



EXECUTIVE SUMMARY

**Assessment of the Economic  
Value and Job Creation Impacts  
of Project Capital Investment  
Activity Under the EB-5 Program**

February 2019

**IIUSA**

INVEST IN THE USA<sup>®</sup>

Jointly Sponsored by the  
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# IN FISCAL YEAR 2014 & 2015, EB-5 HAS BROUGHT TO AMERICA...

## \$23+ billion

EB-5 investment and Regional Center projects contributed more than \$23 billion in labor income for U.S. workers (wages, salaries and proprietors' income).



## 75,000 jobs

EB-5 investments in the American construction sector created more than 75,000 jobs for construction workers.

## \$11 billion

in capital investment was made through EB-5 Regional Centers.



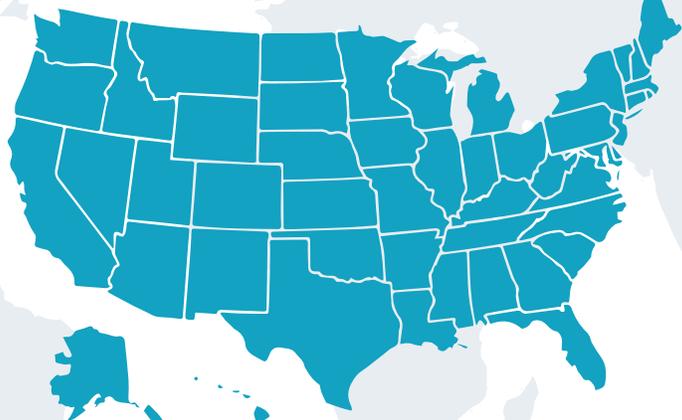
## 16 jobs

On average, Regional Center projects supported more than 16 American jobs for each of the foreign investors invested through the EB-5 Program.



## \$7 billion

Over \$7 billion in EB-5 funding was invested in the American construction sector.



## NATIONWIDE IMPACT

Learn more about the economic benefits generated by EB-5, visit: <https://iiousa.org/eb5impact>



## \$55+ billion

EB-5 investment and Regional Center projects contributed more than \$55 billion in the U.S. economy in terms of Gross Domestic Product (GDP).

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\*Data referenced from IIUSA Economic Impact Report, 2019 peer review study.



# EB-5

## Building a better economic future.

The U.S. Congress created the EB-5 Regional Center Program in 1992 with the goal of encouraging new U.S. economic growth and job creation through increased capital investment. Recently, the Regional Center Program has been contending with a period of program instability in contrast to a long period when the program enjoyed a relative steadiness including multiple three-year Congressional authorizations/re-authorizations.

Over the years, various EB-5 stakeholder groups (including the “Invest in the USA” industry association group—known within the industry as “IIUSA” and the EB-5 Investment Coalition) and at least two departments of the federal government (including the Department of Homeland Security and the U.S. Department of Commerce) have published studies outlining economic benefits or program value (including job creation impacts) of the EB-5 Program’s economic contributions to the U.S. economy. These past analyses used a variety of direct and indirect methods to estimate the economic contribution/impacts of the EB-5 Regional Center Program. While all of these studies made significant contributions in helping to describe the Regional Center program’s economic contributions to the U.S. economy in general, all had limitations of one kind or another in the way they were completed. Those limitations almost always resulted in a significant under-counting of the U.S. job creation impacts or the de-valuing of the program’s contributions to U.S. output and U.S. labor income in comparison to true economic contributions of the Regional Center Program. This study was conducted to address those limitations. We present national economic contribution estimates of the program that are more comprehensive than those earlier efforts.



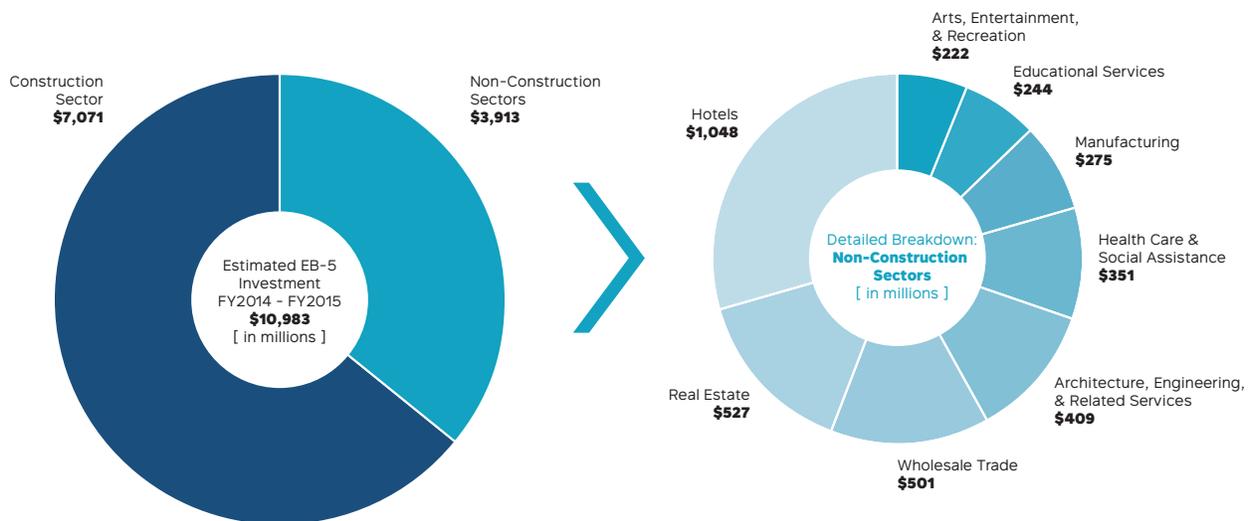
Using a comprehensive EB-5 Regional Center project activity data set provided by IIUSA as obtained from the U.S. Citizenship and Immigration Services (USCIS) through a series of Freedom of Information Act requests, we developed a method to estimate the economic benefits and job creation contributions of all Regional Center projects that were active during federal fiscal years 2014 and 2015 across the entire U.S. economy. The FY 2014-FY 2015 period was used for this analysis because it was a time when capital investment in the Regional Center Program was not inhibited by inadequate visa numbers or impacted by programmatic uncertainties associated with the Regional Center Program's legislative authorization. Previous economic impact or contribution studies have focused on developing impact estimates by state (using state averages), and summing the impacts of each individual state to arrive at a national impact-contribution estimate. Since the U.S. economic impacts-contributions of capital investment by EB-5 projects within a state do not stop at the state border because labor markets and supply chains are much broader geographically than that, our approach was to develop estimates of national economic impact-contribution by Regional Center project capital investment activity using the four economic regions as delineated by the U.S. Census Bureau utilizing the CGGE-based REDYN input-output tool. Because of this approach, we were able to fully-recognize the geographical differences between regional economies throughout the U.S. (versus using national average impact multipliers or coefficients) to produce an integrated, robust national estimate of economic and job creation contributions by the capital investment expenditure activity under the Regional Center program. As such, this study represents a more geographically robust and therefore a more complete estimate of the economic contributions (including job creation impacts) associated with that Regional Center capital investment activity for the federal fiscal year 2014 and 2015 period.



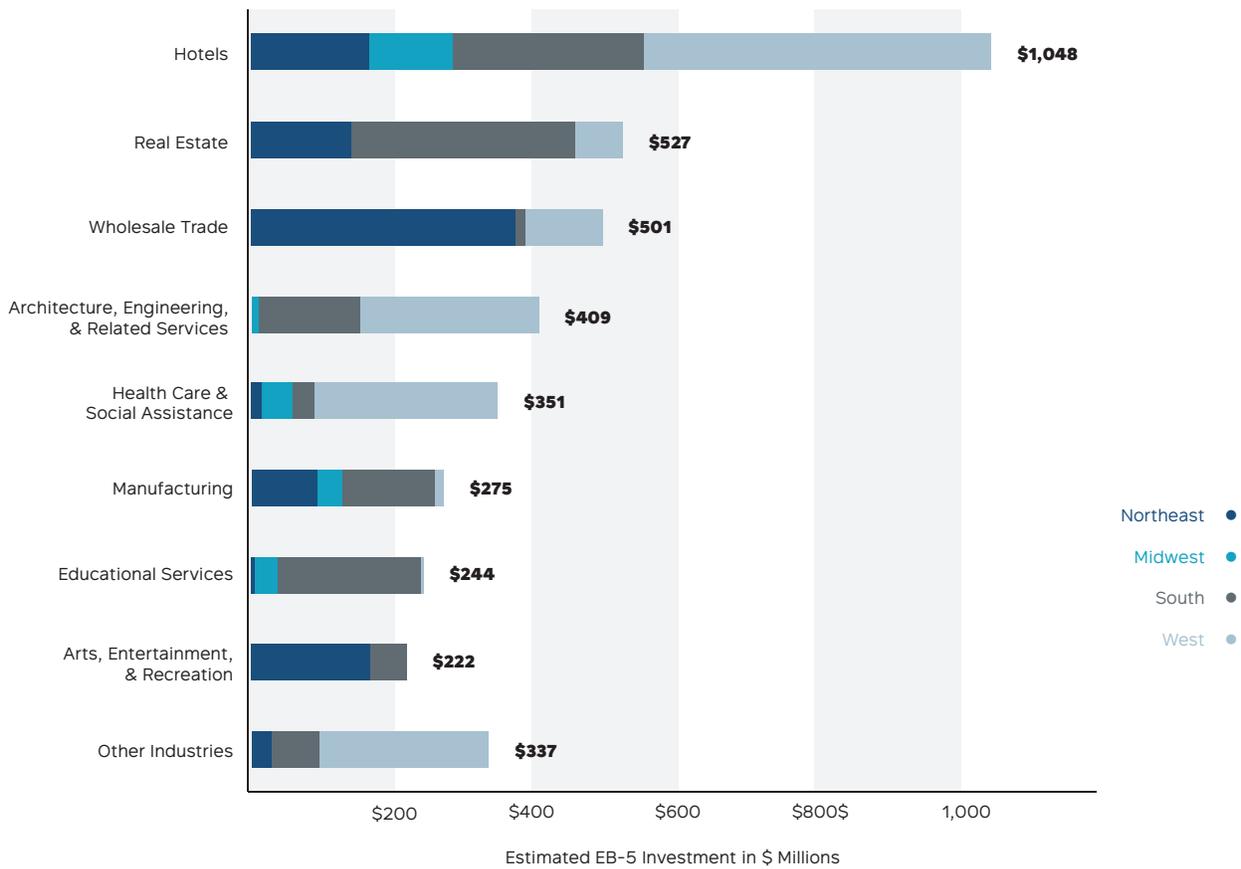
## NATIONAL IMPACTS

This study found that a total of \$10.98 billion in capital investment was made through the Regional Center program during FY2014 and FY2015 using IIUSA's EB-5 Regional Center project data. That total represented approximately two percent of all foreign direct investment (FDI) net flows to U.S. economy over the two-year period. A total of \$7.07 billion, or nearly two-thirds, of the Regional Center program's project capital investments made through Regional Centers during the study period was in the construction sector. Among the other sectors with significant EB-5 Regional Center project capital investment activity over the two federal fiscal year period were: Hotels and Motels (at an estimated \$1.05 billion), Real Estate (at an estimated \$0.53 billion), Wholesale Trade (at an estimated \$0.5 billion), Architecture, Engineering and Related Services (at an estimated \$0.41 billion), and healthcare (at an estimated \$0.35 billion).

Figure 1. Estimated Project Capital Investment by Industry Sector, FY2014 and FY2015



**Figure 2. Estimated EB-5 Investment in Non-Construction Sectors, FY2014-FY2015**



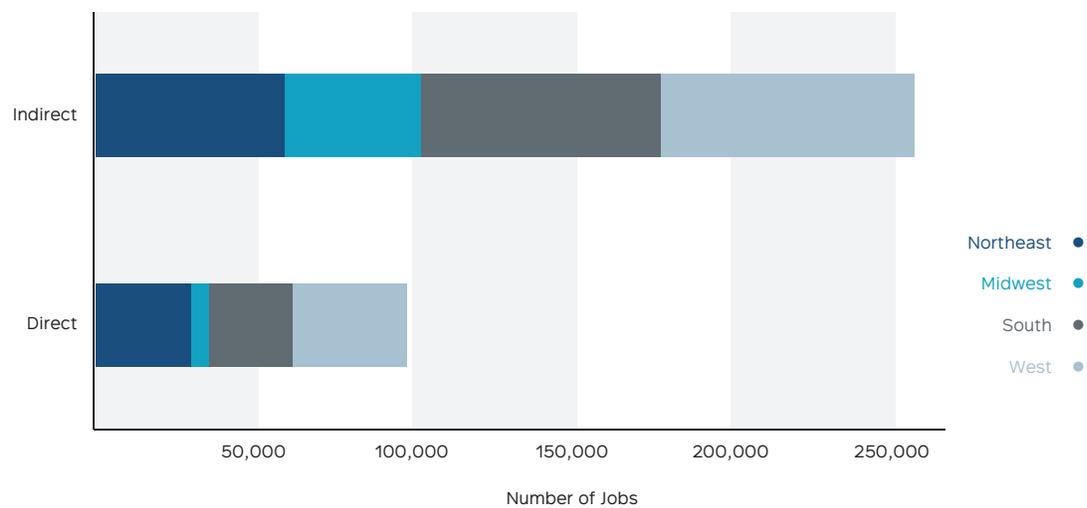
The study also found that this level of capital investment by projects in the Regional Center supported more than 355,200 total jobs for U.S. workers, with those new U.S. job opportunities accounting for roughly six percent of the all private sector job growth in U.S. over the two-year, FY2014 and FY2015 period—underscoring the national nature of the job generating potential of the EB-5 Regional Center program. New jobs were created by Regional Center project capital investment activity in all of the broad industry sectors of the North American Industry Classification System (or “NAICS”) across all four regions during the study period. The study found that even the government sector—including the Federal and State & Local sectors individually—added new jobs associated with Regional Center EB-5 capital investment projects, supporting about four percent of all public sector job growth during the two-year study period.

Overall spending associated with EB-5 Regional Center investors in FY2014 and FY2015 is estimated to have contributed nearly \$55 billion (or about three percent) to U.S. output and more than \$23 billion in labor income for the U.S. economy.

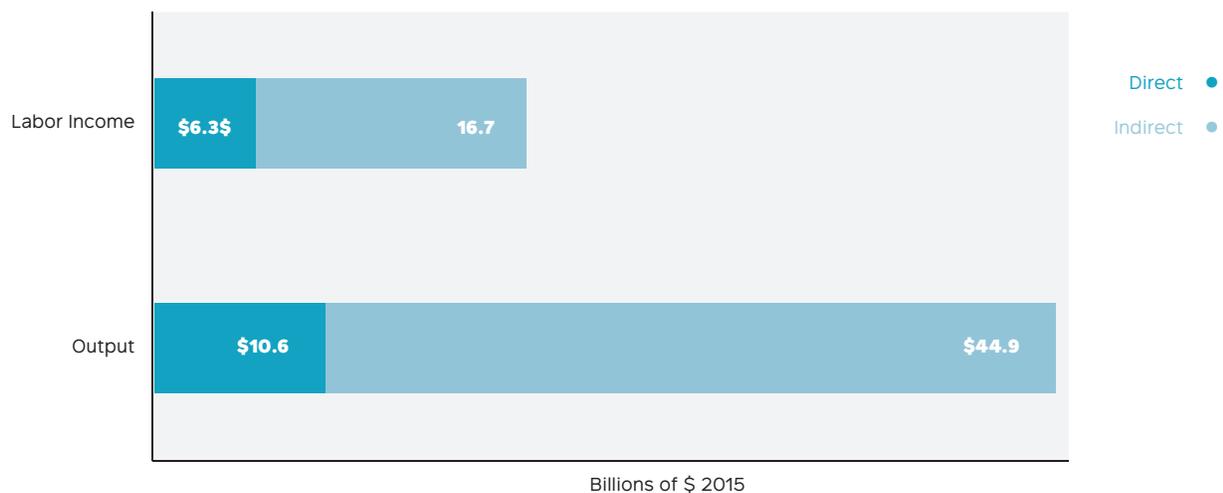
**Table 1. Estimated EB-5 Economic Impacts in U.S. FY2014-FY2015**

	Northeast Region	Midwest Region	South Region	West Region	U.S. Total
EB-5 Investment (\$ Millions)	\$3,820	\$380	\$2,613	\$4,171	<b>\$10,984</b>
<b>Economic Impacts</b>					
Job Creation	90,474	47,564	102,456	114,714	<b>355,208</b>
Economic Output (\$ Millions)	\$14,455	\$7,790	\$14,922	\$18,324	<b>\$55,490</b>
Labor Income (\$ Millions)	\$6,547	\$2,851	\$5,989	\$7,636	<b>\$23,022</b>

**Figure 3. Estimated Jobs Created by Type in FY2014 and FY2015**

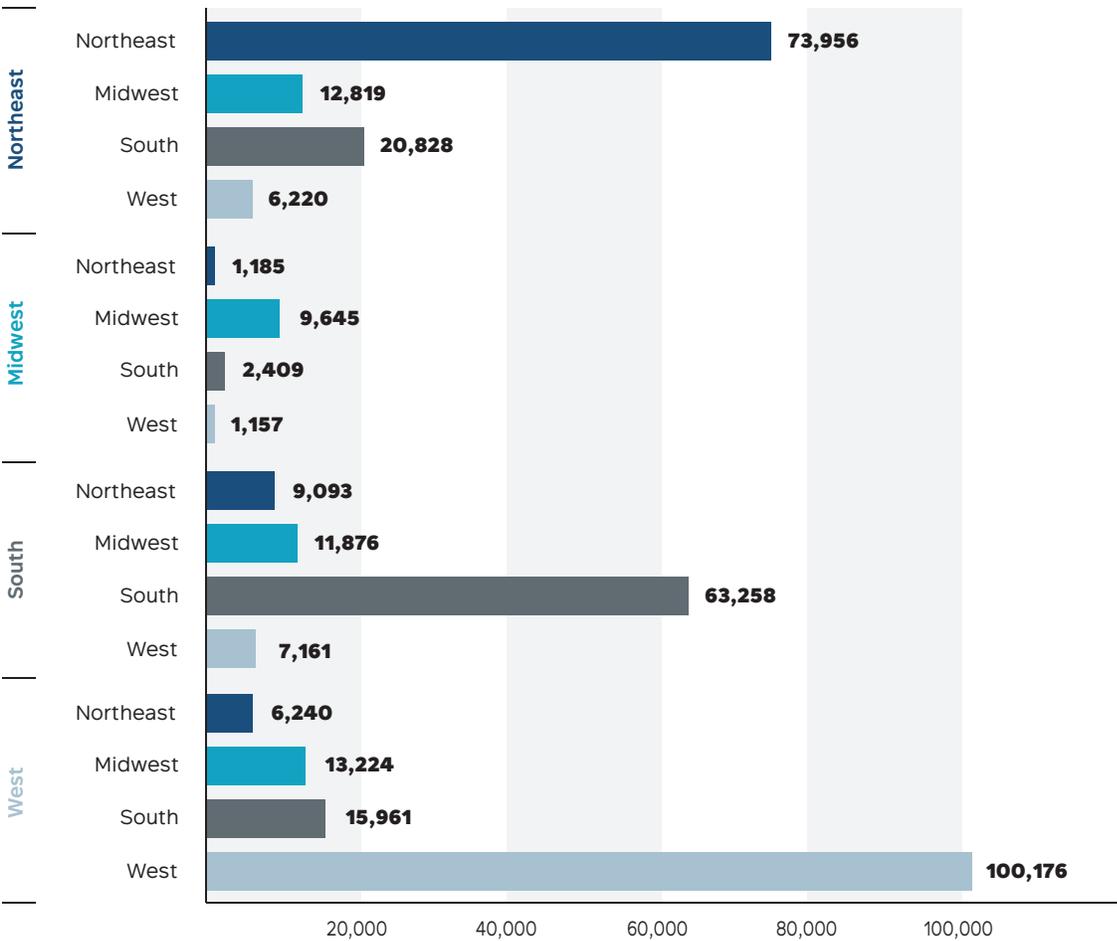


**Figure 4. Estimated Labor Income and Output Generated in FY2014 and FY2015**



Among the four subnational Census regions, the estimated EB-5 Regional Center Program capital investment in Regional Center projects during FY2014 and FY2015 were as follows: Northeast Region (\$3.82 billion), Midwest Region (\$0.38 billion), South region (\$2.61 billion), and West Region (\$4.17 billion). The West Region accounted for a total of approximately 38 percent of total estimated EB-5 capital investment activity over the two-year period. As a result of this investment, the estimated number of new job opportunities created by the EB-5 Regional Center Program’s capital investment activity was an estimated 114,700 jobs in the West Region, followed by an estimated 102,500 new jobs in the South Region, an estimated 90,500 new jobs in the Northeast Region, and an estimated 47,600 new jobs in the Midwest Region. The West Region alone accounted for nearly one-third of the total U.S. job creation due to that region’s Regional Center projects’ capital investment activities.

Figure 5. Job Creation by Region from EB-5 Projects Located in Regions





Each region benefits from Regional Center project capital investment activity, irrespective of where the initial capital investment occurs. Given the national scope of supply-chains and national markets for consumer spending, the indirect effects are often greater than the initial stimuli of capital investment. For example, the Midwest Region had the fewest number of Regional Center projects (24) and the lowest EB-5 capital investment (\$380 million) during FY2014 and FY2015; yet companies and organizations throughout the Midwest benefited from projects situated in the other three subnational Census Regions. Nearly nine out of every ten indirect jobs created in the Midwest Region were due to spending from projects located elsewhere in the Northwest, South and/or West Regions.

Further, employers across all industry sectors participate as a result of EB-5 capital investments. From construction contractors and manufacturers to utilities, professional services, retailers, and even governments benefit with increased sales revenues (from increased consumption), and added hires from increased payrolls.

For program-induced output gains associated with the estimated project capital investment under the Regional Center program during FY2014 and FY2015, this study found that the estimated increase in the value of economic output associated with EB-5 Regional Center Program capital investment spending was in the West Region (at an estimated \$18.32 billion), followed by the South Region (at an estimated \$14.92 billion), the Northeast Region (at an estimated \$14.45 billion), and the Midwest Region (at an estimated \$7.79 billion). As with the contribution to U.S. job creation, the West Region's contribution to increased output represented 3.4 percent of the total U.S. output increase during the two year period associated with the Regional Center projects' capital investment activities.

For the program-induced labor income gains associated with the estimated project capital investment under the Regional Center program during FY2014 and FY2015, this study found that the estimated increase in labor income was \$7.64 billion in the West Region, an estimated \$6.55 billion in the Northeast Region, an estimated \$5.99 billion the South Region, and an estimated \$2.85 billion in the Midwest Region. As with the contribution to U.S. job creation and output, the West Region's contribution to labor income represented 1.8 percent of the total U.S. labor income increase during the two year period associated with the Regional Center projects' capital investment activities.



## THESE RESULTS UNDERPIN THE NEED FOR ACTION

This economic benefits and job creation contribution study for the EB-5 Regional Center Program includes only one of the three principal areas of economic activity under the program corresponding to project capital investment expenditure activities. As a result, these effects represent a conservative estimate of the Regional Center program's economic benefits and job creation contribution to the U.S. economy overall. The two excluded areas—including the effects of these projects' operations and the economic activities of EB-5 investor households who reside in the U.S.—remain a work-in-progress as we work to develop reliable data for impact estimating purposes. However, simply because the economic contributions of these two program activity areas are hard to quantify does not mean they are not significant. As such, the estimates of the economic benefits and job creation effects presented in this study were significantly under-stated in comparison to the actual economic benefits and job creation contributions of all three economic activity areas associated with the Regional Center program if they were to be included.

Economic contributions and job creation effects of this scale represent a call to the EB-5 industry and policymakers to action—to make the compromises necessary to reach consensus on the type of credible and workable EB-5 reforms that would be an important first step to solving the program's visa numbers shortage that is currently limiting program activity.

**Without action to unleash an unconstrained EB-5 program's impacts on U.S. job creation and U.S. capital investment, the economic contributions quantified in this study will merely represent “lost opportunity” for the U.S. economy—with literally, tens of billions of future foreign investment dollars and hundreds of thousands of new U.S. job opportunities over the coming years hanging in the balance.**





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