplacement to client sites. The legislation imposes additional requirements on companies with 15 percent of their skilled professionals in H-1B status. The bill also would raise the H-1B annual limit in stages, potentially up to 180,000 a year.¹⁷

An Entrepreneur Visa

According to the NVCA survey, 90 percent of both native-born and foreign-born company founders believe a startup visa category would benefit the U.S. economy. Two-thirds of immigrant entrepreneurs replying to the survey said, “A startup visa category would have been helpful when starting their company in the United States.”

A new startup visa would correct the flaw in current U.S. immigration law that generally prevents foreign-born entrepreneurs from staying in the United States unless they received permanent residence through another route, such as family or employer sponsorship. The Startup Act 3.0 would allow foreign entrepreneurs to stay in the United States in temporary status and receive permanent residence if their business enterprise achieved certain thresholds in job creation and investment. An analysis of the bill by the Ewing Marion Kauffman Foundation concluded, “Using the legislative minimum requirements, and applying company and employment survival rates from Census data, we estimate that four-year-old Startup Visa companies would create nearly 500,000 new jobs after ten years.”¹⁸ But the analysis went further. “Assuming that half of the Startup Visa companies would be

technology and engineering companies, we use data on immigrant-founded technology companies in the United States. We estimate that, in this scenario, Startup Visa companies would create nearly 1.6 million new jobs after ten years.”¹⁹

The Kauffman Foundation considered its estimates conservative, noting, “None of these estimates take into account potential high-growth and scale firms or the continued growth of Startup Visa companies after they age out of the program. Nor do they account for a Startup Visa’s impact on innovation, GDP, and productivity.”²⁰

The Kauffman Foundation expressed concern that the Startup Act 3.0 did not create enough visas (75,000) and hoped any regulations would exhibit a “tolerance for failure” in implementing the law (i.e., not all startup businesses will succeed). The Senate immigration bill S. 744 would limit the annual green cards for startup visas to 10,000 a year. That means the Kauffman Foundation estimates on job creation for that bill would be lower than for the Startup Act 3.0. However, both bills allow entrepreneurs to remain in temporary status while awaiting a green card and provide an avenue for permanent residence, which are major improvements over current law for startups and investors.

The Kauffman Foundation’s analysis utilized data, in part, from a study completed on the top 50 venture-funded startup companies in America.²¹ In that study nearly half of the top 50 venture-funded companies, 48 percent, had at least one immigrant founder. One company, Vidyo, now employs more than 200 people. Vidyo was established by Israeli-born immigrant Ofer Shapiro, who worked with two other immigrants to establish the company. Vidyo produces high quality video conferencing available over the Internet at a lower cost than traditional conferencing methods. “We have people, but if we can’t add other people because of immigration restrictions that hurts the local economy because we

could create even more jobs in the United States,” said Shapiro.²²

The Need for Skilled Foreign-Born Professionals

Growing startup businesses and long-established companies have stated the need for access to the global talent pool to fill their labor needs. The low quotas on H-1B visas and employment-based green cards have hampered the ability of companies to compete globally and create more jobs and innovations inside the United States.

The research on the top 50 privately-held companies found the immigrant-founded companies created an average of 150 jobs. In addition, immigrants played an important role in the growth of the top 50 companies. The study found nearly 80 percent of the companies had a foreign-born individual in a key

leadership or product development position, such as chief technology officer or vice president for engineering.²³

When companies recruit on U.S. college campuses or via other means they find a large percentage of recent graduate students in key technology fields are foreign nationals. To ask companies to ignore one-half to two-thirds of potential job applicants from U.S. universities because such individuals were not born in America would damage the competitiveness of such companies. It also would allow foreign competitors to hire these talented individuals – educated in America – to compete globally against U.S. companies.

In 2011, 65 percent of those receiving a Ph.D. from U.S. universities in electrical engineering were foreign nationals, while approximately 60

Table 5
Percent of Ph.D.s Issued to Foreign Students at U.S. Universities in Key Science and Technology Fields (2011)

Field Degree Awarded	Percentage of U.S. Ph.D.s Issued to Foreign Students
Electrical Engineering	65.1
Industrial Engineering	61.1
Civil Engineering	60.5
Mechanical Engineering	56.9
Materials Engineering	56.5
Chemical Engineering	53.8
Computer Science	50.2
Mathematics and Statistics	46.5
Physics	44.4
Aerospace Engineering	44.0
Other Engineering	43.9
Chemistry	40.7

Source: National Science Foundation, Webcaspar, National Center for Education Statistics IPEDS Completion Survey.

Profile

Antje Danielson, German-born Co-Founder of Zipcar (Cambridge, MA)



The late economist Julian Simon often said one of the benefits of immigration is it can make both the immigrant and the native more productive by introducing to each other new ideas and ways of working. The partnership of Antje Danielson and Robin

Chase seems an ideal example of this. Danielson, born in Germany, said she got the idea of a car-sharing company from research she did at Harvard on greenhouse gas reduction. Her energy and environmental background complemented Chase, who had experience in business.

It may have been fate that drew together these two entrepreneurs from different backgrounds. They got to know each other when their kids attended the same kindergarten class. Antje Danielson was developing the commercial concept for car sharing and her husband suggested she partner with fellow parent Robin Chase, who possessed a business degree and wanted to start a company.

“Many immigrants come to the United States with a very high level of education as researchers to work at universities,” Antje said in an interview. “But because they are older than their U.S. counterparts they don’t have the same career opportunities in the academic system. So many of them start to apply their knowledge and skills as entrepreneurs – as did I. The connections I had to the universities were really important.”

The two women worked together on a business plan. The company started after raising just \$75,000 in initial venture capital. Problems emerged like the

cost of security deposits from leasing companies and buying insurance coverage for the vehicles. Mundane tasks like making sure the drivers could get into the cars and the keys were available required technological solutions.

From a handful of cars at its start, Zipcar now has more than 9,000 vehicles and 700,000 members, reports *Entrepreneur*. Avis Budget Group recently acquired the company. From its original two founders Zipcar has grown to over 700 employees.

The partnership of Antje Danielson and Robin Chase at Zipcar seems an ideal example of immigrants and natives introducing to each other new ideas.

Table 6
Percent of Master's Degrees Issued to Foreign Students at U.S. Universities in
Key Science and Technology Fields (2011)

Field Degree Awarded	Percentage of U.S. Master's Degrees Issued to Foreign Students
Electrical Engineering	59.9
Chemical Engineering	52.3
Computer Science	47.2
Materials Engineering	45.4
Industrial Engineering	44.1
Mathematics and Statistics	39.4
Mechanical Engineering	37.3
Physics	34.5
Chemistry	34.1

Source: National Science Foundation, Webcaspar, National Center for Education Statistics IPEDS Completion Survey.

percent of master's degrees in electrical engineering went to international students, according to the National Science Foundation.²⁴ In several engineering subspecialties, such as chemical engineering, mechanical engineering and industrial engineering, the portion of foreign nationals with Ph.D.s or master's degrees ranges from 37 percent to as high as 61 percent.

In computer science, foreign nationals earned 50 percent of the Ph.D.s and 47 percent of the master's degrees from U.S. universities in 2011. In mathematics and statistics, 47 percent of the Ph.D.s and 39 percent of the master's degrees went to international students.²⁵

Immigration Reform

House and Senate immigration bills contain several measures that could improve the situation for both startups and established companies, including establishing a quota of 10,000 green cards a year for

foreign entrepreneurs and increasing the number of H-1B visas available to employers. S. 744 would provide exemptions from the green card quotas for those graduating from U.S. universities with a master's degree or higher from a U.S. university in a STEM field and no longer count dependents of those sponsored against the employment-based quotas. The bill also aims to eliminate the entire employment-based immigration backlog. These reforms are positive and should help U.S. employers compete in the global economy.

In addition to these pro-growth reforms, bills in both chambers contain provisions that would require companies to pay inflated wages to H-1B visa holders. S. 744 also contains a series of measures to impose new recruitment and nondisplacement requirements on employers of H-1B visa holders, as well as much higher fees. The Senate bill also would grant the U.S. Department of Labor far-reaching investigative authority.

Profile

Hoji Alimi, Iranian-born Co-Founder of Oculus Innovative Sciences (Petaluma, CA)



Hoji Alimi was a 16-year-old boy when his prescient father, a general in the Shah's army, decided the time had come to depart Iran. "He walked into the kitchen, threw my passport on the table, and said, 'You're going to the U.S. to finish your education'," Hoji

told Fox Business News. Although not knowing English when he arrived, he finished his last year of high school, worked odd jobs to put himself through college with a degree in biology, and eventually married an American.

"I had to start a new life in a new land, find my voice, and begin a journey to heal my soul," said Hoji. "I remembered the promise I made to my father, which was to be a soldier and never kneel before life . . . and to follow the dream that was in my heart. Courage and dream. I have always kept that promise."

Hoji and his company Oculus Innovative Sciences spent four-and-a-half years developing technology originally found in Japan. The product was used in Japan for the decontamination of cooling pipelines in nuclear facilities. But Hoji and the Oculus team saw the possibilities of using the germ-killing properties for more advanced uses, which led to the development of Microcyn. Used for advanced wound treatment and skin conditions, Microcyn today is approved in 20 countries.

The company also makes Vetericyn to treat 40 different conditions in animals, including hot spots in dogs and strangles and rain rot in horses. Atrapro is used to treat the pain and itching

people experience with Atopic Dermatitis. Oculus Innovative Sciences, based in Petaluma, California, today employs 75 people worldwide.

Coming to America with only his brother was not easy for Hoji. Last year, he saw his father for the first time in more than 25 years. Just as his father knew the time had come for Hoji to leave Iran, he also sensed America would be a land of opportunity for his son.

"I remembered the promise I made to my father, which was to be a soldier and never kneel before life . . . and to follow the dream that was in my heart." – *Hoji Alimi*

Conclusion

Nothing is more important to an economy than openness and competition. Yet policies that promote openness to hard working, foreign-born talent and the perceived competition that creates for U.S. workers inspire political opposition. The good news is an overwhelming body of evidence finds the entry of skilled foreign nationals benefits the competitiveness of U.S. companies in global markets, enhances the U.S. economy and complements, rather than harms, U.S. workers.

According to economists Giovanni Peri (UC, Davis), Kevin Shih (UC, Davis) and Chad Sparber (Colgate University), “An increase in foreign STEM (science, technology, engineering and math) workers of 1 percent of total employment increased the wage of native college educated workers (both STEM and non-STEM) over the period 1990-2000 by 4 to 6 percent.”²⁶ Moreover, the same research found, “The productivity growth and skill biased growth due to growth in foreign STEM workers may explain between 10 and 25 percent of the aggregate productivity growth . . . that took place in the U.S. during the period 1990-2010.”²⁷ Economist Madeline Zavodny, a professor of economics at Agnes Scott College, conducted research that found H-1B visas “correspond to greater job opportunities for U.S.-born workers.” Her study concluded, “Each additional 100 approved H-1B workers being associated with an additional 183 jobs among U.S. natives.”²⁸

No nation has achieved greatness by closing its doors to new people and new ideas. In a global economy, medium-sized and large employers will do whatever is necessary to compete – even if that means hiring or expanding overseas because of restrictive immigration laws. Companies and attorneys note current restrictions on H-1B visas have already led to the development and expansion of overseas facilities, the opposite impact intended by those who have opposed liberalizing U.S. laws on high skill immigration. Continuing the status

quo or imposing new laws that burden employers with more regulations on hiring and retaining high skill foreign nationals will encourage moving more work and resources outside the United States.

For startups and smaller companies the stakes are even higher. Under current law it is difficult for a foreign national to start a company and remain in the United States. “Cases in which entrepreneurs attempting to establish very early-stage technology startups were unable to obtain H-1B or other work visas for themselves and either relocated the project abroad or had to abandon the start-up,” were noted by the Government Accountability Office.²⁹

Moreover, once a company is founded, a startup company is far less likely than a large, established company to have the option of placing personnel overseas to overcome restrictions in U.S. immigration law that could prevent hiring key foreign-born talent in the United States. This is critically important, as research on the top 50 privately-held venture-funded companies shows nearly 80 percent had an immigrant in a pivotal leadership or product development position needed to drive company growth. Sometimes one or two key people can make the difference between failure and success in a startup company.

America is a nation of immigrants and it is a nation of laws. The country’s laws should match our tradition as a nation of immigrants. Immigration reform in Congress presents both risks and opportunities for startup companies and their founders. If Congress enacts the solutions proposed by today’s cutting-edge companies – an entrepreneur visa, more temporary visas and green cards for highly skilled foreign nationals, and less government bureaucracy – then we are likely to see more jobs and innovations created in the United States.

About the Author

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Stuart Anderson is Executive Director of the National Foundation for American Policy, a non-partisan public policy research organization focusing on trade, immigration and related issues based in Arlington, Virginia (www.nfap.com). From August 2001 to January 2003, Stuart served as Executive Associate Commissioner for Policy and Planning and Counselor to the Commissioner at the Immigration and Naturalization Service. Before that Stuart spent four-and-a-half years on Capitol Hill on the Senate Immigration Subcommittee, first for Senator Spencer Abraham and then as Staff Director of the subcommittee for Senator Sam Brownback. Stuart has published articles in *The Wall Street Journal*, *New York Times*, and other publications. He is the author of the book *Immigration* (Greenwood, 2010).

About the National Venture Capital Association

Venture capitalists are committed to funding America's most innovative entrepreneurs, working closely with them to transform breakthrough ideas into emerging growth companies that drive U.S. job creation and economic growth. As the voice of the U.S. venture capital community, the National Venture Capital Association (NVCA) empowers its members and the entrepreneurs they fund by advocating for policies that encourage innovation and reward long-term investment. As the venture community's preeminent trade association, NVCA serves as the definitive resource for venture capital data and unites its nearly 400 members through a full range of professional services. For more information about the NVCA, please visit www.nvca.org.

Endnotes

1. The House bill is H.R. 2131, sponsored by Rep. Darrell Issa (R-CA).
2. This is based on a detailed examination of publicly traded venture-funded companies that included identifying company founders and identifying their place of birth. A company is considered “immigrant-founded” for the purposes of the research if at least one founder was foreign-born. Nicholas Schroer provided valuable research assistance on the project.
3. For a detailed discussion of venture-funded companies that became publicly traded prior to 2006 see Stuart Anderson and Michaela Platzer, *American Made: The Impact of Immigrant Entrepreneurs and Professionals on U.S. Competitiveness*, National Venture Capital Association, 2006.
4. Phone calls and emails were utilized to verify the information when discrepancies or incomplete data were present. Some companies were eliminated because they no longer were in business or no information could be obtained on their founders. In the case of companies that were acquired, data on employment and market capitalization were identified from the date of acquisition. That was done for venture-funded companies with IPOs both before and after 2006.
5. World Federation of Exchanges; values as of April 2013 (the latest available). Thank you to economist Mark Perry for pointing out the comparison.
6. Anderson and Platzer.
7. Biography of Jack Yuan, IEEE Global History Network at http://www.ieeeahn.org/wiki/index.php/Jack_Yuan.
8. <http://www.glaukos.com/about-glaukos/history>. See also Stuart Anderson, *Immigrant Founders and Key Personnel in America's 50 Top Venture-Funded Companies*, NFAP Policy Brief, National Foundation for American Policy, December 2011.
9. Ibid.
10. The respondents were not randomly selected, which means response bias could have entered into the results. In other words, non-respondents to the survey could have different characteristics or viewpoints from those responding. The survey was conducted in April and May 2013.
11. All comments come from the NVCA survey.
12. From the testimony of Stuart Anderson on “The Role of Immigrants in America's Innovation Economy” before the United States Senate Committee on Commerce, Science and Transportation, May 8, 2013. See also Stuart Anderson, *Immigrant Founders and Key Personnel in America's 50 Top Venture-Funded*

- Companies*, NFAP Policy Brief, National Foundation for American Policy, December 2011.
13. Stuart Anderson, *Waiting and More Waiting: America's Family and Employment-Based Immigration System*, NFAP Policy Brief, National Foundation for American Policy, October 2011. The 70-year theoretical wait time is derived from estimating the backlog of Indians in the employment-based 3rd preference (EB-3) and dividing that by the number of Indians who receive permanent residence in the category each year. See also Stuart Anderson on "The Role of Immigrants in America's Innovation Economy." Note: Wait times for nationals of countries other than India typically are 5 years or longer in the EB-3 category.
 14. The July 2013 Visa Bulletin from the U.S. Department of State indicates improvement this year for Indians in the employment-based second preference.
 15. *Navigating the U.S. Employment-Based Immigration System*, American Council on International Personnel and the Society for Human Resource Management, 2013, pp. 62-63.
 16. USCIS Fraud Detection & National Security (FDNS) Directorate Answers AILA Administrative Site Visit & Verification Program (ASVVP) Questions, June 7, 2011, and AILA Verification and Documentation Liaison Committee, USCIS NDNS Meeting, March 28, 2012. According to USCIS, "14,433 H-1B site visits were conducted in FY 2010" and 15,648 were conducted in FY 2011.
 17. Analysis of S. 744.
 18. Dane Stangler and Jared Konczal, *Give Me Your Entrepreneurs, Your Innovators: Estimating the Employment Impact of a Startup Visa*, Ewing Marion Kauffman Foundation, February 2013.
 19. Ibid.
 20. Ibid.
 21. Stuart Anderson, *Immigrant Founders and Key Personnel in America's 50 Top Venture-Funded Companies*. The Ewing Marion Kauffman Foundation provided funding for the study.
 22. Ibid.
 23. Ibid.
 24. National Science Foundation, Webcaspar, National Center for Education Statistics IPEDS Completion Survey.
 25. Ibid.
 26. Giovanni Peri, Kevin Shih and Chad Sparber, "STEM workers, H-1B Visas and Productivity in U.S. Cities," January 29, 2013.
 27. Ibid.
 28. Madeline Zavodny, *Immigration and American Jobs*, American Enterprise Institute and the Partnership for a New American Economy, December 2011.
 29. *H-1B Visa Program: Reforms Are Needed to Minimize the Risks and Costs of Current Program*, Government Accountability Office, GAO-11-26, January 2011, p. 23.

