Tax Impact Estimates for the Global Entrepreneur in Residence Program

The Global Entrepreneur in Residence (GEIR) Program enables highly-skilled foreign entrepreneurs to start their own businesses in the United States by providing them with opportunities to mentor students in the University of Massachusetts system (“UMass”) and thus obtain H-1B visa sponsorship. The program was started in 2014 at UMass Boston, sponsored by the Commonwealth of Massachusetts at $100,000 per year. The state had continued to fund the program at that level each year until fiscal year 2018. Additional private sponsorship has enabled the UMass Boston GEIR program to grow and has helped make it possible to start similar programs at UMass Lowell and Babson College. The MIT Graduate Student Council supports the Global Entrepreneur in Residence Program and recommends continued funding at least at the original $100,000 level.

Further, we believe the GEIR Pilot Program has paid for itself, through increased income tax revenue for the Commonwealth, at least three times over since the beginning of the program in 2014. The GEIR program at the UMass Boston Venture Development Center has supported 38 companies from its beginnings in 2014 through April 2018, resulting in the creation of 537 jobs and $310M in investment.¹

We estimate the tax impact of this job creation as follows:

- Assume those 537 jobs have an average salary of $100,000 / yr.
  - That would produce a total of $53.7 million per year.
- The personal income tax rate is just over 5% in Massachusetts. We’ll make a conservative estimate and assume it’s exactly 5%.
  - That would produce $2.69 million per year in tax receipts from employees of GEIR companies.
- Taking note that both the GEIR program and the participating companies have grown over time, let’s assume that only ¼ of those employees worked for their companies while the company was an active member of the GEIR program.
  - That would result in $673,000 per year in tax receipts attributable to GEIR.
- To ensure that this is a very conservative estimate, let’s further assume that ½ of the employees of current and former GEIR companies are not actually currently located in Massachusetts.
  - That would result in $336,000 per year in tax receipts attributable to GEIR.

Since the GEIR pilot program (Budget line number 7002-1509) was funded at $100,000 per year in FY16 and FY17 (reduced to $50,000 in FY18), the program has paid for itself at least three times over. We believe this program is a very good deal for both the immigrant entrepreneurs it supports and for the Commonwealth.

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¹ Venture Development Center. “Global Entrepreneur-in-Residence Program.” (http://blogs.umb.edu/vdc/geir/)