June 28, 2018

The Honorable Kirstjen Nielsen
Secretary of Homeland Security
Washington, DC 20528
RE: DHS Docket No. USCIS-2015-0006; *International Entrepreneur Rule*

Re: *Removal of International Entrepreneur Parole Program*

Dear Secretary Nielsen,

Engine and Tech:NYC thank you for the opportunity to provide feedback on the removal of the International Entrepreneur Rule ("the Rule"). Our organizations, representing the national startup community and New York City's booming technology industry, respectively, fundamentally believe that the world's brightest innovators should be encouraged to start their companies here in the United States. For that reason, our organizations supported the Department of Homeland Security's International Entrepreneur Rule, which would allow talented foreign-born entrepreneurs to build their companies in the United States, in turn creating jobs and driving economic transformation.

In both October 2016 and August 2017, we submitted comments to the Department of Homeland Security on the Rule, and we do not believe the projected economic success of the Rule has substantially changed since then. Startups continue to be the driving force behind job creation in America, and immigrants play a key role in this success. The July 17, 2017 action did not provide any clear policy reason to rescind the Rule, and as a result, we continue to support its implementation.

We believe the Rule will go a long way towards promoting entrepreneurship and economic growth in America. We've seen firsthand the extraordinary contributions that immigrant entrepreneurs have made in the startup economy. The Rule is estimated to support upwards of 3,000 additional international entrepreneurs who will build innovative companies across the country that will create jobs and spur growth, helping make America as great as it can be.

Introduction

Engine is a technology policy, research, and advocacy organization that bridges the gap between policymakers and startups and works to support the development of technology entrepreneurship. Engine's nation-wide network of advisors, supporters, and members includes entrepreneurs, startups, venture capitalists, technologists, and technology policy experts, many of whom are immigrants and contribute greatly to our thriving startup community.

Tech:NYC is a non-profit trade group that represents the technology industry in New York. Tech:NYC's more-than 600 member companies include large technology firms, small startups, venture capital firms, and large financial services institutions. Tech:NYC's five founding member companies are Oath, Bloomberg, Facebook, Google, and Union Square Ventures and several of its members were founded by immigrant entrepreneurs including Uber, Expa, and Sprinklr.

Both of our organizations strive to foster forward-looking government policies and a regulatory environment in which innovative, new companies with the potential to make an outsized impact on our economy can launch, scale, and thrive throughout the U.S. As such, we submit this testimony in strong support of the proposed International Entrepreneur Rule. We believe the Rule would have a significant positive impact on startup, technology, venture capital, and related industries in the U.S., as well as a positive impact on the U.S. economy overall, as demonstrated in these comments.

Value of the Proposed International Entrepreneur Rule

The International Entrepreneur Rule would allow talented foreign-born entrepreneurs to build their companies in the U.S., in turn creating jobs and driving economic transformation.[1] It is estimated that the Rule would create roughly 200,000 new jobs over the first 10 years after implementation. In fact, given that many startups are in the science, technology, engineering, and mathematics (STEM) fields, in reality this number is likely closer to 300,000.[2] Therefore, we fully support the proposal and believe that rescinding the rule would be incredibly damaging to the health of the U.S. technology sector and the broader economy.

The startup community has been advocating for years for reforms that would allow the world's brightest innovators to start and scale their companies here in the United States. There currently exists no visa program specifically designed to encourage immigrant entrepreneurs to build their startups in America. The Government Accountability Office (GAO) has written about "cases in which entrepreneurs attempting to establish very early-stage technology start-ups were unable to obtain H-1B or other work visas for themselves and either relocated the project abroad or had to

[1] Department of Homeland Security, International Entrepreneur Rule, DHS Docket No. USCIS-2015-0006, (hereinafter "International Entrepreneur Rule"), available at https://www.uscis.gov/sites/default/files/USCIS/Laws/Articles/FR_2016-20663_793250_OFR.pdf.

[2] New American Economy Research Fund, "International Entrepreneur Rule: What Might It Mean for U.S. Workers?," (July 2017), https://research.newamericaneconomy.org/report/international-entrepreneur-rule-what-might-it-mean-for-u-s-workers/

abandon the start-up."[3] Indeed, given that venture capital funding is now less concentrated in the U.S. than it has ever been, the choice to move abroad is increasingly attractive to companies. Ten years ago, almost 75 percent of the world's venture funding was in the U.S.; in 2017 this figure had decreased to 45 percent.[4] We believe implementation of the Rule is a crucial step toward ensuring that this shift in investment funding, and in turn startup concentration, does not continue to move away from the U.S.

This is particularly important now, more than ever, because of heightened efforts in other countries to build startup friendly regulatory environments. Major economies such as Canada, the United Kingdom, and Singapore, have each introduced their own versions of a "startup visa", potentially drawing top entrepreneurial talent away from the U.S. Earlier in June, 2018, the U.K. announced a new visa that specifically aims to "attract the best global talent" to the U.K and establish the country's position as a "world-leading destination for innovation and entrepreneurs."[5] Rescinding the Rule concurrently with these initiatives in other countries is extremely harmful to the U.S.'s reputation as a preeminent hub for startup activity and sends an unwelcoming signal to foreign entrepreneurs considering the U.S. as a center for their businesses. As such, we recommend implementing the IER as one way to cement the U.S's position as a leading innovation economy.

Value of Immigrant Entrepreneurs to the U.S. Economy

Immigrant entrepreneurs play a significant role in the American economy. A recent analysis found that the United States was home to almost 2.9 million immigrant entrepreneurs in 2014,[6] and those entrepreneurs generated $65.5 billion in business income that year.[7] In 2016, immigrant-founded Fortune 500 companies created $5.3 trillion in global revenue.[8] In 2017, the Center for American Entrepreneurship (CAE) found that among the nation's Fortune 500 companies, 43 percent were founded by an immigrant or the child of an immigrant.[9] The percentage included 52 percent of the top 25 firms and 57 percent of the top 35 firms.[10]

This important role extends to the technology and startup sectors. Immigrants are more than twice as likely to start a business as the native-born population.[11] Immigrant entrepreneurs

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[3] Government Accountability Office, "H-1B Visa Program: Reforms Are Needed to Minimize the Risks and Costs of Current Program, GAO-11-26," (January 2011), p. 23, http://www.gao.gov/products/GAO-11-26.
[4] Wall Street Journal Markets, "Silicon Valley Powered American Tech Dominance—Now It Has a Challenger", (April 2018)
[5] United Kingdom Home Office, "New start-up visa route announced by the Home Secretary," (June 2018), https://www.gov.uk/government/news/new-start-up-visa-route-announced-by-the-home-secretary
[6] The Partnership for a New American Economy, "Reason for Reform: Entrepreneurship," (October 2016), http://www.renewoureconomy.org/wp-content/uploads/2016/10/NAE_Entrepreneurship.pdf.
[7] *Id.*
[8] Id.
[9] StartUp USA, "Immigrant Founder of the 2017 Fortune 500 Companies," (June 2017) http://startupsusa.org/fortune500/
[10] Id.
[11] The Partnership for a New American Economy, "Open For Business: How Immigrants Are Driving Small Business Creation In The United States," (August 2012) http://www.renewoureconomy.org/research/open-for-business-how-immigrants-are-driving-small-business-creation-in-the-united-states-2/.

started, in whole or in part, some of the most important technology companies of our time including Google, Intel, Yahoo!, eBay, and WhatsApp. More than half of the companies on the current list of U.S. startups valued at $1 billion or more were started by immigrants.[12] Each of these companies is responsible for creating, on average, 760 jobs within the United States.[13] Immigrant entrepreneurs also started a significant percentage of venture-backed companies that go public, and that percentage is growing: 33 percent of U.S. venture-backed companies that became publicly traded between 2006 and 2012 were started by an immigrant.[14] Among these companies were Facebook, LinkedIn, Tesla Motors, and Zipcar. That percentage is a significant increase over the 20 percent of such companies started before 2006 and seven percent before 1980.[15]

Additionally, studies have confirmed that newer and smaller tech firms are increasingly responsible for job growth and creation.[16] Because foreign entrepreneurs are disproportionately responsible for the creation of new companies, a roadblock to residency in the United States is a roadblock to job creation. The government cannot afford to demonstrate antipathy toward foreign-born entrepreneurs who, in the absence of an accessible visa option in the U.S., will simply choose to take their economic contributions elsewhere in the world.

The Technology Sector's Value to the U.S. Economy

The technology sector is a vital and growing part of the U.S. economy and, as recent employment and income data illustrates, there is a strong argument that the U.S. should take measures to ensure that technology companies continue to develop and make their home here. In 2015, the technology industry provided roughly 6.7 million jobs in the U.S., a total workforce that exceeds many other important sectors such as construction, finance and insurance, motor vehicle manufacturing, and food manufacturing.[17] Technology sector jobs have grown consistently since the Great Recession, with five straight years of growth from 2009 through 2015.[18] Notably, at a time when wage stagnation is so prevalent in the U.S., technology sector jobs pay significantly higher wages when compared with average private sector wages: average annualized wages for the U.S. technology industry were $105,400 in 2015, more than double the average private sector wage for all other private industries that year.[19] Technology jobs also have a ripple effect across the economy. According to research, the creation of one high tech job is

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[12] National Foundation for American Policy, "Immigrants and Billion Dollar Startups", (March 2016), http://nfap.com/wp-content/uploads/2016/03/Immigrants-and-Billion-Dollar-Startups.NFAP-Policy-Brief.March-2016.pdf.

[13] *Id.*

[14] National Venture Capital Association and National Foundation for American Policy, "American Made 2.0, How Immigrant Entrepreneurs Continue to Contribute to the U.S. Economy," http://www.nfap.com/pdf/American%20Made%202.0.Final.pdf.

[15] *Id.*

[16] Ewing Marion Foundation, "The Importance of Young Firms for Economic Growth," (September 2015) https://www.kauffman.org/what-we-do/resources/entrepreneurship-policy-digest/the-importance-of-young-firms-for-economic-growth

[17] CompTIA, "Cyberstates 2016, The Definitive State-by-State Analysis of the U.S. Tech Industry," (2016), https://www.comptia.org/docs/default-source/advocacydocs/cyberstates/comptia-cyberstates-2016-vfinal-v2.pdf?sfvrsn=2.

[18] *Id.*

[19] *Id.*

projected to create 4.3 other jobs in a local economy.[20] In general, tech sector jobs lead to much greater job creation in the wider economy than other sectors. To ensure that the tech sector continues to flourish, we must maintain a competitive advantage in relation to other countries and foster an environment that welcomes entrepreneurs from all over the world.

The Structure and Protection of Parole

The International Entrepreneur Rule (IER) currently allows DHS to utilize its parole authority to grant an authorized stay, on a case-by-case basis, should a foreign entrepreneur demonstrate the public benefit of their business venture. Without a visa process, the Rule is the most "merit-based" system currently available to foreign entrepreneurs. There is no sufficient evidence that foreign entrepreneurs are abusing the DHS parole system to enter into the United States and avoid removal.

In fact, DHS already has robust requirements for foreign entrepreneurs seeking entrance into the United States such as 1) providing a public benefit to the United States; 2) possessing a substantial ownership interest in a start-up entity and 3) playing an essential role in the start-up. The foreign entrepreneur must demonstrate their start-up has received a significant investment of capital from qualified U.S. investors with established records of successful investors and it has been recognized by awards or grants for economic development or job creation from federal, state, or local government entities.

Based on the standing requirements proposed by DHS, foreign entrepreneurs who are granted parole are not at risk of abusing the parole structure. Moreover, DHS maintains sole discretion of the parole process and can weed out bad actors on a case by case basis.

Completely removing the Rule would not only punish the U.S. economy, to the benefit of other nations' economies, but also individuals who seek positive change in our communities. Since the United States does not offer another visa or work permit specifically for foreign entrepreneurs, the removal of the Rule would leave a sizable hole in the tech ecosystem. Moreover, due to the Rule's current instability since implementation, only 10 applicants have sought parole through the Rule, leading America to already face considerable drops in foreign entrepreneurial efforts. At a time when global competition for entrepreneurial talent is intensifying, the U.S. cannot afford to drive foreign entrepreneurs away from the U.S. market.

[20] Engine Advocacy and Bay Area Council Economic Institute, "Technology Works: High-Tech Employment and Wages in the United States," (December 2012), http://documents.bayareacouncil.org/TechReport.pdf.

Conclusion

Engine and Tech:NYC appreciate the opportunity to provide the above comments on the International Entrepreneur Rule and thank the Administration, DHS, and USCIS for their tireless work to ensure that America remain a leader in innovation. We believe that the Rule would go a long way towards promoting entrepreneurship and economic growth in the U.S., and we appreciate your consideration of our comments.

Sincerely,

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