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Silicon Valley is losing foreign-born talent

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By Jon Swartz,

SAN FRANCISCO — Silicon Valley may be the cradle for tech start-ups, but some foreign-born executives, engineers and scientists are leaving because of better opportunities back home, strict immigration laws here and the dreary California economy with its high cost of living. Software engineer Vinod Kumar is staying with EMC but moving to his homeland of India after a decade in the Valley. Eric Diep hasn't given up entirely on the Valley. But most employees at his social-gaming start-up, A Thinking Ape, are in another office in his native Canada.

The 2-year-old company is shifting people to Vancouver, where it says engineering talent is more affordable, the government is more supportive and work visas are less hassle.

The talent-exodus problems don't end there. Fewer foreign students are coming to the Valley to earn engineering and science degrees, according to the Silicon Valley Index, which takes the economic pulse of the Valley each year.

Foreign-born students earned 16.6% of the total degrees awarded in science and engineering programs from local colleges and universities in 2007, compared with 18.4% in 2003, the study says.

"We're in the midst of a massive brain drain," says Vivek Wadhwa, a senior research associate at Harvard Law School who has done extensive research on the topic. "For the first time, immigrants have better opportunities outside the U.S." Often, a lack of work visas blocks foreign talent from staying. Only 120,000 to 140,000 temporary work visas are available each year in the U.S.

Iranian S. Mohammad M. Ahmadabadi wanted to start his Web-to-print company, HotPrints, in Silicon Valley. He couldn't get a work visa, so instead set it up in England. He hopes to resolve the visa issue and set up an office in Silicon Valley.

"It makes no sense (that) we put up barriers to talented people," says Brad Feld, a tech venture capitalist and co-founder of Start-up Visa Project, a grass-roots initiative.

Feld's organization has helped shape the StartUp Visa Act of 2010, introduced last month by Sens. John Kerry, D-Mass., and Richard Lugar, R-Ind. It would grant immigrant entrepreneurs a two-year visa if they have the support of a qualified U.S. investor for their start-up venture.

And chipmaker Intel and two dozen venture-capital companies will invest \$3.5 billion in U.S. tech companies over the next two years to create jobs. Awash in established money and ideas, Silicon Valley continues to lure start-ups: More than 15,000 firms were created here in 2007-08, despite the beginning of the recession.