

Borrowed time: Immigrant entrepreneurs step out of the shadows

[Lauren Hepler](#)

In July, two 20-somethings stumbled off a flight from Asia with little more than a dream to start a tech company in Silicon Valley.

Sharing not only a cramped apartment but also a mattress, the duo launched their venture with an American friend within a month. Shortly thereafter they caught the eye of a hot incubator that pumped both money and know-how into the operation. They were off and running.

We've all seen this story — young, passionate entrepreneurs looking to make their mark — play out hundreds of times before in Silicon Valley.

But this story is different. The two young Asian entrepreneurs are on borrowed time, racing against an immigration system that's tilted against their company and imperils the jobs and taxes they may one day produce.

The three men — who asked that we not use their names out of concern that publicizing their immigration status will imperil their company — represent a cautionary tale for not only Silicon Valley but also the U.S. government and economy.

The economic impact of companies like theirs on Silicon Valley is massive. As of 1998, immigrants from China and India alone ran 24 percent of Silicon Valley's high-tech companies, according to research from Duke University.

Combined, those companies generated 58,000 jobs and \$17 billion in sales. New research from the [Kauffman Foundation](#) shows that in 2012, 43.9 percent of companies in Silicon Valley were founded by immigrants.

As the country girds for yet another immigration debate — and as time runs short for the three entrepreneurs — there are reasons to think this time may be different for high-tech immigrants:

- President [Barack Obama](#) is moving immigration to the top of his policy agenda, driving for speedy action.
- The 2012 election gave both Democrats and Republicans new incentives to smooth immigration for both high-tech and less-educated immigrants.
- Silicon Valley's business community is deploying new tactics to force changes beneficial to immigrant entrepreneurs.
- A new array of activists has arrived, working behind the scenes to persuade legislative staffers and bureaucrats that immigrants are key to U.S. competitiveness.

“There has never been so much consensus that immigration reform is on the agenda and it's happening,” said [Lynn Tramonte](#), deputy director of America's Voice, a nonprofit that works on immigration reform. “There has never been so many stakeholders behind this.”

The trio typifies the kind of potential that is lost when educated immigrants are forced out of the U.S. Their company is growing its customer base by 40 percent per month and they'll be pitching their venture at a big demo event this spring.

“It’s sort of like a dream thing,” one of them said while wiring a keyboard just delivered to the startup’s hybrid office-apartment. “We want to do a startup in the Valley. That’s it. Screw everything else.”

Whether the U.S. can harness that risk-be-damned initiative depends on new political dynamics in Washington, D.C.

Democrats this year are pushing for comprehensive reform that lumps three things together at once: high-skill immigration, a path to citizenship for undocumented workers, and a guest worker program for unskilled laborers.

This conflation of related but different causes may be bad for the two Asian entrepreneurs and other high-tech immigrants.

When considered separately from immigrants with less education (whose social-support needs can weigh heavily on government budgets) highly skilled immigrants are desirable economic engines that U.S. politicians are eager to court and keep close.

Republicans favor separate approaches for different groups of immigrants. But the party’s weak showing in the 2012 elections — when 71 percent of U.S. Latinos and 75 percent of Asians voted for Obama — may give Democrats leverage to push through comprehensive reform.

Those new dynamics are inspiring a growing chorus of startup-centric advocacy groups to push for change.

[Ted Gonder](#), 23, is part of a White House initiative called Entrepreneurs in Residence, which works to convey the realities of life at startups to U.S. officials evaluating visa applications.

He said State Department evaluators sometimes improperly question the legitimacy of startups, in part due to their lack of business documentation.

“A lot of the evidentiary requirements that foreign entrepreneurs were being asked for were based on outdated requirements,” Gonder said.

To counteract that problem, new training workshops are conducted by the Entrepreneurs in Residence program for State Department evaluators.

One workshop, “Startups 101,” stresses startup capitalization tables instead of stock certificates or office space, indicators that were more useful when laws were written 20 years ago.

While groups like Gonder’s work to improve implementation of current rules, others, like the [Silicon Valley Leadership Group](#), are focused on broader legislative reform.

“Immigration is a work force issue and it’s a competitiveness issue,” Leadership Group CEO [Carl Guardino](#) said.

U.S. universities are producing only 40,000–50,000 qualified graduates a year, but 100,000 high-tech jobs were added in the first half of 2012 alone, according to the [TechAmerica Foundation](#).

In 2011, high tech jobs accounted for 28.8 percent of total employment in Silicon Valley. The average wage for those jobs is \$170,203, according to a recent [Bay Area Council](#) study.

Nationwide, high tech has outpaced all industries in job gains for the last decade by a 27-to-1 margin. Those job numbers are projected to grow another 16 percent by 2020.

To convey the urgent need for imported talent, the Leadership Group is taking 10 young startup founders on a Washington trip Feb. 5–6 to lobby lawmakers on the House and Senate judiciary committees on immigration reform. That’s a departure from past Washington trips Guardino has taken with executives from bigger, more established companies.

“It’s a strategic decision,” Guardino said. “Almost everyone loves innovative startup founders, but their voices are rarely heard.”

One key startup voice Guardino will have: [Garrett Johnson](#), 28, a former U.S. Senate Foreign Relations Committee staffer-turned-entrepreneur, co-founding local business communications startup SendHub.

“Stories matter,” Johnson said. “Congress knows immigrants create jobs.”

In his previous life on Capitol Hill, Johnson helped author the Startup Visa Act, a measure to allocate existing visas to aspiring entrepreneurs.

It stalled before coming to a vote, as did other measures aimed at high-skill talent, like the STEM Jobs Act and the IDEA Act.

Silicon Valley Democratic Congresswoman [Zoe Lofgren](#) proposed the IDEA Act to facilitate green cards to international students receiving advanced U.S. degrees. She says she will support Obama’s attempt at broader reform.

“We might have an opportunity now because of voter behavior in the last election toward Republicans,” Lofgren said.

Events in Washington may unfold more quickly than usual. The White House is preparing its own immigration proposal in tandem with a bipartisan group of Senators expected to introduce a bill as soon as March.

As in past go-arounds, however, immigration is competing for political attention with other issues. This time, gun control and the country’s debt-ceiling struggle may distract lawmakers.

Other groups are trying to expedite immigration reform. San Francisco-based Engine Advocacy, a nonprofit, produces research on the economic impact of immigrant entrepreneurs. PolitiHacks works with congressional staffers rather than lobbying lawmakers.

Guardino said the Leadership Group is working with federal lawmakers to ensure high-tech immigrants aren’t left out in the cold this year.

The history of fruitless attempts at immigration reform isn’t cooling the Silicon Valley stoke of the three entrepreneurs.

In the trio’s apartment headquarters, a whiteboard counts down the days until they pitch their company at the incubator event.

After that, they face a potentially more important hurdle: They will apply for the H-1B visas they need to stay in the country. If that fails, their options narrow. The two entrepreneurs from Asia can try for one other type of visa that would let them stay.

Both said their families understand their immigration situations. But one said his mother is struggling with the risk.

“She asks if I can go back to work at” a bank, he said with a laugh, explaining that he and his partner met as interns at a financial institution in Asia in 2011.

The third partner, a naturalized U.S. citizen who immigrated from Asia, is hamstrung by the system bedeviling his friends and colleagues.

“I hope they get their visas,” he said of his co-founders. “Otherwise . . . What is otherwise?”

His colleague didn’t miss a beat.

“There is no otherwise,” he said.

<http://www.bizjournals.com/sanjose/news/2013/01/17/borrowed-time-immigrant-entrepreneurs.html?page=all>