

Wanted: Foreign tech workers

Congress faces pressure to raise the number of visas for temporary employees.

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FSB -- When Elizabeth Charnock couldn't find the talent she needed to keep her small Silicon Valley software company Cataphora (cataphora.com) growing, she looked for workers overseas. Finding the skilled employees she sought, the CEO applied for eight H1B visas for fiscal 2008. The documents enable foreigners with technical skills to work temporarily in the U.S.

"We did everything you're supposed to do," says Charnock. "We hired an immigration lawyer, we filed the first day. It went into a lottery. Five of our eight hires got visas." Two of the three that didn't had already sold their homes to move to California from Europe. "Their lives were turned upside down. They are stuck," adds Charnock, "and so are we. The competition for these people here is insane."

Being able to get H-1B visas for needed workers is essential for small companies, she says. "It levels the playing field," she says.

Charnock is one of a groundswell of entrepreneurs and advocates for immigrants who say Congress needs to raise the cap on H-1B visas to help the economy. Last week 1,000 protestors--mostly legal immigrants--drew attention to the situation of highly skilled foreigners who want to work for companies in the U.S. by marching on Capitol Hill.

The demonstrators were protesting long delays in securing green cards for highly-skilled workers already in the U.S. The lags make it difficult for businesses in fields such as engineering and software development to secure and keep foreign skilled labor in the country, they say. According to immigration and workforce experts, if the nation does not accept more foreign workers with skills in math, engineering and computer science, we risk losing ground in the global economy, because the computer scientists who can't find work in the U.S. will go to work for economic rivals.

Governors from 13 states are now weighing in on the issue. California's Arnold Schwarzenegger, Deval Patrick of Massachusetts, and New York's Eliot Spitzer, were among those who signed a Sept. 11 letter (<http://gov.ca.gov/index.php?/press-release/7381/>) to Senate Majority Leader Harry Reid, House Speaker Nancy Pelosi, Senate Minority Leader Mitch McConnell and House

Minority Leader John Boehner urging them to raise the cap on the number of H1-B visas, which the governors say was set "arbitrarily" and today "bears no relation to our economy."

The H-1B program has its critics, including U.S.-born programmers, who say the visas serve mainly to drive down salaries of American tech workers. Some employers also question the value of the H-1B program. Miles Thomason, CEO of Levia Softwar (leviasoftware.com), a four-person company in Atlanta, says that when other companies hire H1-B workers and pay them a lower wages than Thomason pays his American workers, he loses competitiveness. He has tried to hire foreign-born programmers, but has not had positive experiences: "On paper they look good but the interviews don't go well," he says. "Communication issues alone are problematic for us."

Nonetheless, many in the technology community have complained for years about the shortage of qualified American job seekers. They have been pushing Congress to raise the cap on the number of H-1B visas granted each year. The current cap of 65,000, set by Congress in 1990, was raised to 195,000 from 2001-2003. It wasn't until 1997 that the number of applications exceeded the H1B cap, according to USCIS spokesperson Marie Sebrechts. On April 2, the first day for applying for visas for fiscal 2008, the USCIS received more than 130,000 applications, forcing the agency - for the first time - to put all applications into a computer-generated selection process similar to a lottery.

American-born workers do not seem to be rushing to gain the skills that technology companies want. Only about 13 percent of graduate degrees awarded in the U.S. are science degrees, according to the most recent numbers from the National Center for Education Statistics (http://nces.ed.gov/programs/digest/d05/tables/dt05_405.asp?referrer=report). And foreign nationals make up about 60 percent of the Ph.D.s in computer science and engineering coming out of U.S. colleges, according to an analysis of education statistics by the American Association for the Advancement of Science (aaas.org).

Across the tech industry, the inability to hire qualified non-citizens is beginning to pinch. One-third of private, venture capital-backed companies surveyed by the National Foundation for American Policy (nfap.com) for the National Venture Capital Association (nvca.org) last November said the lack of visas had influenced their decision to place more personnel in facilities abroad. Among respondents using H1-B visas, nearly 40 percent said the cap has "negatively impacted their company when competing against other firms globally."

Hardest hit by the cap may be the nation's small businesses, which often don't have the resources to open up satellite operations in places such as India and China, where they could hire skilled technical workers, says Russell Swapp, a Boston-based partner who heads the national immigration team at law firm Seyfarth Shaw (<http://www.seyfarth.com>). "I have smaller clients who have been unable to meet their hiring targets because of the cap and feel they are being competitively crippled," he says.

Foreign-born engineers and computer scientists have been critical to growth and innovation in the U.S., according to a study by The Kauffman Foundation (kauffman.org), Duke University, New York University and Harvard. The study estimates that immigrants founded one in four of

the engineering and technology companies created between 1995 and 2005. By 2006, these companies were employing 450,000 workers and generating \$52 billion in revenue, according to the researchers. "These [founders] are often true innovators and own the intellectual property on which companies are based," says Swapp. "These aren't fungible positions."

This summer, hope for raising the cap evaporated when Congress failed to enact a comprehensive immigration reform bill in late June, which included a provision to increase the number of H1B visas to 115,000. A senior House aide familiar with the H-1B issue said House leaders are now in the process of "trying to figure out what parts of immigration reform can move forward with support." On the Senate side, Charles Schumer of New York, Maria Cantwell of Washington State and other democrats and republicans "are working on legislation to reform the H1B system," says a spokesperson in Schumer's office. And President Bush has repeatedly said he wants Congress to raise the cap.

But even if Congress does provide more H1B visas, it will not solve the larger problem of a growing skills gap in the U.S. workforce. "It isn't just that there aren't enough Americans graduating in the math and science fields, it's also that there is a need for these people across the globe, and everyone is fighting for them," says Stuart Anderson, executive director of the NFAP and a former staff director of the Senate Immigration Subcommittee (<http://judiciary.senate.gov/subcommittees/immigration109.cfm>). "The question is whether or not the hiring takes place inside the U.S., keeping growth and innovation here, or someplace else."