

# National Foundation for American Policy

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## **New Research Finds Immigrant Entrepreneur Visa Could Create 100,000 Jobs; No Minimum Capital Requirements and Small Business Administration Role Keys to New Visa**

### ***Startup Businesses are Responsible for Most Net Job Creation in America***

**Arlington, Va.** – “Establishing a new immigrant visa category aimed at foreign-born entrepreneurs can be an important policy innovation to aid the U.S. economy and American workers,” concludes a new study released today by the National Foundation for American Policy (NFAP), an Arlington, Va.-based policy research group. The study finds facilitating the creation of startup businesses is the most direct route policymakers can take to increase the number of jobs available to Americans.

“A key fact about job creation in America is that startup businesses are responsible for much of the net increase in employment each year,” said NFAP Executive Director Stuart Anderson, the study’s author. Anderson served as head of policy and Counselor to the Commissioner of the Immigration and Naturalization Service (2001-2003) and worked as staff director of the Senate Immigration Subcommittee. “With the debate on immigration becoming increasingly polarized, perhaps this is the type of proposal that can gain support on both sides of the aisle.”

The study, “A New Immigrant Entrepreneur Visa Aimed at Job Creation in America,” can be found on the NFAP website at [www.nfap.com](http://www.nfap.com).

The study cites an analysis from the Ewing Marion Kauffman Foundation that concluded, “[W]ithout startups, there would be no net job growth in the U.S. economy.” This argues for government policies that facilitate new business formation. The new immigrant visa would inject a fresh crop of entrepreneurs into the country and foster job creation. With an allocation of 10,000 visas a year for individual foreign-born entrepreneurs, the new visa category could create up to 100,000 new jobs in the United States every three years.

The study concludes that in designing the new immigrant visa, the key is to avoid the type of high capital requirements (\$500,000 or more) present in the current immigrant investor visa category

or other immigration proposals. The average startup company begins with only approximately \$31,000. Establishing large minimum capital requirements unnecessarily prevents new businesses from being formed.

Entrepreneurs often start with a small amount of capital, relying primarily on revenue streams from customers or clients to hire employees and fund expansion. Under the new visa category, a potential immigrant would submit a business plan to be evaluated by the Small Business Administration and upon judging the ability of the business to employ three or more U.S. workers (non-relatives) the individual would receive conditional permanent residence. That would allow the entrepreneur to adjust status (if already in the country on a temporary visa) or enter the United States. The conditional status would be removed and the green card awarded after two years if the individual satisfied the terms of the new EB-6 (employment-based 6<sup>th</sup> preference) visa by creating the required jobs. U.S. Citizenship and Immigration Services adjudicators and State Department consular officers would be responsible to ensure an individual's admissibility and conduct background and security checks.

No visa numbers would be taken from the immigrant investor visa category (EB-5) when establishing the new entrepreneur visa. The immigrant investor visa program attracts investors, rather than entrepreneurs. "Approximately 90 to 95 percent of individual Form I-526 petitions filed each year are filed by Alien Investors who are investing in Regional Center-affiliated commercial enterprises," according to U.S. Citizenship and Immigration Services. Such valuable investments should be facilitated. However, these investments are primarily for existing projects or expanding ongoing ventures, rather than creating entirely new businesses.

"A new entrepreneur visa would fill an important gap in our immigration system and foster job creation and innovation in America," said Anderson. A grant from the Ewing Marion Kauffman Foundation funded the research for the NFAP paper.

#### **About the National Foundation for American Policy**

Established in the Fall 2003, the National Foundation for American Policy (NFAP) is a 501(c)(3) non-profit, non-partisan public policy research organization based in Arlington, Virginia focusing on trade, immigration and related issues. The Advisory Board members include Columbia University economist Jagdish Bhagwati, Ohio University economist Richard Vedder, former U.S. Senator Spencer Abraham and other prominent individuals. Over the past 24 months, NFAP's research has been written about in the *Wall Street Journal*, the *New York Times*, the *Washington Post*, and other major media outlets. The organization's reports can be found at [www.nfap.com](http://www.nfap.com).

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