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# Estimating the Investment and Job Creation Impact of the EB-5 Program

## EXECUTIVE SUMMARY

At the request of U.S. Citizenship and Immigration Services (USCIS) in the Department of Homeland Security (DHS), the Economics and Statistics Administration (ESA) of the Department of Commerce (DOC) conducted an assessment of the EB-5 program to determine its size and its contribution to the U.S. economy. To accomplish this, we examined individual projects that were active during a two-year period, FY2012 and FY2013, and compiled a new dataset that includes the number of EB-5 projects, the number of investors, the amount of EB-5 and non-EB-5 related investment spending and the resulting expected<sup>1</sup> job creation.

The EB-5 program provides two avenues for immigrant investors: the Stand-Alone process and the Regional Center process. In both cases, individual immigrant investors must make a minimum investment of \$1 million, or \$500,000 if the project is located in a “Targeted Employment Area” (TEA).<sup>2</sup> Both avenues also require investment in a new commercial enterprise that will create or preserve a minimum number of jobs (10 jobs per investor). For Stand-Alone investors, the jobs must be direct jobs at the new commercial enterprise; for investors in Regional Centers, the jobs can be the total of direct, indirect, and induced employment as determined through regional economic models.

The investment and job creation impacts of both avenues of EB-5 immigrant investor projects that were active in FY2012 and FY2013 were as follows:

### National Estimates

- More than 11,000 immigrant investors provided \$5.8 billion in capital, roughly 35% of the total investment (\$16.7 billion), for 562 EB-5 related projects that were active in FY2012

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<sup>1</sup> Estimates were calculated using Economic Impact Analyses for projects filed on Form I-526 petitions by investors and exemplar petitions filed with Form I-924 Regional Center applications. The Form I-829 petitions that must be filed by the immigrant investor within the 90-day period immediately preceding the second anniversary of obtaining conditional permanent resident status generally include evidence of job creation from the completed project but these petitions were not available for us to use in our analysis. (See the Glossary for definitions.)

<sup>2</sup> See the Glossary for a definition of *Targeted Employment Area*.

and FY2013. These projects were expected to create an estimated 174,039 jobs. (See Table 1).<sup>3</sup>

- The great majority of EB-5 investment and job creation occurs through Regional Centers.<sup>4</sup> Economic Impact Analyses for the 134 projects active in FY2012 and FY2013 and operated through Regional Centers show that an estimated 169,759 jobs were expected to be created from total investment of \$16.4 billion.
  - The EB-5 immigrant investor portion of these capital investments was about 33% or \$5.4 billion.
  - The remaining \$10.9 billion of investments came from non-EB-5 sources of capital (domestic and foreign). The non-EB-5 sources of capital included equity from project developers, commercial loans, and investment from other project participants.
  - By including jobs associated with non-EB-5 investor sources of capital, a practice allowed by regulation<sup>5</sup>, we estimate that EB-5 projects that were active in FY2012 and FY2013 were expected to generate about 16 jobs for each of the immigrant investors associated with the program.
- In absolute terms, there were more active Stand-Alone projects (428) than Regional Center projects (134) during the time period that was the focus of our study. Stand-Alone projects are estimated to have resulted in at least \$327 million in EB-5 investment and the expected creation of at least 4,280 jobs.

**Table 1: Total Investment and Job Creation from Active EB-5 Projects, FY2012 and FY2013<sup>1</sup>**

	Number of Projects	Number of Investors	Investment Spending (millions)			Job Creation Requirement	Job Creation Estimate
			Total	EB-5	Non EB5		
Regional Center <sup>2</sup>	134	10,644	\$ 16,366	\$ 5,446	\$ 10,920	106,440	169,759
Stand-Alone <sup>3</sup>	428	428	\$ 327	\$ 327	\$ -	4,280	4,280
<b>Total</b>	<b>562</b>	<b>11,072</b>	<b>\$ 16,693</b>	<b>\$ 5,773</b>	<b>\$ 10,920</b>	<b>110,720</b>	<b>174,039</b>

<sup>1</sup> Active EB-5 project selection was based on number of I-526s approved during FY2012 and FY2013. Active EB-5 projects include projects at various stages--beginning, ongoing and completed--during this period.

<sup>2</sup> Regional Center data were compiled from Economic Impact Analyses submitted by Regional Centers.

<sup>3</sup> Stand-Alone projects were estimated using the minimum investment amount per project depending on whether the project was located in a targeted (\$500,000 minimum) or non-targeted (\$1 million minimum) employment area.

Source: ESA estimates based on Economic Impact Analyses submitted to USCIS and IPO investor data

<sup>3</sup> Since our results were based on active projects in FY2012 and FY2013 and the data do not identify the total active time period for each of the 134 Regional Center projects reviewed, or any schedule for when the jobs would be added, there was no way of providing annual counts of jobs created by the investments.

<sup>4</sup> See the Glossary for a definition of *Regional Center*.

<sup>5</sup> See 8 C.F.R. § 204.6(g)(2).

## State Level Estimates (Regional Center projects only)<sup>6</sup>

- During FY2012 and FY2013, the 134 active EB-5 Regional Center projects were located in 25 states and the District of Columbia, with the majority (about 65%) found in California, New York, Florida, Texas and Alabama.
- The ranking of states by number of investors differed slightly from the ranking by number of projects. Roughly three-quarters (73%) of the EB-5 investors invested in new commercial enterprises associated with Regional Center projects that were located in California, New York, Florida, Ohio and Pennsylvania. On average, the projects located in these states were very large projects with greater numbers of investors. Almost half of the total EB-5 investors invested in new commercial enterprises associated with Regional Center projects that were located in California and New York and each of these states had EB-5 capital investments greater than \$1 billion.
- Total investment (EB-5 and non-EB-5), based on the location of the project, ranked highest in California, New York, Florida, Maryland and Nevada. These top five states accounted for over 80 percent of total investment. These same five states also ranked highest in terms of supplying the most non-EB-5 capital to projects.
- The greatest number of the estimated 169,759 jobs that were expected to be created by Regional Center projects active in FY2012 and FY2013 were associated with projects in California, New York, Florida, the District of Columbia and Maryland. These four states and the District of Columbia comprise 70 percent of total estimated job creation, with California accounting for 30 percent. Projects in California, New York and Florida were estimated to result in more than 10,000 jobs in each state.

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<sup>6</sup> Our analysis of the projects was at the study area or job impact level of geographic definition. We are only reporting state level impacts because the county or multiple county level of detail might necessarily reveal the project and associated internal business information.





# Estimating the Investment and Job Creation Impact of the EB-5 Program

## INTRODUCTION

U.S. Citizenship and Immigration Services (USCIS), part of the Department of Homeland Security (DHS), administers the employment-based “fifth preference” or EB-5 program. In 2013, the Office of the Inspector General (OIG) of the Department of Homeland Security released a report<sup>7</sup> that raised concerns about the accuracy of USCIS estimates of the value or size (investment and job creation) of the EB-5 program. Based on these concerns, USCIS approached the Department of Commerce’s (DOC) Economics and Statistics Administration (ESA) to conduct a study of the level of investment that takes place through the program and job creation in the U.S. associated with these investments.<sup>8</sup>

Specifically, USCIS asked us to develop an objective measure of the economic benefits (a valuation) of the EB-5 program on the economy in the U.S. in terms of jobs created and incremental capital investment. This report lays out the process we used for developing estimates of the size of the EB-5 program, including the sources of data used, estimation methodology, and assumptions. It also includes detailed findings by state.

We did not evaluate the effectiveness or operational efficiency of the EB-5 program. Although we had originally hoped to measure the induced effects of increased household spending in regions where the immigrant investors reside in the U.S., our report does not include these estimates due to a lack of data on the income of investors and their families. We were able to identify the immigrant investors’ location by state (See Map 6), but the lack of income data precluded further analysis of spending patterns. Finally, we note that the Government Accountability Office (GAO) recommended that when a true cost-benefit analysis of a program such as EB-5 cannot be conducted, it is desirable to at least enumerate the types of benefits and costs the program will generate.<sup>9</sup> Our report was not intended to do a complete cost-benefit analysis, so GAO requested, and USCIS agreed that we should at least address some of the social costs associated with the program. However, we determined that the data required for

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<sup>7</sup> U.S. Department of Homeland Security, Office of the Inspector General, “United States Citizenship and Immigration Services’ Employment-Based Fifth Preference (EB-5) Regional Center Program,” December 2013.

<sup>8</sup> In November 2014, a Memoranda of Agreement between the Department of Commerce/Economics and Statistics Administration (ESA) and the Department of Homeland Security/USCIS was put in place for ESA to report on and to provide evidence of how the EB-5 program affects the U.S. economy. Specifically, by using USCIS data on the EB-5 program, we were tasked to determine levels of investments and jobs created by immigrant investors participating in the program in FY2012 and FY2013. Originally, the analysis was to be done within one year. In November 2015, we requested a 3-month extension to the MOA primarily because of the length of time needed to extract data from paper based Economic Impact Analyses located at a USCIS storage facility.

<sup>9</sup> U.S. Government Accountability Office, “Immigrant Investor Program: Additional Actions Needed to Better Assess Fraud Risks and Report Economic Benefits,” August 2015.

conducting a meaningful analysis of the social costs of immigrant investors and their families was unavailable and, therefore, do not include such an analysis in our study.

## OVERVIEW OF THE EB-5 PROGRAM<sup>10</sup>

Congress authorized the EB-5 program in 1990 in order to stimulate the economy through capital investment and job creation by foreign investors. The program provides a path for such investors and certain family members to obtain lawful permanent residence. Initially, there were only “Stand-Alone” investors, but in 1992, Congress, under Section 610 of Public Law 102-395, created the Immigrant Investor Program as a pilot project that would allow for the creation of “Regional Centers.” Both Stand-Alone and Regional Center investments allow investors to pool their funds. These investments allow the immigrant investor to become part of a lawful business entity, such as a limited partnership.

Investors, whether Stand-Alone or through a Regional Center, first petition USCIS for EB-5 classification (via Form I-526). Upon admission or adjustment of status, they are allowed to enter the U.S. for two years as conditional permanent residents. The minimum qualifying EB-5 investment in the United States is \$1 million. However, investors may invest as little as \$500,000, if the project is located in an underserved geographical area called a Targeted Employment Area (TEA). The term TEA means, at the time of investment, a rural area or an area which has experienced unemployment of at least 150 percent of the national average rate.

Immigrant investors are required to petition (via Form I-829) for removal of the conditions on their permanent resident status within 90 days before the second anniversary of obtaining that status. As part of this process, investors must prove, among other things that the new commercial enterprise into which they invested has preserved, created or can be expected to create within a “reasonable period of time” at least 10 new jobs. Once USCIS approves the I-829 petition,<sup>11</sup> the conditions on permanent residence are removed.

For Stand-Alone projects, USCIS measures job creation as direct hires in the new commercial enterprise funded through the EB-5 investment. It verifies the direct hire counts through documentation such as photocopies of relevant payroll and tax records, Form I-9 (employment eligibility verification) or other similar documents.

For investments through the Regional Centers, USCIS measures job creation as not only direct employment, but also indirect and induced jobs. When the Regional Center is set up, it prepares, or hires outside experts to prepare, an Economic Impact Analysis (EIA) to estimate the number of

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<sup>10</sup> For additional information, see the USCIS website: <https://www.uscis.gov/working-united-states/permanent-workers/employment-based-immigration-fifth-preference-eb-5/about-eb-5-visa>.

<sup>11</sup> The approval rate for I-829 petitions has increased over time and the vast majority of adjudicated I-829 petitions are approved. In 2015, 1,067 I-829 petitions were approved and only 11 were denied. [https://www.uscis.gov/sites/default/files/USCIS/Resources/Reports%20and%20Studies/Immigration%20Forms%20Data/Employment-based/I829\\_performancedata\\_fy2016\\_qtr2.pdf](https://www.uscis.gov/sites/default/files/USCIS/Resources/Reports%20and%20Studies/Immigration%20Forms%20Data/Employment-based/I829_performancedata_fy2016_qtr2.pdf)

jobs that will be created from a particular project. Typically, the immigrant investor petitioners who invested in a new commercial enterprise associated with a given Regional Center project all use the same EIA to support their claim of job creation. USCIS provides policy guidance on estimating job creation.<sup>12</sup>

Our report provides an assessment of the impact of the EB-5 program by using data from EIAs to examine the aggregate investments made, the estimates of the number of jobs that were expected to be created by the investors and where the projects are located across the United States.

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<sup>12</sup> <https://www.uscis.gov/sites/default/files/USCIS/Laws/Memoranda/2013/May/EB-5%20Adjudications%20PM%20%28Approved%20as%20final%205-30-13%29.pdf>

## METHODOLOGY SUMMARY

### Economic Impact Analyses and Data Tabulations for Regional Center Projects

USCIS asked ESA to estimate the size of the EB-5 program based on investment levels and associated job creation. We conducted numerous reviews of the existing USCIS data (known as i-CLAIMS<sup>13</sup>) and worked with USCIS staff to determine whether the i-CLAIMS data could generate what would be needed for the impact analysis. We concluded that the i-CLAIMS data was not sufficient for our analysis. Instead, we built our own database for the Regional Center projects using the data provided in the EIAs that Regional Center investors submit to demonstrate that their project will lead to the required 10 jobs per investor.<sup>14</sup> In most cases, the EIAs came from paper-based project files stored in the USCIS archive facility in Lee's Summit, Missouri.

USCIS may consider EIAs as "reasonable methodologies"<sup>15</sup> to establish a job creation requirement of 10 jobs per investor. Since the EIA is done prior to project approval, it must forecast the number of jobs the project will create using relevant project-related data and economically or statistically valid forecasting tools. The Regional Center typically hires an economic consulting firm to conduct the EIA. The Regional Center supplies information to the consulting firm on types and amounts of spending, including construction spending (hard and soft) as well as spending for operations, if jobs are expected to be created, for example, from operating a new hospital or hotel. Hard construction costs include the cost of materials while soft construction costs include services rendered by architects, engineers and others. The majority of projects involve some type of construction of a new facility or renovation of an existing building (e.g., a hotel). Other types of projects include transportation infrastructure improvements, movie production, and auto parts manufacturing.

Our Regional Center analysis focused on projects that were active in FY2012 and FY2013, so our project selection criteria began with reviewing a list of all projects including the number of approved I-526 petitions associated with the projects. We also had at our disposal I-526 petitions and the numbers of approvals for years before (FY2010 and FY2011) and after (FY2014). Our starting point was to rank the Regional Center projects by number of I-526 approvals in FY2012 and FY2013 and then to review the numbers of approvals in earlier and later years to give some indication of expected project activity in FY2012 and FY2013. Once this review of petition approvals was complete, we selected Regional Center projects that were expected to have the bulk of their activity in FY2012 and FY2013, and then requested that USCIS provide us with the approximately 200 EIAs for these projects. In the end, after eliminating duplicate project listings

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<sup>13</sup> i-CLAIMS is a database created by USCIS as an administrative tool to record the adjudication of I-924 applications and was not originally designed to store project data for economic analysis.

<sup>14</sup> Jobs are measured as full-time jobs of at least 35 hours per week that are expected to last for two years or more.

<sup>15</sup> See 8 C.F.R. 204.6(j)(4)(iii) and 8 C.F.R. 204.6(m)(7)(ii).

and multi-stage projects, we were left with 134 Regional Center projects that were active in FY2012 and FY2013.<sup>16</sup>

Economic consulting firms typically used a regional input-output model for the geographic area of the EB-5 project to determine job creation.<sup>17</sup> The consultants apply relevant multipliers to EB-5 investment spending in order to estimate the direct, indirect and induced employment effects. Direct job creation includes jobs created at the entity itself, while indirect jobs are those created in industries that support or supply the industry of the entity. Induced jobs result from increased household spending by those who were hired for the direct or indirect jobs.

We carefully evaluated EIAs from 25 of the largest projects (as measured by total investment spending) to determine the degree of consistency among the EIAs, adherence to USCIS policy guidance and use of accepted regional modeling practices.<sup>18</sup> There were inconsistencies that led to both underestimates and overestimates of job creation, but we were unable to determine the net effect of the bias. Below are selected examples of issues that we found from our analysis of EIAs:<sup>19</sup>

- In some cases, not all the jobs were reported in the EIA because they were not needed to meet the minimum requirement of 10 jobs per investor. In these cases, there is an undercount of job creation.
- In other instances, there is likely an overestimation of job creation since double-counting resulted from the inappropriate use of multipliers. For example, sometimes architectural and engineering services are counted as soft construction costs when those services are already captured in the overall construction multiplier within the regional model.
- The practice of using separate multipliers in a construction project where the equipment in the structure is physically attached to the structure (such as stadium seating) and where the overall construction multiplier includes this type of equipment within the regional model. This practice led to an overestimate of investment impacts.
- Also, several EIAs estimated job creation from construction of a building, e.g., a hospital and then job creation from operations of the building. However, there were inconsistencies in the length of time and manner in which job creation from operations were estimated.

Since we lacked the necessary information to determine the extent to which EIA estimates were overestimated or underestimated, our analysis is based solely on the estimates as reported in the EIAs and related materials. Despite the issues associated with the EIAs, we believe that the data compiled from them provides a more robust database and basis for analysis than other studies that estimated the size and impact of the EB-5 program using, for example, the general or

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<sup>16</sup>Individual EB-5 investments were well above \$500,000 in 9 of the 134 active projects during FY2012 and FY2013 and thus we assume these projects were not located in a TEA.

<sup>17</sup>RIMS II, IMPLAN, REMI and REDYN are the models typically used. RIMS II stands for the Regional Input Output Modelling System II created and maintained by the U.S. Department of Commerce. IMPLAN, REMI and REDYN are proprietary privately held regional models.

<sup>18</sup>For the remaining 109 projects, we compiled and tabulated the relevant data, but did not record our comments about how the EIA was conducted or how the regional model(s) were used.

<sup>19</sup>ESA is providing USCIS with specific cases where these issues and concerns were observed.

'ballpark' estimates of aggregate capital investment and job creation totals in visa petition approvals provided in USCIS reporting.

Within the past three years, USCIS has hired more economists, that has improved its ability to evaluate EB-5 applications/petitions and EIAs. USCIS has developed a process by which economists evaluate the EIAs using criteria established in USCIS regulations and policy memorandums to conduct an economic due diligence (EDD) report. The EDD contains a summary of the project and the economist's evaluation of the EIA, such as evidence of transparency, appropriate use of multipliers, geographic area used for the job creation estimate, and the relevant timeframe. If an EIA is incomplete, the economist can request further evidence and re-evaluate the project. As a result of this process, future assessments of investments and jobs created by EB-5 projects should be more consistent methodologically with best practices in regional economic analysis.

## Estimation of Stand-Alone Investments

Immigrant investors in Stand-Alone projects are often either immigrant entrepreneurs starting a new business, part of a small pool of investors or investors in small businesses in the U.S. which may have failed without help from foreign investors. Like Regional Center investors, they must invest a minimum of \$500,000 in TEAs or a minimum of \$1 million in non-targeted employment areas.

Stand-Alone EB-5 projects do not rely on an economic model for the count of jobs created. Each investor is required to document in its I-829 form (removal of conditions) using tax records, Form I-9, payroll records or other documents the jobs created or maintained. However, given the study timeframe of FY2012 and FY2013, the I-829s that would demonstrate job creation had not yet been filed by the time of our analysis.

Because the I-829s were unavailable, USCIS instead provided us information on the Stand-Alone projects over FY2012 and FY2013 including the name of the new commercial enterprise funded by the investment and whether the enterprise was located in a TEA. We then estimated the contribution of each Stand-Alone project using the minimum investment of \$1 million for each investor in a non-targeted employment area or \$500,000 for projects in a TEA. Given that Stand-Alones do not rely on economic models as with Regional Center investments and the estimate of jobs when an I-526 is filed does not require the documentation such as that required for I-829 approval, we assume that each project would reach the minimum employment requirement of 10 jobs per investor. We acknowledge that some projects may have been successful and created more than 10 jobs per Stand-Alone investor and some may have fallen short and not met the minimum requirement of 10 jobs created. Since Stand-Alone projects comprise a small share of total EB-5 investment and job creation, this approach is not likely to change the overall conclusions discussed below. Total estimated Stand-Alone investments and job creation are provided in the following section.

## INVESTMENT AND JOB CREATION FROM ACTIVE EB-5 PROJECTS IN FY2012 AND FY2013

There were 562 active EB-5 projects throughout the U.S. in FY2012 and FY2013 that were supported by EB-5 investment. Over 11,000 immigrant investors invested \$5.8 billion in new commercial enterprises associated with projects in 25 states and the District of Columbia. The projects were expected to generate an estimated 174,039 jobs. Immigrant investors supplied roughly 35% of the total funding of \$16.7 billion (See Table 1). The vast majority of EB-5 investment spending was through Regional Centers (98%) while the remaining amount (2%) was through Stand-Alone operations. EB-5 program investments (investments from immigrant investors and non-EB-5 capital in EB-5 projects) account for between 0.5% and 1.6% of the flow of total foreign direct investment into the United States.<sup>20</sup>

**Table 1: Total Investment and Job Creation from Active EB-5 Projects, FY2012 and FY2013<sup>1</sup>**

	Number of Projects	Number of Investors	Investment Spending (millions)			Job Creation Requirement	Job Creation Estimate
			Total	EB-5	Non EB5		
Regional Center <sup>2</sup>	134	10,644	\$ 16,366	\$ 5,446	\$ 10,920	106,440	169,759
Stand-Alone <sup>3</sup>	428	428	\$ 327	\$ 327	\$ -	4,280	4,280
<b>Total</b>	<b>562</b>	<b>11,072</b>	<b>\$ 16,693</b>	<b>\$ 5,773</b>	<b>\$ 10,920</b>	<b>110,720</b>	<b>174,039</b>

<sup>1</sup> Active EB-5 project selection was based on number of I-526s approved during FY2012 and FY2013. Active EB-5 projects include projects at various stages--beginning, ongoing and completed--during this period.

<sup>2</sup> Regional Center data were compiled from Economic Impact Analyses submitted by Regional Centers.

<sup>3</sup> Stand-Alone projects were estimated using the minimum investment amount per project depending on whether the project was located in a targeted (\$500,000 minimum) or non-targeted (\$1 million minimum) employment area.

Source: ESA estimates based on Economic Impact Analyses submitted to USCIS and IPO investor data

### Regional Center Projects – National Estimates

As explained in the previous section, we collected data for each Regional Center project by reviewing EIAs that Regional Centers or investors associated with Regional Centers submitted to USCIS as part of the EB-5 application/petition process.

We found that, using the data provided in the EIAs, an estimated 169,759 jobs were expected to be created from 134 projects operated through Regional Centers that involved 10,644 immigrant

<sup>20</sup> ESA calculated the EB-5 program share using 2012 and 2013 total foreign direct investment into the U.S. data from the Department of Commerce's Bureau of Economic Analysis. The range is provided since the non-EB-5 capital in EB-5 projects is from a combination of domestic and foreign sources and that data was not available.

investors, or about 16 jobs per investor (See Table 1).<sup>21</sup> Total investment in these 134 projects was \$16.4 billion; the immigrant investor share of these investments was about 33% or \$5.4 billion. Non-EB-5 sources of capital investments in these projects were about \$11 billion or approximately 67% of the investment funds in EB-5 projects.

Thus, given the information provided in the EIAs, we conclude that for FY2012 and FY2013, the EB-5 program is expected to exceed its job creation requirement that each immigrant investor contribute capital to a new commercial enterprise that creates at least 10 full-time jobs.

## Stand-Alone Investments

As described in the Methodology section, Stand-Alone investments can be located in TEAs and non-TEAs. There were 226 Stand-Alone projects over FY2012 and FY2013 not located in a TEA. By using the minimum of \$1 million for each investor and 10 jobs per investor which we assume are eventually proven to have been created using employment records, we estimate total investment of at least \$226 million with at least 2,260 jobs expected to be created or maintained. In addition, there were 202 Stand-Alone projects that were located in a TEA. Stand-Alone projects in TEAs require a minimum of \$500,000 which provides an estimated \$101 million in investment and 10 jobs per investor or 2,020 jobs created or maintained. In total, we estimate 428 Stand-Alone projects resulted in at least \$327 million in direct EB-5 investment and the expected direct creation of at least 4,280 jobs (See Table 1).

## Regional Center EB-5 Related Investment and Job Creation by State<sup>22</sup>

The following series of maps display the number of investors, total investment, EB-5 and non-EB-5 investment and job creation for Regional Center administered projects only.

### Map 1 shows:

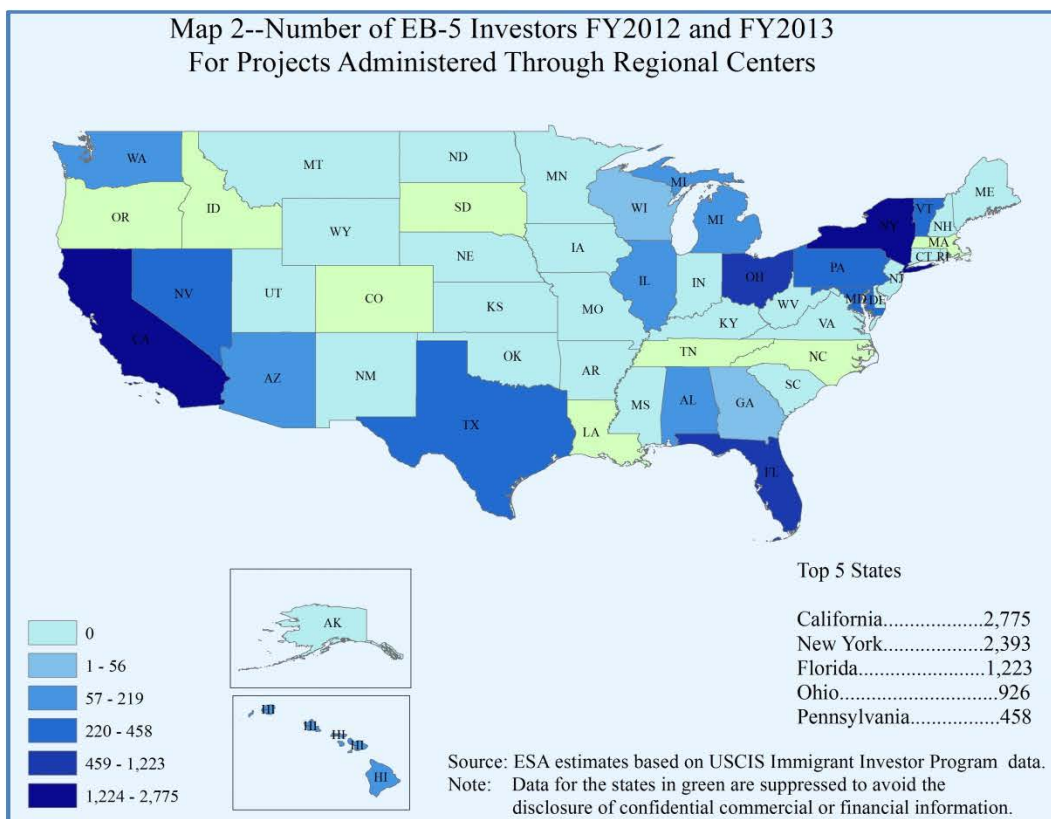
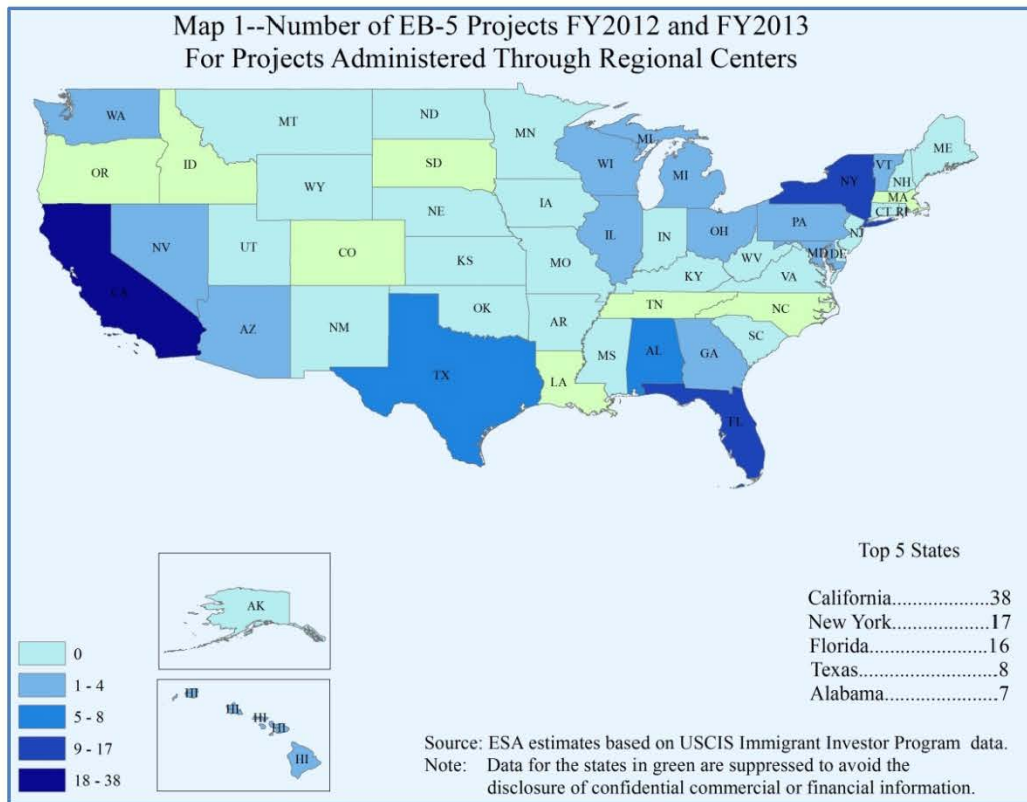
- Twenty-five states and the District of Columbia had EB-5 projects.
- The top five states where active projects occurred in FY2012 and FY2013—California, New York, Florida, Texas and Alabama—accounted for about 65 percent of the 134 projects over the time span, with about 30 percent in California. The top five states were the only ones that had 7 or more projects each.

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<sup>21</sup>The allowance of EB-5 investors to get credit for jobs created by non-EB-5 funding by USCIS has been a contentious issue. For a number of projects, the EB-5 portion of the total investment is much less than 33%. However, USCIS anecdotally cites a number of instances where funding for an entire project hinged on the participation of the EB-5 portion of the total investment.

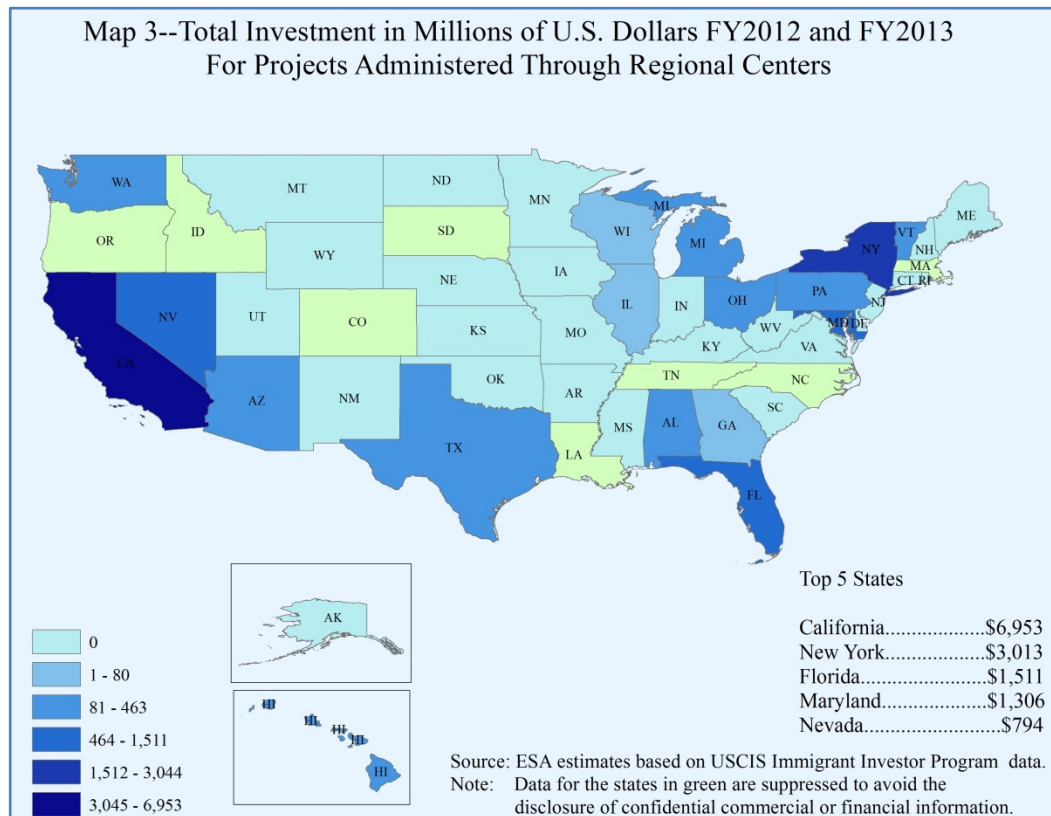
<sup>22</sup> See the appendices for state level data. The sum of state totals in the appendices may not add up to the total because of data from areas including but not limited to Puerto Rico and Guam. Maps include Regional Center data only because Stand-Alone data were not available by state.





**Map 2 shows:**

- The states<sup>23</sup> that had the highest number of immigrant investors associated with active projects in FY2012 and FY2013, accounting for about 75 percent of the total, were California, New York, Florida, Ohio and Pennsylvania. This ranking differs slightly from the number of projects, indicating that the projects in some of the top 5 states in Map 1 were very large and required relatively more investors.<sup>24</sup>
- California and New York together accounted for about 50 percent of the total 10,644 investors.

**Map 3 shows:**

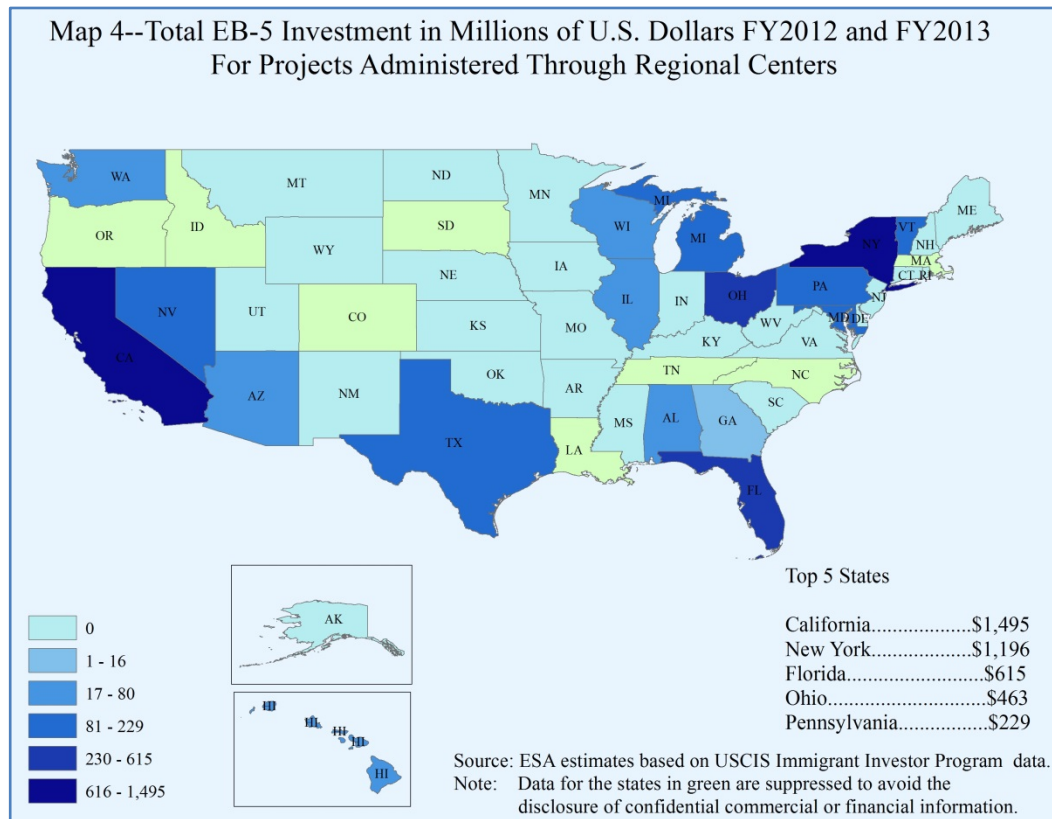
- Twenty-five states plus the District of Columbia had EB-5 related investments.
- The largest total dollar amounts of investments were in California, New York, Florida, Maryland and Nevada. California, New York, Florida and Maryland each had active projects in FY2012 and FY2013 with investments of over \$1 billion. The top five states accounted for over 80 percent of total investment. These same five states also ranked

<sup>23</sup> These figures do not represent which states investors reside in, as most investors do not reside in the United States at the time of their Form I-526 petition filing.

<sup>24</sup> The number of immigrant investors was based on investor or investment data captured from individual EIAs. In a few cases, the EIA did not provide matching data—number of investors matched to levels of investments. In those few cases, we relied on the number of Form I-526 approvals that occurred in FY2012 and FY2013 and we may not have necessarily captured the number of EB-5 immigrant investors associated with those projects.

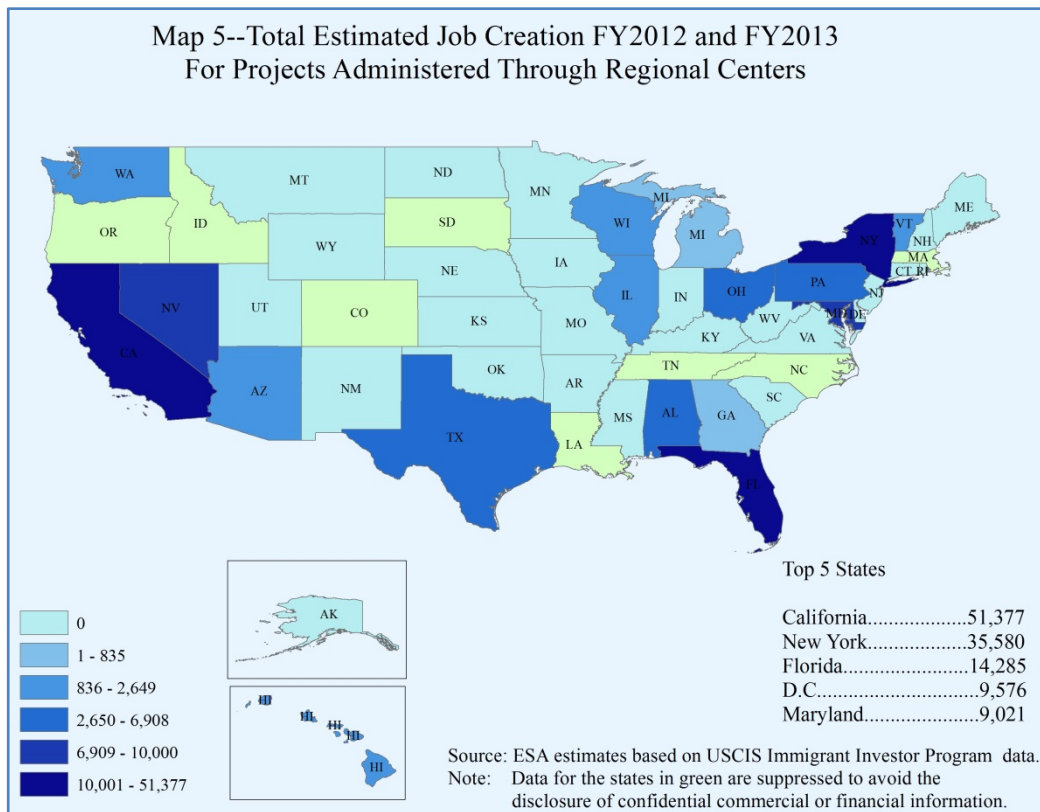
highest in terms of supplying the most non-EB-5 capital to projects (not shown on the map).

- Fourteen states plus the District of Columbia each had EB-5 related investments of greater than \$100 million.



**Map 4 shows:**

- The top states with EB-5 investments (that is, the amount invested by immigrant investors through the program) were California, New York, Florida, Ohio and Pennsylvania. These states accounted for over 70 percent of the \$5.4 billion in investments made by immigrant investors in new commercial enterprises associated with active projects through Regional Centers in FY2012 and FY2013. California and New York each had EB-5 investments greater than \$1 billion.
- In all, 25 states plus the District of Columbia had EB-5 investments in their states. Fifteen of these had EB-5 investments of less than \$100 million.
- In three states—Ohio, Idaho and South Dakota—the EB-5 projects relied only on EB-5 investment and had no investments from non-EB-5 sources of capital.

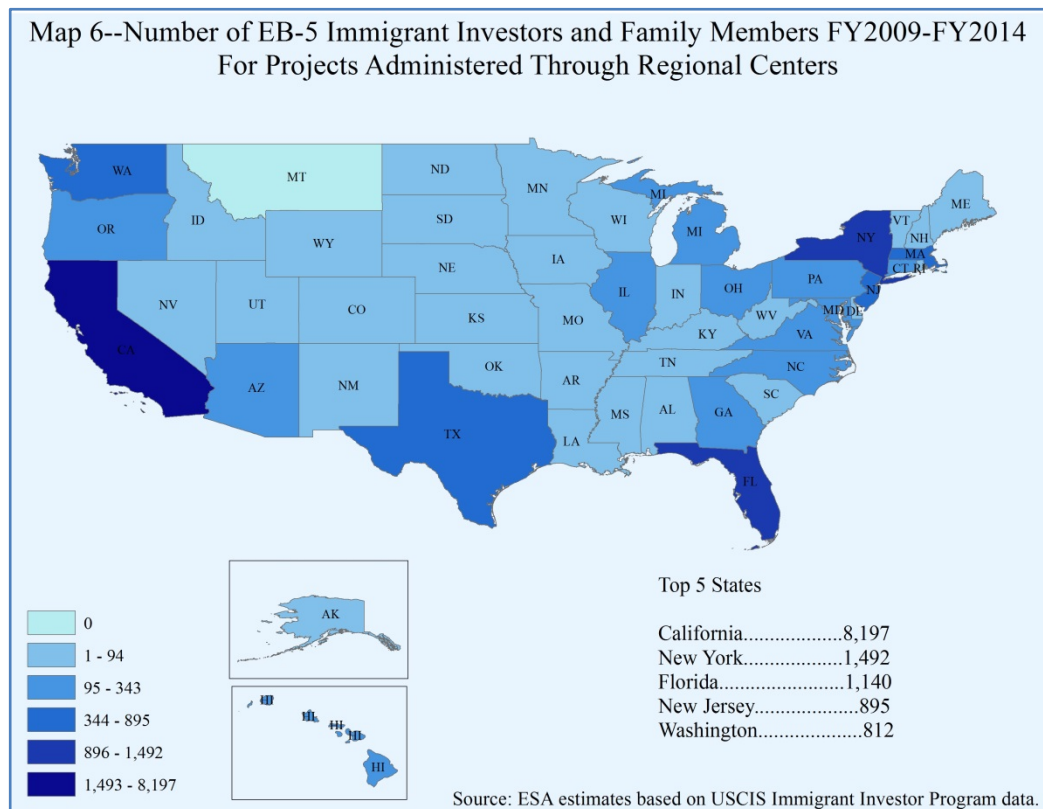


**Map 5 shows:**

- The total number of jobs expected to be created through active projects associated with Regional Centers in FY2012 and FY2013 is estimated to be 169,759.
- California, New York, Florida, the District of Columbia and Maryland were the top 5 areas in expected job creation, comprising about 70 percent of the total. California by itself accounted for about 30 percent of job creation. California, New York and Florida were the only states where expected job creation was greater than 10,000.

## SETTLEMENT LOCATIONS OF IMMIGRANT INVESTORS AND FAMILIES, BY STATE

By using USCIS data on permanent addresses of immigrant investors at or near the time they filed to remove conditions on their permanent resident status, we were able to observe settlement patterns of these investors. As explained above, immigrant investors and family members who are admitted to the United States or adjust status on the basis of approved Form I-526 petitions live in the U.S. in a conditional permanent resident status for approximately two years. They then petition to have the conditions on their permanent residence removed and the petition is adjudicated. Map 6<sup>25</sup> below shows where almost 17,000 Regional Center investors and their families located based on approved Form I-829 petitions submitted to USCIS between FY2009 and FY2014.<sup>26</sup>



<sup>25</sup> Settlement patterns of immigrant investors and their families in Map 6 are based on permanent addresses provided by petitioners on their submitted Form I-829. These data should not be compared with the numbers of EB-5 investors by state in Map 2 which are based on EB-5 project location and not settlement location.

<sup>26</sup> This data was only available to us from USCIS in a historical data file with investor locations from FY2009 to FY2014. These data are from a longer timeframe that capture many more investors and family members than during our study period, but it was not possible for us to limit the timeframe of this information to just FY2012 and FY2013.

**Map 6 shows:**

- The top five states where Regional Center EB-5 investors and families resided were California, New York, Florida, New Jersey and Washington. California, with over 8,000 immigrant investors and family members, accounted for roughly half of the total and outpaced New York, the second largest home to EB-5 immigrants by a factor of 5. The top 10 states account for roughly 85 percent of all immigrant investors and families.
- Given the longer timeframe (FY2009 to FY2014) for which we have investor location data, we find that with the exception of Montana, every state (and the District of Columbia) has EB-5 related immigrants. The majority of immigrant investors and family members resided in coastal states.

## CONCLUSION

At the request of USCIS, ESA conducted a “valuation” of the EB-5 program. We developed a method based on the number of I-526 (immigrant investor petition) approvals to determine which of the projects in the USCIS EB-5 database were active in FY2012 and FY2013. After refining the list of active projects by Regional Center, we requested and obtained the Economic Impact Analyses (EIAs) associated with the projects. The purpose of this study was to provide an objective measurement of the economic impact of the EB-5 program on the U.S. economy in terms of expected jobs created and the capital invested. Consequently, we did not evaluate the effectiveness or operational efficiency of the EB-5 program or its administration.

By using EB-5 investment and job creation estimates reported in EIAs for active projects over the two-year period of FY2012 and FY2013, we tabulated that there were 10,644 investors, total dollar value of investment of \$16.4 billion and 169,759 expected jobs from 134 projects in EB-5 Regional Centers. We also tabulated 428 Stand-Alone investor projects during those two years that were expected to create or save 4,820 jobs. Active EB-5 projects, both those associated with Regional Centers and Stand-Alone projects resulted in an estimated 174,039 expected jobs—nearly 16 jobs per immigrant investor.

# APPENDIX

## GLOSSARY OF TERMS

**EB-5 Program:** EB-5 refers to the employment-based fifth preference visa category. This program is comprised of the Immigrant Investor (Regional Center) Program and the Stand-Alone program for alien entrepreneurs.

**Economic Due Diligence (EDD):** The review and examination of business plans, EIAs and, when appropriate, the organizational and transactional documents (subscription agreements, contracts, permits, loan documents, private placement memoranda, etc.) submitted by a Regional Center or investor by USCIS to ascertain compliance with USCIS regulations and policy.

**Economic Impact Analysis (EIA):** The report prepared by a Regional Center’s economists to demonstrate how the business plan submitted for an individual project will demonstrate how the Regional Center will promote economic growth and how a project will fulfill the requisite job creation for its immigrant investors.

**Economics and Statistics Administration (ESA):** ESA is the agency within the Department of Commerce that prepared this report.

**Exemplar:** The term “exemplar” refers to a sample Form I-526 petition, filed with a Form I-924 actual project proposal that contains copies of the commercial enterprise’s organizational and transactional documents, which USCIS will review to determine if they are in compliance with established EB-5 eligibility requirements.

**Form I-526:** This is the petition used by an alien entrepreneur to request classification as an immigrant under section 203(b)(5) of the Immigration and Nationality Act. If approved the alien entrepreneur may ultimately obtain a two-year conditional permanent residency in the United States.

**Form I-9:** This is the Employment Eligibility Verification form by which employers confirm the identity and authorization of individuals to work in the U.S.

**Form I-924:** This is the application used by a Regional Center in its initial application for designation as a Regional Center; to submit amendments to change its organizational structure or administration; and to submit new capital investment projects for USCIS review.

**Form I-829:** The alien entrepreneur must file this petition within the 90-day period immediately preceding the second anniversary of obtaining conditional permanent resident status. Immigrant entrepreneurs use this to petition for removal of the conditions on their permanent resident status and that of certain dependents. Evidence that the requisite jobs were preserved, created or will be created within a reasonable time must be presented in this petition.

**Immigrant Investor Program Office (IPO):** IPO is the component of USCIS responsible for the adjudication of all EB-5 applications and petitions and, in part, the development of policies regarding the EB-5 program.



**Job Creating Entity (JCE):** A JCE is the entity that is mostly closely responsible for job creation. In some cases, a JCE and a New Commercial Enterprise (NCE) may be the same entity, where the NCE is most closely responsible for job creation. A JCE is the receiver of investment capital from immigrant investors, if the JCE and NCE are the same entity, or Regional Center-associated commercial enterprises.

**New Commercial Enterprise (NCE):** This is a commercial venture owned, at least in part, by one or more EB-5 investors. An NCE is formed by: the creation of a new business; the purchasing of an existing business and its simultaneous or subsequent restructuring or reorganization; or the expansion of an existing business through the investment of the required amount so that a substantial change (at least 40 percent increase) in the net worth or the number of employees results.

**Regional Center:** Any economic entity, public or private, which is involved with the promotion of economic growth, improved regional productivity, job creation and increased domestic capital investment. The organizers of an entity seeking the “Regional Center” designation from USCIS must submit and receive approval of a proposal, supported by economically or statistically valid forecasting tools.

**Stand-Alone Investment:** The investment made by one or more EB-5 investors whose investment is not made through a Regional Center. For these investors, only the direct (i.e., payroll) employment of qualified individuals can count towards the job creation requirement of ten jobs per EB-5 investor.

**Targeted Employment Area (TEA):** A TEA represents a particular geographic or political subdivision of a State that is either a rural area or an area of high unemployment (at least 150 percent of the national average). If an EB-5 investor invests in a TEA, the minimum capital investment is reduced from \$1 million to \$500,000.

**Appendix Table for Map 1:  
Number of EB-5 Projects, by State, FY2012 and FY2013**

STATE/TERR	ABBR	No. of Projects
California	CA	38
New York	NY	17
Florida	FL	16
Texas	TX	8
Alabama	AL	7
Illinois	IL	4
Hawaii	HI	4
Wisconsin	WI	4
District of Columbia	DC	4
Vermont	VT	4
Washington	WA	3
Pennsylvania	PA	3
Michigan	MI	3
Arizona	AZ	3
Georgia	GA	2
Maryland	MD	2
Ohio	OH	2
Nevada	NV	2
Massachusetts	MA	(D)
North Carolina	NC	(D)
Oregon	OR	(D)
Colorado	CO	(D)
South Dakota	SD	(D)
Tennessee	TN	(D)
Idaho	ID	(D)
Louisiana	LA	(D)
New Jersey	NJ	0
Virginia	VA	0
Connecticut	CT	0
Indiana	IN	0
Missouri	MO	0
Minnesota	MN	0
Rhode Island	RI	0
South Carolina	SC	0
Kansas	KS	0
Iowa	IA	0
Delaware	DE	0
New Mexico	NM	0
Nebraska	NE	0
Oklahoma	OK	0
Utah	UT	0
New Hampshire	NH	0
Guam	GU	0
Kentucky	KY	0
Puerto Rico	PR	0
Alaska	AK	0
Maine	ME	0
Mississippi	MS	0
North Dakota	ND	0
Arkansas	AR	0
Wyoming	WY	0
West Virginia	WV	0
American Samoa	AS	0
Marshall Islands	MH	0
Northern Mariana Islands	MP	0
Montana	MT	0
Palau	PW	0
Virgin Islands	VI	0
<b>TOTAL</b>		<b>134</b>

(D) Suppressed to avoid the disclosure of confidential commercial or financial information;

**Appendix Table for Map 2:  
Number of Immigrant Investors, By State, FY2012 and FY2013**

STATE/TERR	ABBR	No. of Investors
California	CA	2,775
New York	NY	2,393
Florida	FL	1,223
Ohio	OH	926
Pennsylvania	PA	458
Texas	TX	349
District of Columbia	DC	338
Vermont	VT	312
Maryland	MD	287
Nevada	NV	259
Michigan	MI	219
Arizona	AZ	123
Washington	WA	122
Alabama	AL	116
Hawaii	HI	88
Illinois	IL	83
Wisconsin	WI	56
Georgia	GA	23
South Dakota	SD	(D)
Colorado	CO	(D)
Idaho	ID	(D)
North Carolina	NC	(D)
Oregon	OR	(D)
Massachusetts	MA	(D)
Louisiana	LA	(D)
Tennessee	TN	(D)
New Jersey	NJ	0
Virginia	VA	0
Connecticut	CT	0
Indiana	IN	0
Missouri	MO	0
Minnesota	MN	0
Rhode Island	RI	0
South Carolina	SC	0
Kansas	KS	0
Iowa	IA	0
Delaware	DE	0
New Mexico	NM	0
Nebraska	NE	0
Oklahoma	OK	0
Utah	UT	0
New Hampshire	NH	0
Guam	GU	0
Kentucky	KY	0
Puerto Rico	PR	0
Alaska	AK	0
Maine	ME	0
Mississippi	MS	0
North Dakota	ND	0
Arkansas	AR	0
Wyoming	WY	0
West Virginia	WV	0
American Samoa	AS	0
Marshall Islands	MH	0
Northern Mariana Islands	MP	0
Montana	MT	0
Palau	PW	0
Virgin Islands	VI	0
<b>TOTAL</b>		<b>10,644</b>

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**Appendix Table for Map 3:**  
**Total EB-5 Investment, by State, in Millions of Dollars, FY2012 and FY2013**

STATE/TERR	ABBR	Total Investment in Mill
California	CA	\$6,953
New York	NY	\$3,013
Florida	FL	\$1,511
Maryland	MD	\$1,306
Nevada	NV	\$794
Ohio	OH	\$463
District of Columbia	DC	\$311
Texas	TX	\$264
Pennsylvania	PA	\$250
Alabama	AL	\$209
Vermont	VT	\$196
Hawaii	HI	\$188
Washington	WA	\$156
Michigan	MI	\$130
Arizona	AZ	\$80
Wisconsin	WI	\$74
Illinois	IL	\$48
Georgia	GA	\$21
Colorado	CO	(D)
South Dakota	SD	(D)
Oregon	OR	(D)
Idaho	ID	(D)
Louisiana	LA	(D)
North Carolina	NC	(D)
Tennessee	TN	(D)
Massachusetts	MA	(D)
New Jersey	NJ	\$0
Virginia	VA	\$0
Connecticut	CT	\$0
Indiana	IN	\$0
Missouri	MO	\$0
Minnesota	MN	\$0
Rhode Island	RI	\$0
South Carolina	SC	\$0
Kansas	KS	\$0
Iowa	IA	\$0
Delaware	DE	\$0
New Mexico	NM	\$0
Nebraska	NE	\$0
Oklahoma	OK	\$0
Utah	UT	\$0
New Hampshire	NH	\$0
Guam	GU	\$0
Kentucky	KY	\$0
Puerto Rico	PR	\$0
Alaska	AK	\$0
Maine	ME	\$0
Mississippi	MS	\$0
North Dakota	ND	\$0
Arkansas	AR	\$0
Wyoming	WY	\$0
West Virginia	WV	\$0
American Samoa	AS	\$0
Marshall Islands	MH	\$0
Northern Mariana Islands	MP	\$0
Montana	MT	\$0
Palau	PW	\$0
Virgin Islands	VI	\$0
<b>TOTAL</b>		<b>\$16,366</b>

(D) Suppressed to avoid the disclosure of confidential commercial or financial information;

**Appendix Table for Map 4:**

**EB-5 Investment Only, by State, in Millions of Dollars, FY2012 and FY2013**

STATE/TERR	ABBR	Total EB-5 Investment in Mil
California	CA	\$1,495
New York	NY	\$1,196
Florida	FL	\$615
Ohio	OH	\$463
Pennsylvania	PA	\$229
Texas	TX	\$174
District of Columbia	DC	\$170
Vermont	VT	\$156
Maryland	MD	\$144
Nevada	NV	\$130
Michigan	MI	\$110
Arizona	AZ	\$63
Washington	WA	\$61
Alabama	AL	\$58
Hawaii	HI	\$43
Illinois	IL	\$42
Wisconsin	WI	\$28
Georgia	GA	\$12
Colorado	CO	(D)
South Dakota	SD	(D)
Idaho	ID	(D)
Oregon	OR	(D)
North Carolina	NC	(D)
Massachusetts	MA	(D)
Louisiana	LA	(D)
Tennessee	TN	(D)
New Jersey	NJ	\$0
Virginia	VA	\$0
Connecticut	CT	\$0
Indiana	IN	\$0
Missouri	MO	\$0
Minnesota	MN	\$0
Rhode Island	RI	\$0
South Carolina	SC	\$0
Kansas	KS	\$0
Iowa	IA	\$0
Delaware	DE	\$0
New Mexico	NM	\$0
Nebraska	NE	\$0
Oklahoma	OK	\$0
Utah	UT	\$0
New Hampshire	NH	\$0
Guam	GU	\$0
Kentucky	KY	\$0
Puerto Rico	PR	\$0
Alaska	AK	\$0
Maine	ME	\$0
Mississippi	MS	\$0
North Dakota	ND	\$0
Arkansas	AR	\$0
Wyoming	WY	\$0
West Virginia	WV	\$0
American Samoa	AS	\$0
Marshall Islands	MH	\$0
Northern Mariana Islands	MP	\$0
Montana	MT	\$0
Palau	PW	\$0
Virgin Islands	VI	\$0
<b>TOTAL</b>		<b>\$5,446</b>

(D) Suppressed to avoid the disclosure of confidential commercial or financial information;

**Appendix Table for Map 5:  
Job Creation, by State, FY2012 and FY2013**

STATE/TERR	ABBR	Total Estimated Job Creation
California	CA	51,377
New York	NY	35,580
Florida	FL	14,285
District of Columbia	DC	9,576
Maryland	MD	9,021
Nevada	NV	8,726
Ohio	OH	6,908
Pennsylvania	PA	5,200
Alabama	AL	4,791
Texas	TX	4,313
Washington	WA	2,649
Vermont	VT	2,118
Wisconsin	WI	1,867
Arizona	AZ	1,358
Hawaii	HI	1,259
Illinois	IL	1,101
Michigan	MI	835
Georgia	GA	376
South Dakota	SD	(D)
Colorado	CO	(D)
Oregon	OR	(D)
Idaho	ID	(D)
Louisiana	LA	(D)
Massachusetts	MA	(D)
North Carolina	NC	(D)
Tennessee	TN	(D)
New Jersey	NJ	0
Virginia	VA	0
Connecticut	CT	0
Indiana	IN	0
Missouri	MO	0
Minnesota	MN	0
Rhode Island	RI	0
South Carolina	SC	0
Kansas	KS	0
Iowa	IA	0
Delaware	DE	0
New Mexico	NM	0
Nebraska	NE	0
Oklahoma	OK	0
Utah	UT	0
New Hampshire	NH	0
Guam	GU	0
Kentucky	KY	0
Puerto Rico	PR	0
Alaska	AK	0
Maine	ME	0
Mississippi	MS	0
North Dakota	ND	0
Arkansas	AR	0
Wyoming	WY	0
West Virginia	WV	0
American Samoa	AS	0
Marshall Islands	MH	0
Northern Mariana Islands	MP	0
Montana	MT	0
Palau	PW	0
Virgin Islands	VI	0
<b>TOTAL</b>		<b>169,759</b>

(D) Suppressed to avoid the disclosure of confidential commercial or financial information

**Appendix Table Map 6:  
Total Number of EB-5 Immigrant Investors and Their Families, by State  
(FY2009-FY2014)**

STATE/TERR	ABBR	Total No EB-5 Immigrants
California	CA	8,197
New York	NY	1,492
Florida	FL	1,140
New Jersey	NJ	895
Washington	WA	812
Massachusetts	MA	690
Texas	TX	587
Pennsylvania	PA	343
Virginia	VA	270
Georgia	GA	256
Illinois	IL	253
Maryland	MD	202
Michigan	MI	159
Hawaii	HI	157
North Carolina	NC	141
Arizona	AZ	131
Ohio	OH	128
Oregon	OR	126
Connecticut	CT	121
Nevada	NV	94
Colorado	CO	88
Indiana	IN	74
Missouri	MO	60
Wisconsin	WI	52
South Dakota	SD	48
Minnesota	MN	46
Rhode Island	RI	36
South Carolina	SC	36
Kansas	KS	33
District of Columbia	DC	30
Tennessee	TN	24
Iowa	IA	22
Delaware	DE	21
New Mexico	NM	17
Nebraska	NE	16
Oklahoma	OK	16
Alabama	AL	15
Utah	UT	15
Idaho	ID	13
Louisiana	LA	13
New Hampshire	NH	12
Kentucky	KY	10
Vermont	VT	7
Alaska	AK	5
Maine	ME	5
Mississippi	MS	5
North Dakota	ND	5
Arkansas	AR	4
Wyoming	WY	4
West Virginia	WV	3
Montana	MT	0
<b>TOTAL</b>		<b>16,946</b>





