

“A Primer on Immigration and its Effects on the U.S. Market”

By: Richard W. Pierce

Immigration is a hot political topic now. Unfortunately, lost in the heated rhetoric are some very important potential U.S. business and economy benefits that are being neglected and, accordingly, negatively impacted. Perhaps chief among these is the unnecessary loss of graduating STEM (Science Technology Engineering & Math) foreign students/research scholars who are forced to leave because of artificial U.S. immigration barriers to their ability to stay and secure employment in the U.S. market. More importantly is the lost opportunity to infuse their resulting education, skills, and creative talent into and for the U.S. market. This is particularly acute at a time when the world economy seems focused on high technology as the driver of marketplace success.

This presents an important policy issue: Are there both short- and long-term benefits to the U.S. and its taxpayers for undergraduate and graduate educational opportunities for foreign students? If there are, is the U.S. truly taking maximum advantage of them? These are questions which should be considered by all in today's global economy. Answers are never 100% clear cut, but much light may be shed by disregarding the political anti-immigration rhetoric and looking at some statistics.

Based on figures from the U.S Department of State, the agency charged with granting of visas for foreign students (the overwhelming number in the F-1 category), studies have been conducted by the Department of Commerce and others to keep track of the economic impact on the economy. In the 2013-14 academic year, there were approximately 900,000 foreign students studying in U.S. institutions of higher learning, most in U.S. taxpayer-supported institutions. Their mere presence has a direct and significant impact on the national and local economies. They contributed \$26.8 billion to the American economy, and helped create or maintain over 340,000 jobs. Every State in the Union benefitted, from California at the top with \$4.078 billion and 47700 jobs, to Alaska with \$13.7 million and 116 jobs.

Employment includes the obvious—teachers and administrators—to more tangential, but real ones: entertainment and food; car dealers; retail; electronic devices purchased. Enrollment of foreign students, with tuition rates significantly higher than for U.S. students, helps keep costs down for U.S. students. Indeed, many schools likely seek a certain minimum number from overseas just for this reason, particularly in the face of many States reducing the amount funding from the states.

Cross-culturalization is another benefit. As Americans come into contact with those from foreign lands, we come to learn of different societies, what are important to those cultures, and perhaps coming to appreciate methods to address differences. U.S. students, and those in society at-large, come to see cultural commonalities and those from overseas as human beings with many of the same aspirations as Americans. Conversely, when F-1 students return home, they will take with them many U.S. values, a deeper understanding of this country, its culture and economy, free market, business structure and practices, and what makes the U.S. tick. Many of those will return to homes overseas with careers in their governments, medicine, business,

engineering, etc. It is not a large leap of faith to believe the friendships engendered while in college will bear fruit in many areas in the future. Certainly, some will find their future mates here. Some will stay; some will return home. Either way, more international bonds and understanding will result.

Many students coming here will bring with them not just their culture and experiences, but new perspectives, approaches and solutions to a wide range of life's challenges. They will enrich the learning experiences of both students and teachers. They will conduct research, write and publish articles for both public and private (primarily educational) consumption.

From a historical prospective it is hard to imagine what the U.S. would **not** be if it were not for foreign students who came to the U.S., studied, desired to and did remain in America. Many went on to start their own companies—from manufacturing, high tech and accounting or to becoming professors. The numbers of companies started by those who came here as students and remained to make significant contributions is legend.

Unfortunately, to a large extent, the long term advantages of educating the foreign born who wish to remain are at risk due to an unwelcoming U.S. immigration system, and current political hysteria. Those who desire to remain after graduation to continue their careers, contribute to U.S. business, and help provide economic growth, may only do so if they are able to successfully navigate a complex and antiquated U.S. immigration system to obtain approval from the United States Citizenship and Immigration Services (USCIS). That, of course, to an extent, is understandable as a mechanism to help protect the jobs of U.S. citizens and lawful permanent residents (“green card holders”).

Permission to remain is most often based on jobs with U.S. employers, many times in what the immigration laws designate as “H-1B status.” These are “specialty occupations;” ones which require degrees in specific specialties. Areas included are engineering, mathematics, certain business specialties, social sciences, and others. The difficulty comes in the questionable and artificial barrier “cap” or “quota” for that status. For several years, that limit has been 85000, with 20000 of that number set aside for those having advanced degrees from the United States; the remaining 65000 are for undergraduate degrees from anywhere and graduate degrees from outside the U.S.

For the U.S. fiscal year ending September 2016, over 233,000 Petitions subject to the cap were received (due to the quota and filing requirements, these cases must be filed in the first five business days of April), the bulk were in the high tech fields. As a consequence, a little more than one out of three was approved. This often results not only with U.S. employers without needed employees, but also encourages a brain drain, particularly in the important STEM categories. Many F-1 students, faced with this many times unsurmountable barrier, are by default forced to take their U.S. education, knowledge and training and leave the U.S. In a growing number of cases, they will go to work for direct foreign competitors of U.S. companies in third countries, such as England, Canada, Australia and others, which have less onerous immigration laws. Of course, not having access to these U.S. educated foreign student graduates, and not being able to have them on US payrolls, has a tremendous negative impact on

federal and state income taxes, spending in the economy, and other economic impacts. Educated here; benefits reaped elsewhere.

Realization of these important national considerations strongly evidences the need for reform of immigration laws. As part of any reform, artificial U.S. immigration laws policies, practices and barriers (such as the H-1B annual quota) to the ability to attract and retain the best and brightest of these graduating foreign students, must be eliminated for the long term benefit of the U.S., its businesses, economy and educational system.

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