

# Gridlocked Out

All Sam Chaudhary and Liam Don want to do is keep their business alive, improve education, and hire American workers. So why can't Congress help them?

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The Class Dojo team, from left, Sam Chaudhary, Kalen Gallagher, Monica Harvancik, and Liam Don work in their office, located in a one-bedroom Palo Alto, Calif., apartment.

PALO ALTO, Calif.—Sam Chaudhary sleeps on the couch in the boxy one-bedroom apartment, Liam Don on a mattress on the floor. Most of the place, such as it is—and it isn't much, frankly—has been turned over to a business. Or, at the very least, the dream of one. There are five desks with five chairs, separated from the modest kitchen by a tall dry-erase board. The handwritten sign hangs in the window and reads “ClassDojo.” The rest of the beige-on-beige complex, it seems, is all single mothers and kids cruising on pastel-painted bikes.

In an earlier era, this drab stack of living spaces could be called a tenement, a place where recent arrivals pooling their meager resources would dwell as they started new lives in America. But Chaudhary and Don aren't traditional immigrants. And they have no hard-luck story of ocean odysseys or coyote-bribing to tell. Natives of Great Britain both, Chaudhary walked away from a lucrative business-consulting career, and Don took leave of a doctoral program in computer science. On two weeks' notice, they left parents and girlfriends and comfortable lives in London for a Northern California outpost more than 5,000 miles from home.

In a sense, that makes this more like a scene from the embryonic days of any number of Silicon Valley giants—think Google or Yahoo—that sprouted from similarly cramped spaces and grew to employ tens of thousands of people. Chaudhary and Don have come here, three miles east of the world's most famous venture-capital firms, to capture that same entrepreneurial spirit. With nearly \$2 million from private investors, the 25-year-old hopefuls have launched one of America's hottest educational-technology start-ups. They want to revolutionize the way teachers manage classroom behavior, using a software program that tracks student conduct.

“Anyone who has taught in the classroom will tell you that the single biggest problem is managing classroom behavior,” Chaudhary recently told a roundtable here in Palo Alto that included White House aides, immigrant entrepreneurs, and education-technology experts. “We want to move beyond test scores, to reward character traits like teamwork and empathy.”

Teachers swear that their program makes a difference. In a year or two, if things break right, ClassDojo's software could be entrenched in thousands of classrooms—that is, should Chaudhary and Don manage to stay in the country long enough to keep their company afloat. But, naturally, that's the problem.

Chaudhary and Don are not American citizens; and, despite the urgent need to create jobs and foster innovation, the United States does not hand out visas to entrepreneurs, even ones with sound ideas, financial backing, and a willingness to hire. If the two do not obtain long-term work visas by April, their plans—not to mention their investors' money and the jobs they're creating—will be in jeopardy. “So few start-ups succeed for a host of business-related reasons,” said Chaudhary, who has pleaded their case to anyone who will listen,

including the Obama administration. “It seems ludicrous that what would kill a start-up would be immigration problems.”

But anyone who has spent serious time in Washington won’t find that notion ludicrous at all. Chaudhary and Don appear stuck, even though politicians from both parties are eager to import high-skilled, resourceful entrepreneurs to help make America more competitive with rest of the world. Congress hasn’t come close to being able to provide people like them with any relief—or take any other step toward resolving the nation’s larger immigration dilemma.

But beyond that, this is a story about how the government can’t solve problems, even ones with popular solutions. And if it can’t fix the simple ones, how can it be expected to tackle the nation’s more intractable woes?

At a time when Democrats and Republicans can’t seem to agree on anything, welcoming highly skilled workers like Chaudhary and Don is one rare area of consensus. “You’ve got incredibly talented people who want to start businesses in this country or to work in this country, and we should want those folks here in the United States,” President Obama said just last week.

“I’d staple a green card to the diploma of anybody who’s got a degree in math, science, a master’s degree, Ph.D. We want those brains in our country,” Mitt Romney, the Republican presidential front-runner, said on the campaign trail last year.

“The political climate made it impossible to move forward” on a sweeping immigration reform bill that a group of House Democrats and Republicans had negotiated in secret during the previous Congress. —Rep. Zoe Lofgren of California

Economists generally agree that skilled foreign workers benefit the economy and contribute greatly to the country’s innovative activity. A 2005 World Bank working paper estimated that a 10 percent increase in the number of foreign graduate students would raise patent applications by 4.7 percent. The academic debates about whether immigration harms the American labor market cluster around lower-skilled jobs and questions of legal-versus-illegal immigration, issues that have nothing to do with entrepreneurs in Silicon Valley.

The American public also approves of skilled immigrants, even in the midst of the highly charged rhetoric that surrounds the recent wave of harsh state laws modeled on Arizona’s tough immigration-enforcement law. Last year, a global poll on attitudes about immigration from the German Marshall Fund found that 63 percent of U.S. respondents believed their country should let in more immigrants with a high level of education. By contrast, only 36 percent said that the United States should let in more immigrants with low education levels.

## **DYSFUNCTION JUNCTION**

The only legislation that might help ClassDojo’s founders—a White House-backed bill that would grant a two-year visa for entrepreneurs who have lined up a U.S. investor—has no prospect of passage. It goes without saying that any large-scale effort to reform the nation’s immigration laws is doomed in the current atmosphere. The last major public push, in 2007, fell short.

During the previous Congress, a group of House Democrats and Republicans negotiated a new, sweeping reform bill in secret, but it has never seen the light of day. The issue is so radioactive on the Hill that the proposed bill was watermarked to keep its contents from getting out and the identities of the negotiators hidden. And once a wave of tea party conservatives helped shift control of Congress back to the GOP, that was the end of any hope for a deal.

“The political climate made it impossible to move forward,” said Rep. Zoe Lofgren, D-Calif., who helped negotiate the bill. Sworn to secrecy, she won’t give up the name of a single Republican involved in the talks.

Lofgren, however, found common ground with Republicans on a small-scale measure that aims to ease the path to citizenship for some high-skilled workers like Chaudhary and Don—and it happens to be the only piece of legislation that’s showing any signs of life. H.R. 3012 is a simple, bipartisan bill that would shorten the wait times for work visas for people from countries that generate large numbers of engineers and scientists. It’s nowhere near the size and lacks the complexity of past immigration-reform packages that sparked nationwide protests. Yet despite the bill’s modest goals and widespread support, Congress still is struggling to move it.

The bill, termed the Fairness for High-Skilled Immigrants Act, would remove per-country quotas on work visas. Under the current system, Iceland—a small country not known for producing highly skilled workers bound for the U.S.—gets allotted the same number of visas as China. The legislation would not add to the overall number of available green cards, but it would ease the immense backlogs for applicants from India and China, home to most of the superskilled immigrants. Some face waits of up to 70 years while they languish in the United States on an endlessly renewing loop of temporary work visas. They can’t change jobs or vote, and their spouses can’t work.

The idea for the bill originated with Lofgren, but she needed a Republican in the House to back it. Enter Rep. Jason Chaffetz, a 44-year-old GOP rising star, who introduced H.R. 3012 on Sept. 22. There was some irony here. Chaffetz represents Utah’s 3rd Congressional District, one of the most conservative in the country. In 2008, he unseated a 12-year incumbent in a scrappy Republican primary by portraying him as soft on immigration. Then-Rep. Chris Cannon had supported legislation to give undocumented immigrants the chance to earn citizenship. To defeat him, Chaffetz adopted what is now the Republican mantra: opposition to “amnesty” in any form.

Chaffetz said he signed onto the bill because he wants to help businesses do something about their immigration woes. It’s about as far he can go in easing the citizenship path for some foreigners. He isn’t sanctioning amnesty or adding to the overall numbers of immigrants, and it’s a bill crafted to pass the most divided of bodies. “There are some basic, simple fixes that we could put in place,” Chaffetz told *National Journal* from his hometown of Alpine. “The people that are most concerned about the immigration issue, they don’t want to see a net increase in the number of people.”

The legislation sailed through the House on a 389-15 vote. It passed on a Tuesday evening, under a procedure reserved for minor bills like naming post offices or congratulating Super Bowl champions. The vote barely made news in a week marked by reports of Massachusetts Democratic Rep. Barney Frank’s retirement and a controversial bill to rein in the National Labor Relations Board. None of the top House leaders—Republican or Democrat—issued congratulatory statements, even though the measure marked a rare moment of agreement on immigration policy. Their thoughts were in a thousand other places.

## **CHASING AN EARRING**

As soon as the bill left the House, it ran smack into Sen. Chuck Grassley. The Iowa Republican almost immediately put a hold on the bill, a procedural maneuver that allows senators to essentially block legislation from being debated on the floor.

At 78, Grassley—a plainspoken conservative with a penchant for sweater vests—has spent almost half his life in Congress. He supported President Reagan’s 1986 immigration-reform law, which, by giving amnesty to undocumented workers and increasing enforcement and sanctions, was billed as the solution to illegal immigration. Like many Republicans who supported that law, he now feels he was sold a bill of goods.

“You know what I found out? You reward illegality and you get more of it,” Grassley said in his Senate office. “So that’s why I can’t be for amnesty again, or somebody’s going to say, ‘Grassley, can’t you learn from your mistakes?’ And I can learn from my mistakes.”

The Iowan doesn’t object in principle to removing per-country green-card quotas. Rather, he wants to use Chaffetz’s bill for his own purposes—to reform the guest-worker visa system that companies use to bring high-skilled foreign workers into the country temporarily. The program has problems with fraud: 20 percent of the so-called H-1B visas issued do not meet the law’s criteria, he said, citing a 2008 Homeland Security Department report. Slots that are supposed to go to individuals with specialized training are instead being used as a gateway for low-skilled workers.

“It’s the only immigration bill that’s going to be around for two years. So if you want to get some reforms, you take every opportunity you can to take an immigration bill and [fix] other things wrong with immigration.” — Sen. Chuck Grassley of Iowa, on the Chaffetz bill

With comprehensive immigration reform long dead, Grassley has taken his fight on visa fraud to the only immigration bill moving this year—H.R. 3012.

He is not the only one looking to add a little something to the bill. Sen. Chuck Schumer, D-N.Y., chairman of the Immigration Subcommittee of the [Senate Judiciary Committee](#), wants to tack on a special visa category for Irish nationals. Schumer is not Irish, but he represents a lot of Ireland partisans. He argues that the Irish have been waiting patiently, like everyone else, for a broad immigration overhaul that would give them more opportunities to come to the U.S. The European country that sent some 3 million immigrants to America after the 1845 potato famine now feels slighted for being left out of special visa categories created under free-trade agreements for others, such as Chile and Singapore.

Trying to determine exactly how the popular Chaffetz proposal got mired in this mess is like chasing an earring down a sink drain. To sum up:

- Grassley says he is willing to lift his hold on H.R. 3012 if Schumer backs off his Irish-visa proposal.
- Schumer says that Democrats aren’t the holdup; it’s actually a Republican, Sen. Scott Brown of Massachusetts, who shot his mouth off to a bunch of Irish constituents back home, saying that the Irish-visa bill was “about to pop.” Massachusetts—where Brown expects a tough reelection fight—is the hub of the Ireland lobby.
- Brown says he has not placed a hold on the Chaffetz proposal and supports it in principle. But he also wants the Irish-visa bill to pass, and he won’t say whether he would block the Chaffetz bill if the Irish measure doesn’t move with it.
- Grassley, meanwhile, has offered Schumer a chance for an up-or-down vote on the Irish-visa bill, provided the required skill levels get tweaked and the special-visa program has an end date. There’s no word yet on whether Schumer will accept the offer.

And so, H.R. 3012 sits.

“It’s the only immigration bill that’s probably going to be around for two years,” Grassley said, “so if you want to get some reforms, you take every opportunity you can to take an immigration bill and [fix] other things that are wrong with immigration.”

Grassley's tactic is exactly what makes passing small, targeted legislation so tough. Pretty soon, a simple, six-page bill is loaded down with pet projects that make it impossible to pass muster. "I'm only adding one thing," he said. "Anybody trying to add anything to any other bill, you know what you call them? U.S. senator—because that's what the Senate's all about. No limit on debate. It's the deliberating body. Anybody can bring up anything."

## **SOMEBODY ELSE'S PROBLEM**

The slow walk of the Chaffetz bill in the Senate infuriates leaders in the technology sector, whose companies depend on high-skilled labor. Asked about the legislation, the president of TechNet, which represents the nation's top tech CEOs, sputtered in frustration.

"That bill," Rey Ramsey said before pausing and starting over. "I'm trying to calm myself, because it's just stunning the partisanship and ineffectiveness to be able to move something that's so important for the economy."

In February, about 40 senior TechNet executives spent a day on Capitol Hill meeting with Democrats and Republicans in the House and Senate. They left exasperated. "When you sum up the CEOs' sentiments, it was a frustration at fingers being pointed and not a clear-enough glide path for resolution," Ramsey said. "This is an unacceptable and unsustainable way to do the country's business."

In meeting after meeting, the tech executives heard Democrats and Republicans blame each other for inaction.

In the morning, the group met with about two dozen Senate Democrats. Before greetings could even be exchanged, according to one participant, Majority Leader Harry Reid began attacking Republicans for holding up the Chaffetz bill. Later, Schumer suggested some questions that the executives should put to Republicans. One did, irritating Sen. John McCain of Arizona, who accused Democrats of demagoguing the issue at tech leaders' afternoon meeting with about a dozen GOP senators.

Things didn't go much smoother in the House. In a meeting with Republicans, Majority Leader Eric Cantor of Virginia and Whip Kevin McCarthy of California hit the right talking points on high-skilled immigration, but they did little to convince tech leaders they were serious about reform. "Cantor chimed in and said, 'This is an important issue, and there's bipartisan agreement, and we want to get something done,'" said a tech-industry leader who attended the meeting. "It was very much a platitude."

In the same meeting, Chaffetz told the executives to go talk to Grassley. It drove home the message from lawmakers: *It's not our fault. Talk to the other guy.*

Tech leaders don't understand why House Republicans can't persuade their Senate brethren to pass Chaffetz's bill. "Grassley is holding your damn bill up. That's where the CEOs were incredulous," said another participant in the House GOP meeting.

Their frustration is understandable, but it also speaks to a major disconnect between Silicon Valley's agile innovators and a politically hamstrung Congress that can barely keep the government afloat. "I love them. They're my constituents," said Lofgren of the tech lobby. "But their idea is that they'll fly in some CEOs, spend a day, go back to the valley, and you'll see them again next year." These executives, accustomed to solving problems with the click of a mouse, are strangers in a land where decisions are years in the making and influence is accumulated over decades.

Tech leaders know they have to do more to engage Washington, particularly Republicans, who have traditionally enjoyed less political support from the liberal-leaning Silicon Valley than Democrats. TechNet is

planning a major valley fundraiser for Senate Minority Leader Mitch McConnell of Kentucky this spring. A major goal of the event will be pressing the Republican leader to urge Grassley to lift his hold on the Chaffetz bill. The organization is also talking to former Hewlett-Packard chief executive and Republican Senate candidate Carly Fiorina about building stronger relationships with congressional Republicans.

As Ramsey put it, “We’ve got to transcend the traditions and dysfunction that we’ve fallen into. And I’ve never heard more unanimity on an issue than this issue.”

## **NO WAY IN**

“Dojo” means “place of the way” in Japanese. But right now, ClassDojo cofounders Chaudhary and Don don’t seem to have a way forward. Even if the Chaffetz bill were to suddenly clear the Senate, it would be of no use to them.

Until now, the start-up had been building momentum. ClassDojo’s big break arrived in May of last year, via a Skype interview from London with Imagine K12, a Silicon Valley business incubator founded by former Google and Yahoo executives. ClassDojo was among 10 start-ups chosen to receive about \$20,000 in seed money, along with mentoring and introductions to local talent. The offer was contingent on relocating to California. Two weeks later, 90-day visas in hand, Chaudhary and Don were on a plane to America.

“Entrepreneurs don’t take jobs away from Americans. By definition, we are creating jobs,” Chaudhary said. “Besides, there isn’t a fixed pool of Americans. Find the smartest, most creative people in the world and make them Americans.”

Chaudhary is tall, with a British accent, scruffy chin, and hipster glasses. He obsesses about going to the gym, uses expensive shampoo, and tries to eat lean protein and fresh fruit when he is not ordering takeout from his neighborhood deli. He is ridiculously talented. He graduated with honors in economics at Cambridge University, where he rowed and played water polo, rugby, volleyball, and basketball. He passed up an offer from an investment-banking firm to teach high school for a semester. After two years at a prestigious consulting firm, he left to start ClassDojo. Don, equally brilliant, walked away from offers of music-recording contracts and a Ph.D. in computer science at the University of Durham.

ClassDojo operates like a virtual version of the grade-school sticker chart. A teacher awards students points for good conduct throughout the school day by computer. The student’s name, along with a credit in the appropriate category—generosity, participation, insight, hard work, persistence, creativity—appear on a screen for all the class to see. At the end of the week, the software calculates the number of points each student lost or gained in each category, creating a detailed progress report sent home to parents.

Their concept quickly gained traction. It won the top prize in an Innovation in Education contest sponsored by NBC and Citigroup, landing Chaudhary and Don \$75,000 and an appearance on the *Today* show. ClassDojo was the only company from its Imagine K12 class that raised money from other well-known angel investors and venture capitalists. Chaudhary and Don can’t earn any money themselves on their current visas, but they have already hired three people and plan to hire three more this summer.

Why not just launch ClassDojo in London? It would never work, its founders say. The incentives to be here are not so different from what drives a Haitian to climb aboard a raft or a Mexican to climb over a fence. The overachieving, smarter-than-you playpen that is Silicon Valley—replete with Stanford University graduates on bikes, dry-erase boards that double as coffee tables, and drip coffee hand-brewed one organic cup at a time—is a unique breeding ground for start-ups.

“You’ve got the talent—so many incredible developers here,” Chaudhary said. “You have people who have built successful technology companies and want to give back to the next generation with money, and time, and introductions. That is really difficult to replicate anywhere in the world.”

In contrast to the Senate’s languid, almost dreamlike sense of time, Chaudhary and Don face a hard deadline for the future of ClassDojo. Obtaining long-term work visas is even more challenging than building a company from scratch. Because the annual supply of 65,000 H-1B visas was tapped out, they had to go back to London for a few days in July and for a few months at the end of last year, delays that could have wiped out their business. The young men returned in January with another temporary visa, and the clock started running again.

When they made their case in Palo Alto, they sat down with White House officials who offered them little beyond resigned sympathy. Instead of scaling up their company and bringing on staff, Chaudhary told the officials at the roundtable, “we’re spending so much time navigating the system and trying to fit into a visa category that’s not designed for entrepreneurs.”

“That’s because there isn’t one,” quipped Doug Rand, a senior policy adviser in the White House’s Office of Science and Technology Policy, attending the meeting on behalf of the Obama administration. The White House delegation wore dark-blue suits, while the rest of table were clad in standard-issue California-casual—hooded sweatshirts, T-shirts, and jeans.

Chaudhary appreciated the chance to make his pitch, but the meeting meant three hours away from ClassDojo. “It’s kind of an awful trade-off, because my primary responsibility is to my company and employees,” he said.

Companies throughout the United States are experiencing the same problems as they find their business decisions being dictated by immigration policy that doesn’t work. Employers want to sponsor workers for green cards, but they can’t wait five years or longer for their workers, so they try to bring them in on H-1B visas. Almost every year, the allotted number of H-1B visas is exhausted within weeks. This fiscal year, which started on Oct. 1, Homeland Security stopped accepting applications on Nov. 22. Before the economic downturn, the 65,000 available visas were exhausted within the first few days after they were made available, a full six months before the visa holders could actually start their jobs.

The most logical immigration route for Chaudhary and Don would be green cards, but that option doesn’t exist for them. Green cards are doled out based on having U.S. citizen family members or having employers who sponsor the applicants and can prove that Americans aren’t available to do the job. Chaudhary and Don have neither.

Their last-ditch hope is the so-called O-1 visa, most often used for celebrities and Nobel Prize winners. The criteria for this “extraordinary ability” category include nationally or internationally recognized awards, membership in a professional association, authorship of scholarly articles, and proof of the ability to command a high salary.

That’s not likely to happen, just as, right now, it’s not likely that ClassDojo will be a classroom fixture in the United States one day—or that there will ever be enough green cards available for skilled workers, or that there will be a solution for the 12 million undocumented aliens in the country. America doesn’t seem to be able to solve those kinds of problems anymore.

<http://nationaljournal.com/features/restoration-calls/gridlocked-out-20120314>