

Global Entrepreneur in Residence Working Group Report

Overview

H-1B visas allow individuals with a bachelor's or higher degree who are not U.S. citizens and do not otherwise hold a work-related visa to work in the U.S. and be employed by a U.S. employer.

Unfortunately, upwards of 800,000 people apply for an annual H-1B allocation that's capped, under federal law, at approximately 85,000 visas (offered by a lottery system).

An exemption to the H-1B cap is provided to higher education, non-profit and governmental research institutions. Individuals who work for these institutions do not come up against the finite limit of H-1B visas applicable to for-profit institutions.

In order to take advantage of the H-1B visa cap exemption several state university systems have developed "global entrepreneurship" programs. Generally, these programs provide for non-U.S. citizens/foreign entrepreneurs to be employed by a university in a mentorship/student advisor and/or teaching role while continuing to work on a start-up technology business, including raising capital ("Concurrent Entrepreneurial Employment").

Another program model has a foreign worker work for a for-profit U.S. company that has a partnership with a university and designated office space on university premises for the purpose of furthering a research mission of the university, involving (but not limited to) the life sciences, quantum computing, climate change/clean energy, entrepreneurship and innovation, or human rights and democracy ("Exempt Zone Employment").

Finally, the concept has been raised that a foreign employee of a for-profit U.S. company, who is a Ph.D.-level researcher, could provide teaching and research skills to a U.S. university while also working part-time for the U.S. company in this country ("Concurrent University-Private Sector Employment").

The economic development goal of devising and making available an H-1B cap exemption program is to draw entrepreneurs into Connecticut – entrepreneurs and the technologies that would not otherwise have a conduit into this country. These entrepreneurs and their entrepreneurial activity would be *additive* to Connecticut's economy (i.e. would net add, not take away, jobs and tax revenue). Further, once here – their start-up companies rooted in Connecticut – they, their companies and the capital and employment their companies generate is likely to stay in Connecticut.

Working Group Legislation

In order to study the H-1B visa issue as an economic development strategy to recruit entrepreneurs and high tech entrepreneurial activity and capital to Connecticut, in the 2023 General Assembly legislative session, the Commerce Committee, via Special Act 23-11 (attached), established a Working Group to study and make recommendations regarding the feasibility of state universities leveraging the H1-B visa cap exemption process to fill high-value job openings and promote workforce development, using the Massachusetts Global Entrepreneur In Residence (“GEIR”) program as a model. Specifically, the Working Group was instructed to examine:

- The development of recommendations for creating an international workforce pipeline that would expand the size of Connecticut’s eligible workforce population;
- An examination of any barriers to establishing such a pipeline;
- An examination of any barriers faced by the business community when hiring international students;
- An evaluation of international workforce pipeline programs used in other states;
- The creation of a best practices document regarding current international workforce pipelines;
- An examination of how to promote such a pipeline for in-demand jobs outlined by the Office of Workforce Strategy; and
- An examination of how the state can be more competitive in recruiting an international workforce.

Working Group Membership

- Rae Alexander, AVP of Global Affairs, University of Connecticut
- Dana Bucin, Partner, Murtha Cullina
- Terrence Cheng, Chancellor, Connecticut State Colleges & Universities
- Brenda Eckert, Partner, Shipman & Goodwin
- Heather Hiddleston, Chief Human Resources Officer, Athletic Brewing Company
- Kathy Marioni, Director, Business Engagement Unit, Connecticut Department of Labor
- Paul Pescatello, Sr. Counsel/Executive Director, Bioscience Growth Council, CBIA, Working Group Co-Chair
- Bailey Seeger, Human Resources Manager, AI Engineers, Inc.
- Kelli-Marie Vallieres, Chief, Office of Workforce Strategy
- Jennifer Widnes, President, Connecticut Conference of Independent Colleges
- Ashley Zane, Public Policy Associate, CBIA, Working Group Co-Chair

Process of the Working Group

The Working Group held a series of hybrid virtual-in-person meetings designed to discuss the feasibility of various H-1B exemption programs. The group invited Dr. Tracy Poston, the lead administrator of the

University of Massachusetts GEIR program, to brief the Working Group on the Massachusetts GEIR program. Her presentation included operational details of the Massachusetts GEIR program and afforded an opportunity to answer questions put forth by the Working Group.

Recommendations

After careful consideration by the Working Group, it is apparent that additional time and resources are needed to address barriers to implementation of an impactful Connecticut global entrepreneurship program. Due to concerns over the financing/cost of implementing the various H-1B exemption program models, as well as the legal parameters that would need to be in place for a program to qualify for exemption from the federal H-1B cap, the Working Group recommends that the Commerce Committee, working with representatives of higher education, economic development focused organizations like Connecticut Innovations and AdvanceCT, and business organizations, such as Connecticut Business & Industry Association (“CBIA”), continue to research and assess the various models described in this report.

Broadly speaking, the group agreed that mirroring a University of Massachusetts Boston campus model would be beneficial for Connecticut. However, this model comes with limitations and challenges as noted herein.

The Working Group recommends: (1) reaching out to various philanthropic institutions to aid in mitigating financial challenges; (2) conducting a study of available assets within the public university systems that could be used to house a Massachusetts GEIR-like program; (3) including the Department of Economic and Community Development (DECD), Connecticut Innovations and AdvanceCT in the conversation to facilitate and encourage venture capital investment; (4) that the Commerce Committee monitor the Massachusetts GEIR program as it expands to include J-visas to fill current job openings in the Boston area; and (5) that at this time, barring further legal analysis, a Connecticut GEIR model should focus on startup company founders in order to ensure compliance with federal law.

Current Active Models

Current institutions that offer GEIR programs include University of Massachusetts Boston, Babson University, Global Detroit (in collaboration with several universities), and Global Cleveland (in collaboration with Cleveland State University and Case Western Reserve University).

There are two primary program models being used: one where entrepreneurs are employed "by" the university and another where they are employed "at" the university, each offering unique benefits and challenges.

UMass Global Entrepreneur in Residence Program

The Massachusetts GEIR Program was the primary focus of the Working Group. This GEIR program, initiated as part of the Massachusetts 2014 Jobs Bill, is designed to support international startup founders in the United States. The program leverages the H-1B visa system to allow foreign entrepreneurs to stay in the United States and establish high-growth businesses. Because public universities are exempt from the annual H-1B visa cap, the program removes the risk associated with the lottery system.

Under the Massachusetts model, only startup founders are permitted to enter the program. The program does not allow for individuals in any other entrepreneurship role to participate. Participants are required to provide eight hours of employment to the University. This may include teaching a course, hosting lectures or workshops, and collaborating with researchers housed at the university. The program takes care that participants add value to the university thereby ensuring compliance with federal law.

Under the Massachusetts program, participants pay an annual fee of \$32,000 to the university which is designed to cover immigration filing and attorney fees, reduced cost lab and research space, and participants' university salary.

The Massachusetts GEIR program is a public private partnership which leverages the University of Massachusetts relationship with the state Venture Development Center (VDC). The VDC is a tech and science startup incubator situated on the University of Massachusetts Boston campus and is dedicated to empowering and supporting a diverse group of aspiring entrepreneurs who converge in Massachusetts with post-graduation entrepreneurial ambitions. Most companies incubated at the VDC arrive at the seed stage and successfully graduate within nine to 18 months.

Since the program's inception, over 69 international entrepreneurs have participated in the program, collectively securing more than \$1 billion dollars in funding and generating over two thousand employment opportunities.

Babson College Global Entrepreneur in Residence Program

Also located in Massachusetts, Babson College was the first private college to offer a GEIR program after the University of Massachusetts' successful PILOT program. The PILOT program began in September 2016 and is open to recent graduates from all Massachusetts colleges and universities who are actively running their companies and seeking an H-1B visa.

The program is housed at the Arthur M. Blank Center for Entrepreneurship, which serves as a hub for startups and provides valuable resources to help GEIRs accelerate their businesses.

Similarly to UMass, the Babson College GEIR program requires participants to pay an annual program participation fee. This fee can be paid in monthly installments if needed. The program participation rates vary based on factors such as affiliation with Babson and capacity restraints. Alumni of Babson, F.W. Olin College of Engineering, and Wellesley College are offered a discounted rate. The participation fee covers Babson's entrepreneur support ecosystem and immigration filing and attorney fees.

Under this model, the participants operate "at" the university. This visa is not intended for working for Babson. As a result, when a team of co-founders applies, and both are accepted into the program, it is possible that one petition may receive approval while the other, unfortunately, faces a denial. This particular aspect represents one of the potential limitations associated with the "at" model.

Detroit Global Entrepreneur in Residence

The Global Detroit mode includes locations at the University of Michigan, College for Creative Studies, Lawrence Tech, Michigan Tech, and Wayne State University. The program was launched in 2010 after the release of the Global Detroit Study. The study yielded data on the economic contributions of immigrants in Southeast Michigan and recommended eleven initiatives designed to build an ecosystem throughout the region.

Partnering closely with several geographically close universities, Global Detroit championed a "University-Nonprofit Partnership" model to implement this program, recognizing the tremendous potential it held. This initiative capitalizes on the fact that immigrants have historically represented a substantial portion of high-tech startup founders in the United States. Over the past twenty years, Global Detroit has created companies whose value is estimated at over \$1 billion.

In 2019, Global Detroit launched a GEIR program in collaboration with the University of Michigan. During its initial three years, the program provided support to seven immigrant entrepreneurs hailing from six startup companies. These enterprising individuals collectively raised more than \$15 million in venture capital and generated approximately 50 jobs in Michigan.

Global Detroit relies heavily on philanthropic donations to fund the program. Initially the model was supported with a three-year grant from the William Davidson Foundation. Throughout the program's existence, they continued to receive backing from the Davidson Foundation and gained the support of the Ralph C. Wilson, Jr. Foundation. The State of Michigan allocated nearly \$1 million in its 2022-23 fiscal year budget to bolster the program, thereby facilitating its statewide expansion.

According to the program, the most significant obstacle has been securing enough university spots for participants. Universities have difficulty accepting and supervising participants, despite the fact that their costs are covered by the program.

Global Cleveland

Global Cleveland is a non-profit organization founded in 2011. Global Cleveland's GEIR model accesses facilities and resource centers within universities and organizations throughout Northeast Ohio. Global Cleveland emphasizes the importance of utilizing interns from local universities. Most startups that apply to Global Cleveland range from pre-seed to seed-stage looking for opportunities and resources to grow their company.

Global Cleveland is affiliated with Case Western Reserve University and Cleveland State University. The program receives its financial backing from grants, sponsorships, and contributions facilitated by a foundation and a venture development organization. Global Cleveland shoulders the responsibility for covering the program's operational costs, legal fees, H-1B application expenses, and the expenses associated with employing the entrepreneurs as part-time staff members.

Global Cleveland is one of the newest model operating for just over a year. Due to the organizational structure of the program, it is experiencing significant challenges. These include connecting entrepreneurs with resources from within the ecosystem and securing funding. To date, the program has graduated one entrepreneur.

Challenges and Barriers for a Connecticut Implementation

After discussion with the Working Group, there remain a series of questions surrounding the format of a Connecticut GEIR model. The Working Group examined all the GEIR models described here but were unable to agree on how to overcome potential barriers for implementation in Connecticut.

The GEIR model that is open only to international founders of startup companies does not present significant legal challenges. The model of concurrent employment with the universities and private industry was viewed as presenting legal hurdles that need to be better understood and resolved.

The universities noted the need for a bona fide agreement in order to comply with federal immigration laws. The risk associated with a loss of federal financial aid outweighed a desire to implement the concurrent employment model.

An additional challenge relates to funding of the program. Many program models receive direct support from state institutions to initiate as well as operate the program. The state also provides significant discounts for the use of laboratory space, materials, and subsidies for talent acquisition initiated through public private partnership agreements. Given the state's current spending constraints, finding and maintaining necessary resources could be problematic or lead to costs being passed on to the GEIR participants. There were concerns that this cost could be prohibitive and result in low participation rates.

Challenges and questions arose from Working Group members regarding the interplay of recent efforts to regionalize various industry sector initiatives. A primary question on this topic included should each university specialize in various sectors that align with the Governor's Strategic Partnership? The Working Group was not able to come to consensus on this topic.