



## **Fact Sheet: Universities and the Economic Imperative of Reforming Our Immigration Laws**

Economic growth in a global economy comes from producing and recruiting the world's most talented and hard-working individuals. For generations America's global economic prominence has been driven not only by our ability to train our own citizens, but also by our ability to act as a magnet for talented immigrants from around the world.

This is perhaps most prominent in our universities, which attract talented individuals from around the world who add diverse perspectives to our classrooms and innovative talent to our labs. More than three out of every four patents that our top 10 patent-producing universities earned in 2011 had an immigrant inventor. Especially in fields like science, technology, engineering, and mathematics ("STEM"), the foreign-born students we educate create American jobs -- each advanced degree graduate of a US university who stays here to work in STEM creates about 2.62 additional American jobs.

The US government estimates that, as of January 2013, there were 3.7 million unfilled jobs in our economy, even with nearly 8 percent unemployment ([BLS Job Openings and Labor Turnover](#)). These vacancies make it harder for our companies to grow, create jobs, and stay competitive. There are two viable and complimentary ways to fill these vacancies: (1) Better educating and training native-born Americans so that they have the skills American companies need, and (2) Capitalizing on talented individuals the world over who want to come and fill vacancies in the economy. However, instead of letting immigrants help fill these shortages, the US immigration system allocates just 7 percent of its visas for workforce needs.

A global economy requires a modern immigration system and, as educators and innovators, colleges and universities have a vested interest in ensuring that our immigration laws work to attract talented individuals. Our technology has advanced and our economy has globalized but our immigration system is out of step with everything this country has accomplished over the last half century. At almost 50 years old, our system must be reformed to welcome talented individuals to study in our universities, and then stay here and contribute to our society and economy.

Now is the moment for comprehensive reform to modernize our immigration laws. As Congress prepares to address immigration reform, it is important that its members understand the economic imperative we face. The following studies and facts demonstrate just a few of the many ways that immigrants benefit the US economy, and how immigration reform can be used to boost our economy and create American jobs.

### **Immigrants as entrepreneurs**

- **Immigrants are driving new business growth in the US:** 28 percent of all companies founded in the United States in 2011 had immigrant founders. (Source: [Partnership for a New American Economy, "Open for Business," August 2012 Report](#))
- **Immigrants have created many of America's greatest companies:** 40 percent of Fortune 500 companies were founded by an immigrant or a child of an

immigrant. (Source: [Partnership for a New American Economy, “The ‘New American’ Fortune 500, June 2011 Report](#))

- **Immigrant-owned businesses make huge contributions to US GDP:** Immigrant owned businesses generated more than \$775 billion in revenue for the economy in 2011. (Source: [Partnership for a New American Economy, “Open for Business,” August 2012 Report](#))
- **Immigrant-owned businesses are employing millions of workers:** One in every 10 workers in this country employed at a privately owned business is employed by a business owned by an immigrant. (Source: [Partnership for a New American Economy, “Open for Business,” August 2012 Report](#))
- **Immigrants are far more entrepreneurial than their native-born counterparts:** Immigrants are more than twice as likely as the native born to start a business. (Source: [Partnership for a New American Economy, “Open for Business,” August 2012 Report](#))
- **Immigrants start a quarter of engineering and technology companies founded in the U.S.:** 24.3% of the engineering and technology companies founded in the U.S. between 2006-2012 had at least one founder who was foreign-born. In Silicon Valley, that rate was 43.9%. Nationwide, these companies employed about 560,000 workers and generated \$63 billion in sales in 2012. (Source: [The Kauffman Foundation, “Then and Now: America’s New Immigrant Entrepreneurs, Part VII. October 2012](#)).
- **Latino and Asian business owners create millions of jobs:** Businesses owned by Latinos and Asians employ 4.7 million workers a year. (Source: [Immigration Policy Center, “Strength in Diversity: The Economic and Political Power of Immigrants, Latinos, and Asians.” January 2012](#)).

### Immigrants as inventors

- **Immigrants are inventing the products that will drive American innovation over the coming generation:** More than 3 out of every 4 patents (76%) that the top 10 US patent-producing universities (Caltech, MIT, Stanford, etc.) received in 2011 had an immigrant inventor. (Source: [Partnership for a New American Economy, “Patent Pending,” June 2012 Report](#))
- **Those inventions are growing our economy:** The National Bureau of Economic Research reports that immigrant innovations over the decade between 1990-2000 contributed to growing U.S. GDP by 2.4 percent. (Source: [The National Bureau of Economic Research, “How Much Does Immigration Boost Innovation?” September 2008](#)).
- **Yet the U.S. share of international patents is decreasing.** For the first time in recent years, in 2009 non-U.S. innovators earned more patents than Americans. Contrast that to 1999, when U.S. innovators earned 57 percent of patents worldwide. (Source: [The Brookings Institution, “Creating a ‘Brain Gain’ for U.S. Employers: The Role of Immigration.” January 2011](#)).
- **Our greatest scientists are disproportionately foreign born:**  $\frac{1}{4}$  of the Americans who have won Nobel Prizes have been immigrants, even though they make up just  $\frac{1}{8}$  of the population. (Source: [American Enterprise Institute, “Stop Bickering Over Illegals, Focus on Legal Immigration Reform,” October 2011](#)).

- **Immigrants are essential to filling the massive shortfall we face of STEM workers:** Without these graduates, we will come nowhere close to finding the number of science, technology, engineering, and math (“STEM”) graduates our economy needs. Even if every American advanced degree STEM graduate gets a job after graduation, we will still face a projected shortfall of more than 200,000 advanced-degree STEM jobs by 2018 that we can’t fill. (Source: [Partnership for a New American Economy, “Not Coming to America,” May 2012 Report](#)). Jobs in STEM have grown three times as fast as jobs in the rest of the economy over the last 10 years. (Source: [US Dep’t of Commerce, “STEM: Good Jobs Now and for the Future,” July 2011 Report](#)). More than ¼ of science and engineering firms already report difficulty hiring, and this is only going to get worse because the number of Americans studying STEM is growing by less than 1 percent per year. (Source: [McKinsey, “An Economy that Works,” June 2011 Report](#))
- **US Science and Engineering programs are increasingly dependent on immigrants:** In recent years, nearly half of the doctorates and more than half of the post doctorates in science and engineering at US universities were foreign born. (Source: [National Science Foundation: Science and Engineering Indicators, 2010](#))

### **Immigrant workers make the US workforce more competitive, productive, and flexible**

- **There is a huge skills mismatch in the US:** Even with more than 8 percent unemployment, the US government estimates that there are currently more than 3.8 million jobs in American that we cannot fill because the skills we have do not match the skills we need. (Source: [BLS Job Openings and Labor Turnover Survey](#), current as of January 2013 report).
- **Immigrants fill gaps in our workforce and help keep our workforce dynamic:** Immigrants can help fill these jobs because immigrants and native born have very different vocational profiles. Immigrants are far more likely to be low skilled, but also more likely to be high skilled. For example, in the healthcare industry, immigrants are more than twice as likely to be physicians and surgeons at the high skilled end, but also nearly twice as likely to be low-skilled nursing assistants and home health aides. (Source: [Brookings Institution and the Partnership for a New American Economy, Immigrant Workers in the US Labor Force, March 2012 Report](#))
- **Immigrants’ productivity raises GDP by about \$37 billion per year.** (Source: [The Brookings Institution, “Creating a ‘Brain Gain’ for U.S. Employers: The Role of Immigration.” January 2011](#)).
- **As a result of immigration, 90% of native-born Americans with at least a high-school diploma have seen their wages increase.** (Source: [The Brookings Institution, “Creating a ‘Brain Gain’ for U.S. Employers: The Role of Immigration.” January 2011](#)).
- **Many industries are entirely dependent on immigrant labor:** Roughly 80 percent of all seasonal agriculture workers in the US are foreign born. (Source: [US Department of Labor National Agriculture Workers Survey](#))
- **On average, immigrants improve the living standards of Americans:** Immigrants raise the overall standard of living for American workers by boosting wages and lowering prices. (Source: [The Hamilton Project, “Ten Economic Facts About Immigration,” September 2010](#)).
- **In the long run, immigrants increase overall average incomes:** In the long term, immigrants do not reduce native-born American employment rates, but they do increase

productivity and hence average income. (Source: [Migration Policy Institute, “The Impact of Immigrants in Recession and Economic Expansion.” June 2010](#)).

### **Immigrants as young workers**

- **The US needs young workers:** As baby boomers retire, we are facing a workforce crisis where we will have a shortage of young workers. For 40 years, the number of seniors for every working age adult has been relatively constant at 20 seniors for every 100 working age adults. Over the next 20 years, however, that number is set to spike by 70 percent, so that by 2030 there will be 34 seniors for every 100 working age adults. (Source: Research by USC Professor of Economics Dowell Myers).
- **Immigrants are far more likely to be of working age and can help ease the burden as baby boomers retire:** According to the US Census, the ratio of working adults to seniors was 5 to 1 for the native-born. For immigrants, the ratio is 28 to 1. (Source: [US Census, The 2012 Statistical Abstract, The National Data Book, Table 40](#))

### **The Economic Contribution of DREAMers**

- **Passing the DREAM Act will create jobs and boost economic activity:** Incentivizing DREAMers to pursue college and allowing them to work here legally will add 1.4 million jobs and generate \$329 billion in economic activity over the next 20 years. (Source: [Center for American Progress and Partnership for a New American Economy, The Economic Benefits of Passing the DREAM Act, October 2012 Report](#))

### **Giving legal status to undocumented immigrants would benefit U.S. economy**

- **A path to legal status for undocumented immigrants will increase GDP:** The U.S. stands to gain an estimated \$1.4 trillion over 10 years from comprehensive immigration reform, in addition to a \$116 billion boost in federal tax collection. (Source: [Center for American Progress, “The Economic Effects of Granting Citizenship and Legal Status to Undocumented Workers.” 2013](#)).
- **Newly legalized immigrants will help create jobs:** Higher personal income of newly legalized immigrant workers would generate increased consumer spending – enough to support 750,000 - 900,000 jobs here in the U.S. (Source: [Immigration Policy Center, “The Economic Benefits of Immigration Reform.” January 11, 2010](#)).

### **Other countries are making efforts to recruit the talented immigrants we are turning away**

- Other countries are reforming their immigration laws to recruit the entrepreneurs, scientists, engineers, and other key workers we are turning away. For example, Chile offers \$40,000 to entrepreneurs who start their businesses there, while we don't even have a visa for entrepreneurs to come here. (Source: [Partnership for a New American Economy, “Not Coming to America,” May 2012 Report](#)).