

# SHARED PROSPERITY



How the Integration of Immigrant Workers  
Creates Economic Benefits for All Pennsylvanians

**ECONSULT  
CORPORATION®**

Welcoming  
Center for  
NEW PENNSYLVANIANS

*Connecting immigrants, employers,  
and communities*

“ONCE I THOUGHT TO WRITE A HISTORY OF THE IMMIGRANTS IN AMERICA.  
THEN I DISCOVERED THAT THE IMMIGRANTS WERE AMERICA.”

— OSCAR HANDLIN

Even in tough economic times, Pennsylvania benefits from legal immigrants: their tax dollars, their skills and education, and their youth compared to the rest of our aging and retiring workforce. When their integration process is smooth, all Pennsylvanians benefit. Immigrant success creates revenue and jobs for everyone. This report illustrates how the Welcoming Center for New Pennsylvanians facilitates that success, leading to shared prosperity for immigrants and native-born Americans alike.

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## WHY IMMIGRATION IS RELEVANT TO PENNSYLVANIA'S ECONOMY

1.1

America is a nation of immigrants. In 2000, there were 31.1 million foreign-born residents in the United States, representing one in nine people. That number grew to 35.7 million in 2005, or one in eight.<sup>1</sup> Given these statistics, it is both ironic and unsurprising that immigration remains such a contentious topic today. But as this report reveals, even in difficult economic times the integration of immigrant workers benefits all Americans.

Immigration is inherently a local issue, in that immigrants move into and become part of communities. But policy on the national level does not address such local concerns. Instead it focuses on visa allocations and border security. As a result, states and localities have developed their own strategies for immigration, and these strategies both dictate how immigrants will be integrated, and reflect local public sentiment.<sup>2</sup>

**The Commonwealth of Pennsylvania and the Philadelphia region benefit to a surprising degree from immigrant workers – their tax dollars, the skills and education they bring with them, and their youth compared to the rest of the workforce.**

A steady stream of recent data confirms what colleges and industry have already suspected:

Demographically, Pennsylvania is graying. The state's population trends have experienced a long and sustained decline in the number of new entrants to the workforce as well as teenagers headed for college.

Growing older poses clearly recognizable problems for the state. As retirees move out of the workforce, income tax revenue is lost and regional businesses must invest in finding suitable replacements. Equally important, as retirees grow older and continue to age in place, the need for healthcare also increases. For Pennsylvania, with its unusually high concentration of colleges and universities, a smaller pool of 17- and 18-year-olds holds its own challenges as those institutions struggle to maintain enrollment levels.

<sup>1</sup> U.S. Census Bureau, (2000).

<sup>2</sup> *The Impact of Immigration on States and Localities*, The Brookings Institution (May 2007).

## Introduction & Context

Fortunately, in addition to this “push” energy flowing out of the workforce, Pennsylvania has “pull” energy drawing new students and workers to the state. As detailed in the 2008 Brookings Institution report *Recent Immigration to Philadelphia: Regional Change in a Re-Emerging Gateway*, the Philadelphia region has become an immigrant gateway again. These newcomers have already had a powerful influence: Immigrants made up nearly 75% of the increase in the region’s workforce since 2000, and if it were not for immigration, the total population would actually have shrunk. Immigrants in the region are also highly educated: 37% have bachelor’s or graduate-level degrees.<sup>3</sup>

Our region mirrors the extraordinary diversity of the nation’s immigrant population, in terms of country of origin, socioeconomic class and job-skill level, and number of years in the U.S., all of which render sweeping generalizations about “immigrants” largely inaccurate. Further muddying matters is the controversial subject of unauthorized migrants.

**This study focuses on *legal immigrants* because the Welcoming Center for New Pennsylvanians directs its employment services exclusively to the legal, work-authorized immigrant population.**

Hundreds of thousands of immigrants enter the U.S. legally every year, and although many of them are skilled, they are all too often under-utilized in the labor markets and thus remain an untapped resource. This is doubly concerning: Immigrants who take jobs below their skill level earn less than they could, and businesses desperately seeking skilled labor are not getting properly connected to a large and growing segment of their potential labor pool.

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<sup>3</sup> All statistics in this paragraph are drawn from the Brookings *Recent Immigration* report. See particularly pg. 21.

## Introduction & Context

Unfortunately, legal immigrants often find themselves facing unwelcoming attitudes based on persistent misconceptions about taking jobs and social services from native-born Americans. But in fact, far from being a strain on society, immigrants can be and are positive contributors to a healthy regional economy.

Cities and states that have been strategic and welcoming in their approach to immigrants have enjoyed population growth, while other cities and states have bled people and jobs as the population has aged out, retired, or moved. In fact, many metropolitan regions — including New York, Boston, and San Jose — would have had little or even negative population growth in recent years if it were not for immigrants (see Figure 1.1).

**FIGURE 1.1 1990-2000 Population Growth, Selected Metropolitan Statistical Areas**

Metro Area	Change in Native-Born Pop.	Change in Foreign-Born Pop.	Total Population Increase
New York, NY	-1%	38%	9%
Philadelphia, PA	2%	42%	4%
Detroit, MI	2%	43%	4%
Boston, MA	-1%	62%	6%
San Francisco, CA	1%	26%	7%
San Jose, CA	-4%	65%	12%

Source: U.S. Census Bureau

In contrast, cities that are unable or unwilling to attract immigrants often struggle to survive. Mayors and governors across the Rust Belt, and in European countries such as Germany and Italy, are currently feeling the effects of a shrinking, aging population base with limited prospects for renewal.

For Pennsylvania, immigrants represent a crucially important and yet all too often untapped resource — especially when it comes to workforce development. In 2007, 65 percent of the more than 600,000 foreign-born people living in the Commonwealth were of working age.<sup>4</sup>

Far too many of these skilled and eager immigrants are unemployed or under-employed. Due to their limited cultural knowledge, few personal contacts, and basic language skills, they are working jobs for which they are vastly overqualified rather than jobs more suited to their skills. Their under-employment means less in income tax revenue for the Commonwealth.

<sup>4</sup> U.S. Census Bureau, American Community Survey.

## Introduction & Context

Their under-employment coincides with key industries across the state struggling to find skilled labor in light of large portions of their current workforce aging out or leaving the region.

Even in tightening economic times, sectors such as health care, pharmaceuticals, and information technology struggle to find enough qualified workers, imperiling the region's economic health and relative competitiveness. The Philadelphia region is losing its college graduates to other regions, while much of the regional workforce is beginning to reach retirement age. After Florida, Pennsylvania has the second oldest workforce in the country, and in the late 1990s, the state suffered the fifth largest net out-migration of residents.<sup>5</sup> The shortage of skilled labor has and will continue to drive companies out of the region or, in some cases, out of business.

It is important to note that, in addition to being an important source of skilled labor, immigrants have also been instrumental in the founding companies in high-demand sectors such as engineering and technology. Unfortunately, by most national indicators, the Commonwealth is among the laggards in entrepreneurial formation. One recent index ranked the Commonwealth second to last, ahead of only Michigan, in business creation.<sup>6</sup>

Preparing skilled immigrants is an investment in the economic vitality of the region. Given Pennsylvania's need for more skilled labor and increased innovation, it is a necessity. What is required is a welcoming approach to immigrant labor, and targeted programs — including orientation, job search assistance, credentialing support, and networking and entrepreneurial assistance — that transition skilled labor supply into high-demand sectors.

**Given the importance of economic integration, not just for immigrants themselves, but for *all* residents of the areas in which they live, it is important to consider the most efficient way to facilitate this integration.**

Since 2003, the Welcoming Center has been studying these issues, reviewing national research literature and drawing on its own experiences and observations. During that time, the Center has worked with more than 2,000 jobseekers, providing structured yet individualized guidance through the American labor market.

Our experienced staff are continuously engaged in the learning cycle of formulating a hypothesis, testing and observing the results, and integrating findings into future activities. In addition, the Center looks to outside experts to assess and evaluate its work: hence, this report from Econsult.

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<sup>5</sup> Ibid.

<sup>6</sup> *Kauffman Index of Entrepreneurial Activity*, Kauffman Foundation (May 2007).

1.2

## HOW THE WELCOMING CENTER HELPS IMMIGRANTS TO TRANSITION INTO THE WORKFORCE

For Pennsylvania to benefit from immigrant workers' skills, they must be efficiently and effectively connected to the labor market. When that happens, all state residents benefit. If it fails to happen, hardworking individuals lose the opportunity to contribute, and the entire Commonwealth suffers.

So, how do we ensure this contribution? The mere presence of immigrants is not nearly enough. Without substantive integration, two serious issues emerge: First, entry-level workers who lack connections to the mainstream job market may fall back on jobs in the informal (cash) economy. These jobs do not result in payroll taxes and do not help the individual worker to build a financial history. Many such jobs are highly segregated, so workers do not benefit from the ability to speak English with American-born colleagues. They may even be exploited by employers who know they are unlikely to complain about withheld wages or unsafe conditions.

Second, immigrant professionals often struggle to establish their footing. While it may seem straightforward to transfer engineering or medical credentials from an accredited overseas university, the process is often difficult to understand and even more complicated to navigate. When highly educated individuals are trapped in low-level jobs, everyone loses out — not least because lower wages mean lower tax revenue.<sup>7</sup>

**The solution to both of these problems is expert, ethical guidance and connection to the workforce.**

Just as the workforce development field has recognized that workers with disabilities and those who are ex-offenders should not face unnecessary barriers to joining the labor force, so too do immigrant workers need to be fully integrated. Best practices show that services to this population should address their specific barriers. Attempting to use shortcuts or to shoehorn jobseekers into one-size-fits-all services that are not designed for them is an irresponsible use of public funds.

Specific services provided by the Welcoming Center are outlined on the following page.

<sup>7</sup> The costs of these issues are thoroughly documented in the recent report *Uneven Progress: The Employment Pathways of Skilled Immigrants in the United States*, published by the Migration Policy Institute, and in the Welcoming Center's publication *A Match Made in Philadelphia*. The MPI report is available online at: <http://www.migrationpolicy.org/pubs/BrainWasteOct08.pdf>; the WCNP report is available at: [www.welcomingcenter.org/about/publications.php](http://www.welcomingcenter.org/about/publications.php).

### For high-skilled workers:

- Detailed information about the steps to follow to obtain U.S. certification for their specific profession.
- Assistance with defining short-term goals and locating a survival-level job, as well as deciding on long-term goals. An immediate lateral transfer of professional credentials is nearly impossible. A realistic timeline is 3–5 years. Jobseekers may thus make different decisions depending on personal circumstances (such as whether they have children to support) and life stage (which may affect whether they want to invest another several years in education or preparation).
- Introduction to U.S. business and cultural norms. Simple technical issues such as having been educated under the metric system of measurement, or being unfamiliar with multiple-choice tests, can stonewall a jobseeker early in the process. In other cases, limited exposure to American business culture (LEABC) handicaps qualified candidates. For example, a candidate who is asked to rate his own skills on a 1–10 scale may come from a culture that expects a modest answer of 3 or 4, and can lose a job opportunity because of his ignorance of American norms.

### For entry-level workers:

- Awareness of what types of jobs are available, with which companies. For example, a newcomer may be familiar with dishwashing or housekeeping jobs, but be unaware of better-paying manufacturing or behavioral health jobs. More critically, if a worker's social network does not include any connections to local businesses in these fields, he or she will be sharply limited in knowing where to go, much less in actually pursuing opportunities.
- Increased awareness of geography, and the need for transportation independence. Newcomers are often unaware of American norms such as a lengthy commute and the expectation that one will have a driver's license even for non-driving jobs. Becoming comfortable with traveling independently throughout the entire region by transit or by car is critical if a worker is to have the flexibility to obtain and retain gainful, formal employment.
- Facilitation of online application process. The vast majority of hospitality, retail, and food service jobs now require online applications. One hotel requires a 90-question personality test for every position down to laundry attendant. Workers who do not have home computers may be screened out of these jobs, especially if they cannot complete lengthy applications fast enough for the brief time limits on public Internet terminals. In addition, workers who are unfamiliar with American personality tests may not comprehend questions such as *Are you a thrill-seeker?*

## Introduction & Context

All of the above services are best practices in connecting foreign-born workers to the labor market – and many of them have been honed right here in Pennsylvania. The Welcoming Center provides these services to meet a critical goal: Connect work-authorized immigrants with jobs that suit their skills and that enable their full contribution to the region's economy.

Data shows that immigrants can help solve Pennsylvania's economic problems by reviving the state's commercial corridors, rejuvenating its aging workforce, and reinvigorating its neighborhoods. The organization's services are premised on the conviction that immigrants can be a powerful asset to society if their skills and training are properly utilized.

In doing so, the Welcoming Center has taken on the responsibility — on behalf of local municipalities and the Commonwealth — of representing a strategic and welcoming approach to immigrants, and in identifying immigration in terms of workforce development and regional competitiveness. The Center's publication *The Changing Face of Pennsylvania's Workforce* is a resource guide for employers hiring immigrants, but it is also a potent testament to the importance of immigrants to the regional economy.

In another report, *A Match Made in Philadelphia*, the Welcoming Center documents the under-utilization of high-skilled immigrants, a shortcoming that, if rectified, would have a powerful influence on the economic productivity of the region and the state. The Welcoming Center is devoted to facilitating the transition of both of these broad categories of workers through its various training and placement services, which are designed to remove the barriers participants face in securing jobs appropriate to their skill level that enable them to contribute to the regional economy.

The Welcoming Center provides specialized attention to each person it serves. It considers this an upfront investment in a regional asset, an investment that can be significantly repaid to the City and Commonwealth through the appropriate placement and long-term retention of that person in the regional job market. In doing this important work, the Center is fulfilling its commitment to help build a stronger, more vital economy in the Commonwealth.

## Introduction & Context

The Welcoming Center provides job placement and job training for legal, work-authorized immigrants, as well as related services such as free monthly legal clinics and assistance to entrepreneurs. Particular services to jobseekers include:

- Advising them on how to have their credentials evaluated, and how to chart a realistic course for career laddering in the United States
- Filling gaps in education as well as limited exposure to American business culture (LEABC) through individual coaching, training, and personal referral to industry-specific programs as appropriate
- Helping jobseekers distinguish between plausible-sounding and legitimate job and educational opportunities
- Orienting immigrants to the unwritten business and social codes that operate throughout the hiring process
- Assisting in the establishment of the social network of connections necessary to find employment in most professional fields

Regardless of whether new workers are highly skilled or entry level, the Welcoming Center is a key player in making sure that ambitious new arrivals are prepared and promptly connected to the right jobs.

## 1.3 SCOPE AND OVERVIEW OF THIS REPORT

What is the economic benefit to Pennsylvania when immigrant workers are well-integrated into the workforce? That is the question that Econsult Corporation was asked to answer. In particular, Econsult was retained to evaluate the economic impact of programs that prepare and train skilled immigrants for the labor force.

This report will illustrate the net benefits to the regional economy of immigrant populations, define the resources that make immigrants likely to be positive contributors, and demonstrate the effectiveness of the Welcoming Center's employment program in providing those necessary resources that enable immigrants to make greater positive contributions to the regional economy.

What follows, then, is an evaluation of the Welcoming Center's employment program, and a quantification of the net economic benefits that have resulted from its successful implementation. These benefits include both those that accrue to the participants themselves, as well as benefits to the City of Philadelphia and the Commonwealth of Pennsylvania. The analysis concludes with a discussion of the implications of these successful outcomes.

Such an evaluation can also aid in the compilation of a regional approach toward immigration, as it relates to economic competitiveness and workforce development. Therefore, as we began this report with the broader regional and national context in which the Welcoming Center works, we end with a similar perspective, and connect the Welcoming Center's work to the big-picture issues that City and Commonwealth decision-makers face as they relate to immigrants and the economy.

It is important to keep in mind that removing barriers that prevent internationally educated workers from moving into the workforce is both economically wise and consistent with broader workforce development best practices. Making sure that immigrant workers can earn and contribute to the economy pays off in tax revenue. Removing barriers to entry (and advancement) moves would-be workers into the category of *available* workers, a winning solution for individuals as well as a more economically efficient use of talent.

# 2.0

# EVALUATION

## OF THE WELCOMING CENTER'S EMPLOYMENT PROGRAM



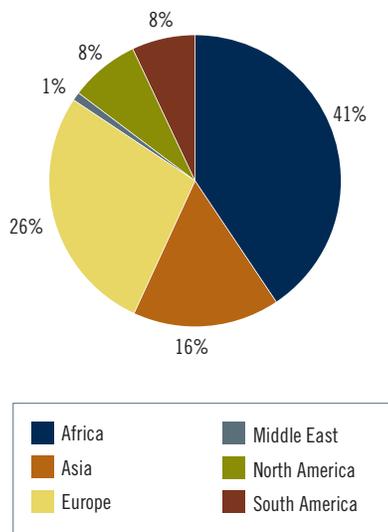
### 2.1 PROFILE OF PROGRAM PARTICIPANTS

We begin our evaluation of the employment program of the Welcoming Center for New Pennsylvanians by looking at the composition of this pool of participants. Specifically, participant data of those enrolled with the Welcoming Center during fiscal year 2007 was examined.<sup>8</sup> During this period, not all employment participants came to the Welcoming Center specifically for job placement services, but all are included in this study to account for the full effect of the Welcoming Center's work.<sup>9</sup>

During this period, the Welcoming Center served a diverse pool of people. Reflecting region-wide immigration trends, participants came from more than 70 countries around the world, from Bangladesh to Finland. About 40% came from Africa, with Liberia being the number-one country of origin. The next largest group came from Europe (26 percent); this group came mostly from Eastern Europe. Other participants came from Asia, including Indonesia and Cambodia; the Americas; and the Middle East (see Figures 2.1 and 2.2).<sup>10</sup>

**Figure 2.1 Participants by Region of Origin**

Source: Welcoming Center for New Pennsylvanians (2007)



**Figure 2.2**

Source: Welcoming Center for New Pennsylvanians (2007)

TOP 10 COUNTRIES OF ORIGIN FOR PARTICIPANTS
1. Liberia
2. Ukraine
3. Russia
4. Togo
5. Haiti
6. Morocco
7. Albania
8. Ethiopia
9. Sierra Leone
10. Bangladesh

<sup>8</sup> This study period was chosen because it coincides with the term of the Commonwealth of Pennsylvania's \$240,000 investment in the Welcoming Center, in the form of a Department of Labor & Industry contract.

<sup>9</sup> For example, participants may come to the Welcoming Center for counseling and advice about whether and how to pursue transferring of their professional credentials to the U.S., whether to go back to school for further education, and other employment-related assistance that nevertheless does not include job placement.

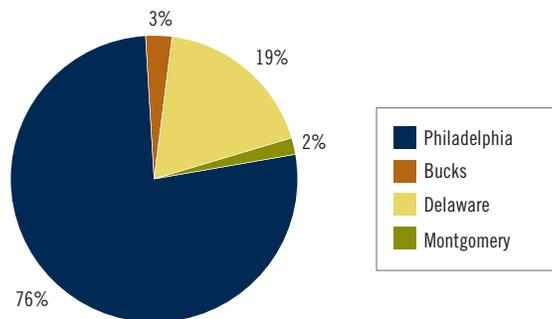
<sup>10</sup> All charts refer to the universe of participants enrolled between 7/1/06-6/30/07.

## Evaluation of the Welcoming Center's Employment Program

While the majority of program participants live in Philadelphia County, a remarkable 24% come from the suburbs (see Figure 2.3). This number reflects regional and national trends in the suburbanization of immigration, as more newcomers bypass cities to settle directly in the suburbs. It is all the more notable given that the Welcoming Center's suburban satellite office did not open until halfway through the year in which this data was collected.<sup>11</sup>

**Figure 2.3 Participants by County of Residence**

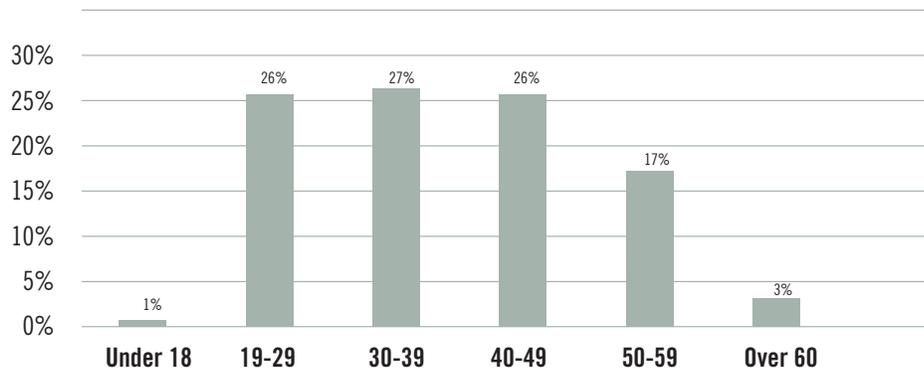
Source: Welcoming Center for New Pennsylvanians (2007)



Almost four-fifths of Welcoming Center program participants were between 19 and 49 years old, and thus of working age (see Figure 2.4). Fifty-five percent were female and 58 percent were married, which suggests that while some earnings may be repatriated to countries of origin, the majority will likely be spent locally on items such as housing, transportation, food, and other expenses associated with living and with raising families; these expenditures will thus circulate within and have a significant effect on the regional economy.

**Figure 2.4 Participants by Age at Time of Enrollment**

Source: Welcoming Center for New Pennsylvanians (2007)



<sup>11</sup> The Welcoming Center's main office is located in Center City Philadelphia. Jobseekers are also seen at a satellite location in Delaware County.

## 2.2 INTENDED BENEFITS TO PARTICIPANTS AND TO THE CITY AND COMMONWEALTH

The purpose of the Welcoming Center's services is to connect skilled immigrants with jobs that are appropriate to their professional level and earning potential, and in doing so, to put their time and effort toward the highest and best use. This, of course, will lead to greater benefits for both the participants themselves, as well as for the regional economy in terms of labor allocation, and for the Commonwealth of Pennsylvania as a whole in terms of income tax revenue.

Analysis for the Greater Philadelphia region shows that even in tight economic times, there is a disconnect between potential workers and the skilled labor needed by area companies. Moreover, the region is losing its college graduates to other cities, while much of the local workforce is beginning to retire. Only 29 percent of students who come to the area from other regions for college stay in the Philadelphia area after graduation.<sup>12</sup> The number of Philadelphia workers age 55–64 will increase by 18 percent by 2011, while the number of workers age 35–44 will increase by less than 1 percent.<sup>13</sup> These facts are especially concerning when looking at the need for skilled workers in key industries. For example, health care is projected to see a 14 percent growth in jobs between 2004 and 2015.<sup>14</sup>

The shortage of skilled labor has and will continue to drive companies out of the region: A Philadelphia Federal Reserve Bank survey reported that 64 percent of business owners cited the region's availability of skilled workers or lack thereof as a "very or most relevant factor" in relocating their businesses out of the region.<sup>15</sup> The Philadelphia Workforce Investment Board has also weighed in on the region's skilled labor shortage and the threat that anticipated shortage is to the region's competitiveness.<sup>16</sup>

These issues are by no means confined to Southeastern Pennsylvania. However, as the Commonwealth's major economic center, the region can be both a microcosm and a bellwether of problems emerging throughout Pennsylvania.

Immigrants are an under-utilized source of skilled labor that is sorely needed to keep manufacturers in the region, increase average earnings, and retain college graduates, thereby improving the economic health and vitality of the area and the Commonwealth as a whole. Philadelphia is home to a growing number of immigrants, and they are a well-educated and promising bloc (see Figure 2.5). There are about 156,000 immigrants living in Philadelphia itself, comprising 11 percent of the city's population, and more than 600,000 in the Philadelphia region.<sup>17</sup>

12 "Should I Stay or Should I Go?" Knowledge Industry Partnership (June 11, 2004).

13 *Analysis of Philadelphia's Labor Market*, Philadelphia Workforce Investment Board (2005).

14 *Ibid.*

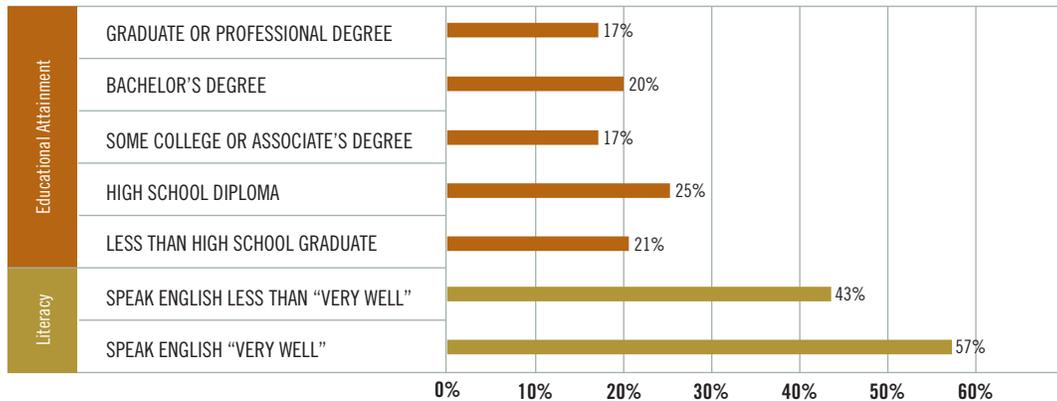
15 *Business Outlook Survey*, Philadelphia Federal Reserve Bank (June 2007).

16 *A Tale of Two Cities*, Philadelphia Workforce Investment Board (2007).

17 U.S. Census Bureau.

## Evaluation of the Welcoming Center's Employment Program

**Figure 2.5 Characteristics of Foreign-Born Population, Philadelphia Metropolitan Area**



Source: U.S. Census Bureau – American Community Survey

Immigrants are not only a source of skilled labor, but are also a significant source of entrepreneurial activity. A study by Duke University's Engineering Management program highlights the trend of immigrant-founded tech businesses that started in California's Silicon Valley and is now a nationwide phenomenon. About a quarter of the engineering and technology companies started between 1995 and 2005 had at least one founder that was foreign-born. In 2005, these companies produced \$52 billion in sales and employed 450,000 workers.<sup>18</sup>

Perhaps because Pennsylvania's higher-education and pharmaceutical industries are more sizeable than its tech sector, the state has been slower to benefit from the trend described in the Duke research. In fact, the Commonwealth is below average among states, with only 15% of tech companies started here having a foreign-born founder, compared to a national average of 25%.<sup>19</sup>

Regardless, immigrants have proven to be instrumental in starting businesses in the U.S., and programs that can prepare skilled immigrants to be part of the American workforce can encourage this valuable growth. The Welcoming Center is one of these programs, and its location in Pennsylvania means that more immigrants are entering local industries with the drive and capability to generate new business ventures in all industries.

<sup>18</sup> *America's New Immigrant Entrepreneurs*, Duke University School of Engineering (January 2007).

<sup>19</sup> *Ibid.*

## Evaluation of the Welcoming Center's Employment Program

Given that local industry needs skilled labor, and that a ready and qualified workforce of internationally educated workers is available, it is clear that connections between the two can be made.

What benefits will that connection provide? The transitioning of such workers into the mainstream labor force, through programs such as the Welcoming Center's, should have the following four positive outcomes:

- The Welcoming Center's initiatives translate immediately into a higher level of earnings for immigrant participants, thus creating greater purchasing power, which has a significant and positive ripple effect throughout the economy.
- These earnings are taxed at the local, state, and federal level, resulting in net new tax revenues at all three levels.
- In addition to an immediate increase in earnings, program participants can be in a position to enjoy higher earning potential over their entire careers as a result of Welcoming Center services. Just as recipients of a college degree earn more during their lifetime than those without a degree, jobseekers who are placed in legitimate employment are better positioned than those who remain disconnected from the formal labor force. Moreover, increased access to education and contacts can increase the rate of business formation, business success, and business scale among immigrants, a significant consideration because of the job creation and economic activity that results from these entrepreneurial endeavors.
- In many cases, the Welcoming Center is helping produce trained workers in high-skilled job categories of particular need in the City and Commonwealth, such as health care and sciences. Often, immigrants lack the access to such positions, not the know-how or training. The Welcoming Center's placement services not only keep immigrants from being under-employed, relative to their skills, but also fill positions that are difficult to fill. This is a positive and significant outcome for the City and Commonwealth, particularly in areas where demographic trends suggest even larger worker needs into the future.

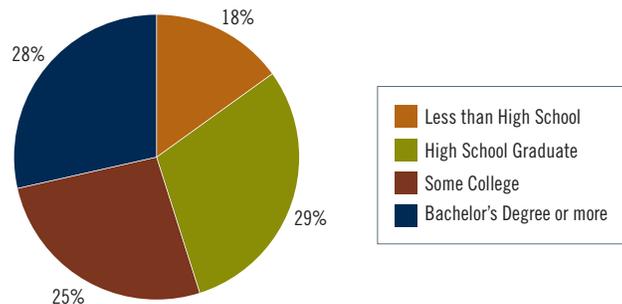
Data on participants in the Welcoming Center employment program illustrates the fact that many immigrants in the region are educated and skilled, making them marketable to industries in need of workers. The fact that these program participants are seeking the services of the Welcoming Center indicates that they are not only capable, but determined to work. Once employed, participants contribute to taxes and earn wages that allow them to be self-sufficient. Thus, they are net economic contributors, and, to the extent that they add value to existing businesses and help launch new businesses, they are also net generators of jobs.

## Evaluation of the Welcoming Center's Employment Program

Over 80% of the Welcoming Center's clients have at least 12 years of formal education (see Figure 2.6); in contrast, in Philadelphia, the percent of all people age 25 and over with a high school degree (usually 12 years of education) is 71.2 percent.<sup>20</sup> Moreover, a significant percentage of Welcoming Center jobseekers have obtained bachelor's or graduate-level degrees. Having an above-average amount of education suggests that that these immigrants are well positioned to adapt to American corporate culture, and both apply their existing skills and learn new skills.

**Figure 2.6 Participants By Years of Education at Time of Enrollment**

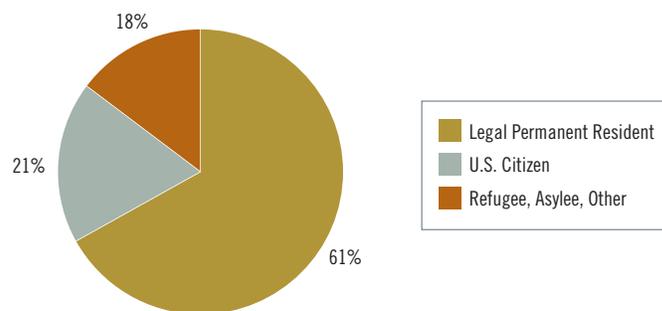
Source: Welcoming Center for New Pennsylvanians (2007)



In addition, it is important to reiterate that all Welcoming Center employment program participants are already authorized to work in the U.S. (see Figure 2.7). They are not waiting for paperwork, and they do not need any employer sponsorship. Thus, they are not only skilled and seeking work, but they are able to start immediately.

**Figure 2.7 Participants by Type of Work Authorization**

Source: Welcoming Center for New Pennsylvanians (2007)



<sup>20</sup> U.S. Census Bureau (2000)

## 2.3 ESTIMATES OF ACTUAL MONETARY RESULTS

As stated previously, the work of the Welcoming Center in helping connect immigrants to jobs suitable for their skill sets is beneficial for both the immigrant population, and for the overall economy. Helping immigrants navigate the often complex and bewildering job-seeking process should, in theory, contribute to higher wages and higher long-term earning potential; and connecting employers seeking specialized skills to a labor pool that can provide those skills should, in theory, lead to a more robust economy. This section seeks to examine these theories in light of hard data, and quantify the results of the Welcoming Center's work.

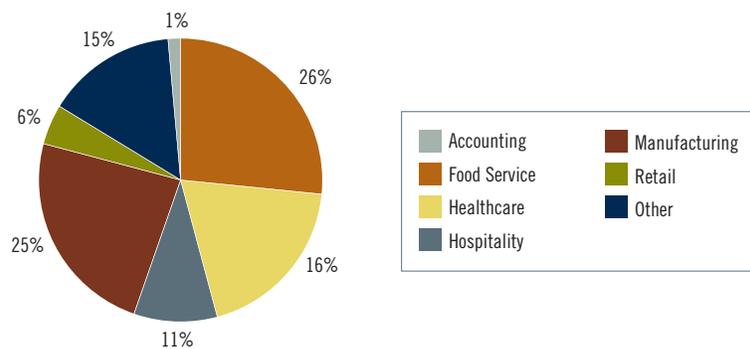
To begin with, we note that of the almost 400 participants who enrolled in the Welcoming Center's employment program during fiscal year 2007, about 100 were recorded as having obtained a starting job as a direct result of the Welcoming Center's services: 103 recorded jobs out of 394 participants.

These aggregate figures and averages only represent jobs obtained relatively soon after participation with the Welcoming Center; they do not include information on any jobs obtained afterwards, as well as any work obtained that was not directly reported to the Welcoming Center. Recall, as mentioned earlier, that not all of these 394 participants came to the Welcoming Center for job placement services specifically. However, all are included in this analysis in order to provide a more comprehensive picture of the Welcoming Center's client base. Informal feedback suggests that some participants take the Welcoming Center's soft-skills training and individual coaching on American business culture to heart, and immediately use their newfound knowledge to obtain jobs through their own social networks. Other participants request and are given referral from the Welcoming Center to reputable training and certification programs, and apply the Center's teachings to navigate and flourish in those programs and their subsequent job search.<sup>21</sup>

Many of these jobs paid modestly, although an impressive 79 percent offered some form of benefits, and most of the jobs were full-time and service-oriented in nature (see Figure 2.8).

**Figure 2.8 Sector Distribution of Participants Placed In Jobs**

Source: Welcoming Center for New Pennsylvanians (2007)



<sup>21</sup> A significant number of participants enroll with the Welcoming Center but then quickly become ineligible for placement because they move away, either to other areas of the U.S. or to return temporarily to their home countries. This mobility reflects the reality of immigrant life – having uprooted themselves once to move to a new country, a Pennsylvania-to-Minnesota move seems much less daunting. In other cases, it is necessary to return to the home country to take care of a seriously ill family member, or settle financial matters such as an estate.

## Evaluation of the Welcoming Center's Employment Program

In aggregate, those who were recorded as having obtained a starting job through the Welcoming Center worked for over 200,000 hours per year and earned over \$1.9 million per year. This works out to an average hourly wage of over \$9.72 and an average annual salary of over \$18,500. Assuming that absent participation in the Welcoming Center's employment program, these workers would have been able to earn the then-minimum wage of \$7.00 per hour (and conservatively assuming they would work the same number of hours, although it is likely that Welcoming Center participation leads not only to higher wages but more work), that results in over \$5,100 more per year per person in wages, or over \$533,000 per year in aggregate annual income (see Figure 2.9).

**Figure 2.9 Aggregate Annual Earnings for Participants Placed In Jobs**

	Gross	Net Increase
Aggregate Annual Income	\$1,906,854	\$533,454
Hourly Average	\$9.72	\$2.72
Annual Average	\$18,513	\$5,179

Source: Welcoming Center for New Pennsylvanians (2007)

As a bloc, these 103 workers directly represent almost \$72,000 in annual wage tax revenue for the City of Philadelphia<sup>22</sup> and over \$58,000 in annual income tax revenues for the Commonwealth of Pennsylvania. Making the same assumptions as above, the net new increment of tax revenue that can be attributed to Welcoming Center participation is over \$20,000 per year in Philadelphia wage tax revenue and over \$16,000 per year in Pennsylvania income tax revenue (see Figure 2.10). In other words, the gross numbers represent the total amount this bloc contributes to the City of Philadelphia and the Commonwealth of Pennsylvania, and the net numbers represent the net increase in their contributions to region's tax coffers as a result of their participation in the Welcoming Center's employment program.

**Figure 2.10 Aggregate Estimated Annual City and State Income Tax Revenue from Participants Placed In Jobs (in \$000)**

	Gross	Net Increase
Estimated Annual Philadelphia Wage Tax Revenue	\$71.9	\$20.1
Estimated Annual Pennsylvania Income Tax Revenue	\$58.4	\$16.3

Source: Welcoming Center for New Pennsylvanians (2007)

<sup>22</sup> A small proportion of these workers both live and work outside of Philadelphia and likely pay earned income taxes in one of the suburban counties instead, but the amounts are immaterial and therefore not included here.

## Evaluation of the Welcoming Center’s Employment Program

Based on standard economic impact multipliers,<sup>23</sup> they also lead to indirect and induced activity on the order of 40 percent of aggregate employment and annual earnings at the local level and 100 percent of aggregate employment and annual earnings at the state level. In other words, these 103 wage earners, at \$1.9 million per year in total aggregate annual earnings, produce an additional 42 wage earners and \$0.8 million per year in earnings in the City of Philadelphia, for a total annual economic impact of 145 jobs and \$2.7 million in earnings for the City. They also produce an additional 104 wage earners and \$2.1 million per year in earnings in the Commonwealth of Pennsylvania, for a total annual economic impact of 207 jobs and \$4.0 million in earnings for the Commonwealth (see Figure 2.11).

**Figure 2.11 Ongoing and Annual Economic Impact Resulting From Employment Activity of Participants Placed in Jobs**

7/1/06–6/30/07 Ongoing and Annual Participants		
	Philadelphia County	Pennsylvania State
Total Employment (Gross)	145	207
Total Earnings (\$MM) (Gross)	\$2.7	\$4.0
Total Employment (Net)	41	58
Total Earnings (\$MM) (Net)	\$0.8	\$1.1
Total Tax Revenues (\$000) (Gross)	\$103	\$123
Total Tax Revenues (\$000) (Net)	\$29	\$34

Source: Econsult Corporation (2007)

Making the same assumptions as above, the net new increment of economic impact that can be attributed to Welcoming Center participation is 41 jobs and \$0.8 million in earnings per year for the City of Philadelphia and 58 jobs and \$1.1 million in earnings per year for the Commonwealth of Pennsylvania.<sup>24</sup> It is further anticipated that there would be a similar spillover effect on state and local tax revenues generated: \$103,000 in annual wage tax revenues for the City (a net gain of \$29,000 for the City, over and above what it would have received absent the Welcoming Center’s work) and an additional \$123,000 in annual income tax revenues for the Commonwealth (a net gain of \$34,000 for the Commonwealth) (see Figure 2.11).<sup>25</sup>

<sup>23</sup> Earnings generate additional earnings in a particular geographic area via the mechanism of the Keynesian consumption multiplier, an established behavioral characterization of the nature of economic activity in a market economy. In other words, in measuring the total economic impact of an initiative, one must account for the countless inter-industry relationships within a region, and specifically the manner in which an increase in output in a particular industry results in increases in outputs by other industries. In the case of earnings, what workers earn gets spent. We are able to estimate this multiplier effect of expenditures directly generated by the various projects by using data collected by the U.S. Department of Commerce’s Regional Input-Output Modeling System (RIMS II).

<sup>24</sup> Because Philadelphia is located in Pennsylvania, the Pennsylvania figures include the Philadelphia figures; the difference between the two sets of figures thus represents the economic impact generated by direct expenditures that then has a multiplier effect in the parts of Pennsylvania outside of Philadelphia.

<sup>25</sup> Because local taxes are different from state taxes, the Philadelphia figures are not included in the Pennsylvania figures, but rather each set of figures represents the amounts going to those respective governments.

## Evaluation of the Welcoming Center's Employment Program

As noted above, these aggregate amounts only represent the starting job obtained by Welcoming Center participants. There are additional, larger ongoing benefits to receiving this training and support. There is a well-documented body of research concerning the increased lifetime wage earning potential of people at increasing levels of educational attainment, such that the value of receiving a certain degree can be estimated.

Gaining a first foothold into the job market via the training, acculturation, and placement resources of the Welcoming Center has a similar effect on its participants, not only helping them secure an immediate job, but also putting them on track to securing additional, higher-paying jobs into the future. On a related note, these increased connections here in the U.S. can also facilitate greater success in business formation. Immigrants start businesses at a higher rate than non-immigrants, and expanding one's network not only leads to more business formation, but also greater scale of success upon formation.

2.4

### THE NEED FOR SPECIALIZED SERVICES

Finally, let us return to the important point that has been made throughout this report: The ability of immigrants to find jobs that are not only better suited for their skill level, but also the most needed in the area economy. It is an important component of a high-functioning capitalist economy that there should be minimal, if any, barriers keeping people from being employed at their highest possible use. Anything less than that represents inefficiency for both employee and employer: Employees earn less than they can, and employers' pool of prospective and actual workers is unnecessarily shrunk.

Therefore, reducing the "barriers to entry" of immigrants seeking employment in the mainstream economy produces significant economic benefits to the Commonwealth as a whole, not just to participants of the Welcoming Center's program. Their participation, if actively and effectively transitioned into jobs that suit their skills, is a net positive one, and one that increases the region's base of employment and economic activity for others.

## Evaluation of the Welcoming Center's Employment Program

Now, when every dollar counts, it is crucial for the Commonwealth and the City to be certain that they are wringing every drop of value from contracted services, and that they are doing everything possible to recruit and retain the workers and taxpayers needed to bolster our economy.

The current economic climate vividly illustrates how important it is that publicly funded services return their initial investment and more. In an unpredictable job market, seasoned workforce development professionals are best able to adapt to changing conditions and respond to industry's actual needs.

Most importantly, workforce development activities must be focused on integration that provides long-term benefits for native and newcomer Americans alike, and both businesses and individuals. Quick-fix job placements that do not boost workers' income or build their American workplace literacy, and do not meet employer needs, are a poor solution. Workforce development must be industry-focused and carefully enacted, so that jobseekers form long-term attachments to the labor force, and immigrant professionals understand the progression up career ladders in their fields.

There are unrealized economic gains that can be obtained by facilitating the transition of under-employed immigrant workers to skill-appropriate jobs, and by ensuring that all work-authorized immigrants are functioning within the system of payroll jobs.

More than 600,000 residents of the Philadelphia area were born outside the U.S. Thirty-seven percent of these immigrant adults have college or graduate-level degrees. They include Columbian psychiatrists and Romanian engineers, Indian chemists and the newest wave of Iraqi refugees. Yet many of these work-authorized immigrants are working as taxi drivers and janitors, not professionals. This disconnect is caused by some factors that can be quickly remedied — such as lack of awareness and access to jobs — and others that can take several years to resolve, such as transferring medical credentials. The Welcoming Center's experienced staff is adept at assessing and predicting how best to serve each of these individuals.

## Evaluation of the Welcoming Center's Employment Program

**If the Commonwealth facilitates these professionals' transition to higher-skill jobs, both their contributions to tax revenue and their own incomes will grow.**

Providing workforce development services to this population is an investment in their own and our shared future. But they must be the right services, targeted to meet the specific needs of immigrant professionals.

At the other end of the spectrum, thousands of immigrants in the Commonwealth also arrive with work permits, but have limited skills and work experience. A 22-year-old who spent the last eight years in a refugee camp may have had little opportunity for formal education, much less paid employment. A recent widow who has spent the last 15 years raising children may be unfamiliar with the U.S. job market. Both may be vulnerable to taking the first work opportunity they can find, perhaps working for cash.

For these jobseekers, Welcoming Center services provide a crucial bridge to legitimate, payroll jobs. The Center's employment specialists provide an orientation to American business culture that includes not just workplace norms, but also a straightforward explanation of the advantages of payroll jobs in comparison to cash jobs. **Every single job placement the Welcoming Center makes is legitimate. The Center does not *ever* place jobseekers in cash jobs.**

Thus, entry-level jobseekers first obtain critical information from the Welcoming Center, and then receive direct, individualized connection to specific job opportunities. This model differs radically from the hands-off practice of merely referring jobseekers to a Help Wanted ad or in-store kiosk for job applications.

Instead, employment specialists personally visit employers to view work sites and gather information on job requirements. Next, staff identify job candidates who are an appropriate fit for the position, and help them to prepare for an interview. Finally, employment specialists accompany jobseekers to the interview and introduce them to the hiring manager. All of these steps help to ensure that the jobseeker will make a smooth transition into the workforce, and that his or her earnings will be recorded income, bolstering tax revenue as well as boosting individual ability to establish an employment and credit history.

The Welcoming Center is known and trusted, not just by immigrant communities, but also by policymakers, researchers, and "receiving communities" of native-born Americans.

## Evaluation of the Welcoming Center's Employment Program

This report has thus far outlined the economic benefits to all Pennsylvanians of ensuring that immigrants are well integrated into our workforce. Why is the Welcoming Center particularly suited to oversee this process?

- **The Center is a known and trusted organization.** Almost three-quarters of employment clients come by word of mouth: their friends and family members have recommended it as reputable broker. In the last fiscal year, dozens of fellow nonprofits and ethnic-specific organizations — from the Cambodian Association of Greater Philadelphia to the Arab-American Community Development Corporation to the Hispanic Ministry in Upper Darby — chose to refer jobseekers to the Welcoming Center.
- **The Center has focused diligently on building and preserving relationships with members of the receiving community of native-born Americans.** Neighborhood-based organizations such as the 52nd Street Business Association, institutions such as the University of Pennsylvania and the School District of Philadelphia, and hundreds of individuals have participated in Welcoming Center economic development activities ranging from business clinics to informational workshops, as well as individual services.
- **The Center is regularly invited to make presentations of immigration data in general, and its own program model and outcomes in particular.** Recent invitations at the national level came from the U.S. Department of Labor and the National Conference on Refugee and Immigrant Issues. State-level invitations have come from the Pennsylvania Department of Education and the Pennsylvania Inter-Agency Task Force on Civil Tension.
- **Academic and other researchers frequently contact staff for in-depth information and interviews** about relevant topics, while journalists and other members of the media rely on the Center as a prompt, accurate source of background expertise.

# 3.0

# RETURN ON INVEST



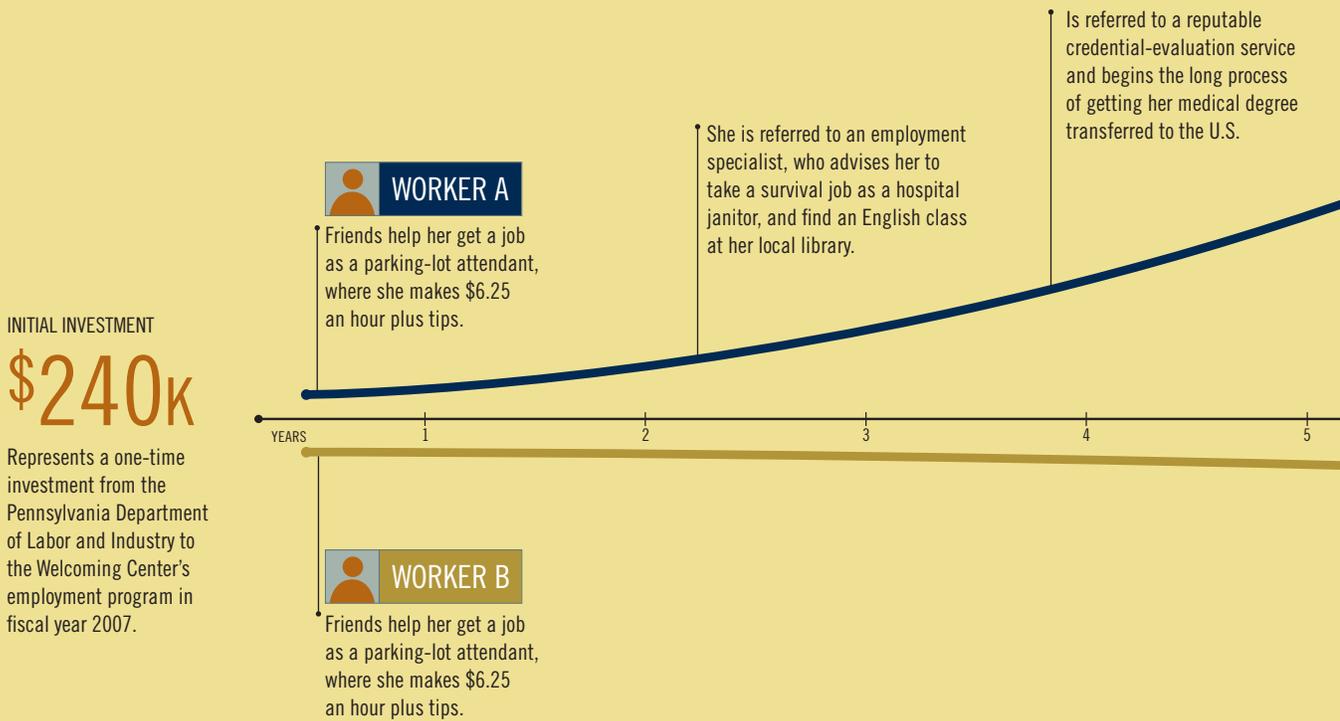
## Even in tough economic times Pennsylvania benefits from legal immigrants.

Their tax dollars, their skills and education, and their youth compared to the rest of our aging and retiring workforce are key contributions to our economy.

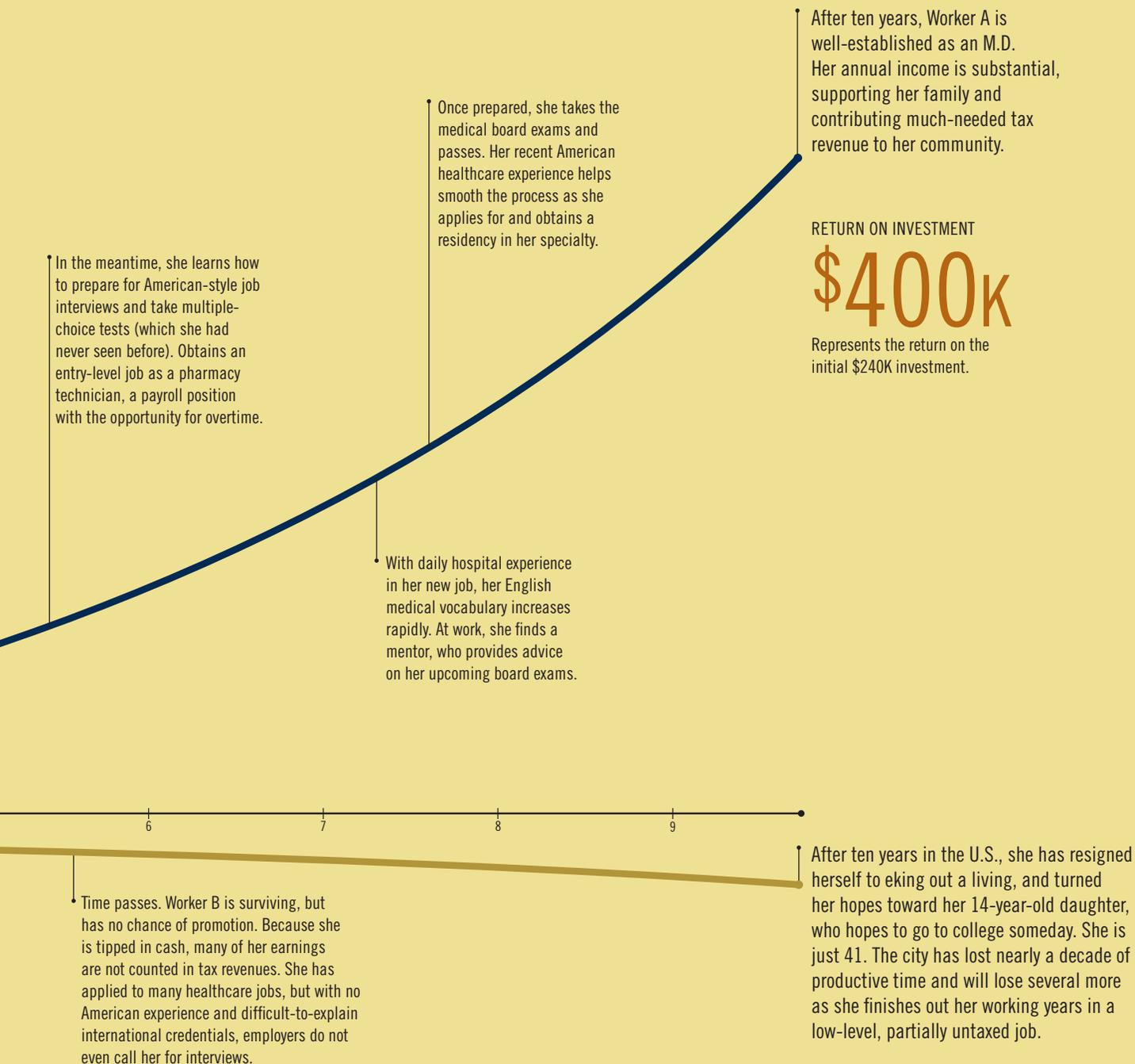
To be a dynamic, global destination, Pennsylvania must ensure that talented new arrivals are quickly connected to the right jobs. Otherwise, skilled professionals may end up stagnating at minimum wage jobs, while entry-level workers struggle to access steady work. We need them to flourish, not just for their own benefit but because **immigrant success creates revenue and jobs in American communities.**

Experienced nonprofits such as the Welcoming Center for New Pennsylvanians can efficiently help these legal, work-authorized jobseekers to move into and move up in the job market. For example:

**Imagine a worker who arrives in Pennsylvania. She is 31, with a medical degree, limited English, and few social connections:**



# MENT AND OTHER BENEFITS OF INTEGRATION



## CALCULATING PENNSYLVANIA'S RETURN-ON-INVESTMENT (ROI)

3.1

### What economic benefit does the Commonwealth receive as a result of the Welcoming Center's services, and how might that benefit be increased?

In this section, we use conservative assumptions to estimate the impact. We conservatively assume that the Welcoming Center for New Pennsylvanians continues to provide the same workforce development services without any improvement in quality. We also assume there are no economies of scale in terms of the growth of the Welcoming Center's outputs exceeding the growth of its operating budget, although it is likely, due to various sunk costs and scale economies, that a certain percentage increase in operating dollars would lead to a larger percentage increase in measurable output. Finally, let us conservatively assume that while new participants will continue to cycle through, past participants' earning potential will not increase, although as discussed before, it is likely they will use their experiences at the Welcoming Center to seek and obtain higher and higher paying jobs.

Using these conservative assumptions, we can arrive at a rough estimate of the "return" on the Commonwealth's investment in the Welcoming Center. We will consider a ten-year time horizon, showing the Commonwealth's one-time investment of \$240,000.<sup>26</sup> The horizon also takes into account our calculated \$58,000 in direct annual Commonwealth income tax revenues, and over \$123,000 in total annual Commonwealth income tax revenues.<sup>27,28</sup>

Assuming as above that, without the Welcoming Center's intervention, these immigrant participants would be able to secure a job at \$7 an hour, we can extrapolate that because they are able to earn \$9.72 an hour, the incremental annual increase in Commonwealth income tax revenue that can be attributable to the Welcoming Center's employment program is \$34,400 out of the total \$123,000 in total annual Commonwealth income tax revenues resulting from these immigrant workers and from the spillover economic activity they generate. Again, this is a conservative assumption, since it is likely that participation in the Welcoming Center's employment program not only increases one's earning potential, but also the number of hours one works.

<sup>26</sup> We examined the data and results from one year's worth of employment services, funded by the Commonwealth of Pennsylvania's \$240,000 investment in the Welcoming Center, in the form of a Department of Labor and Industry contract.

<sup>27</sup> The \$123,000 takes into account the spillover effect this bloc of activity will have on the Commonwealth.

<sup>28</sup> Bear in mind, of course, that another important public benefit, which is not included in this analysis, is the almost \$72,000 in direct annual City tax revenues, and, when combined with additional indirect and induced activity generated by this level of economic activity, the \$103,000 in total annual City tax revenues enjoyed by the City of Philadelphia.

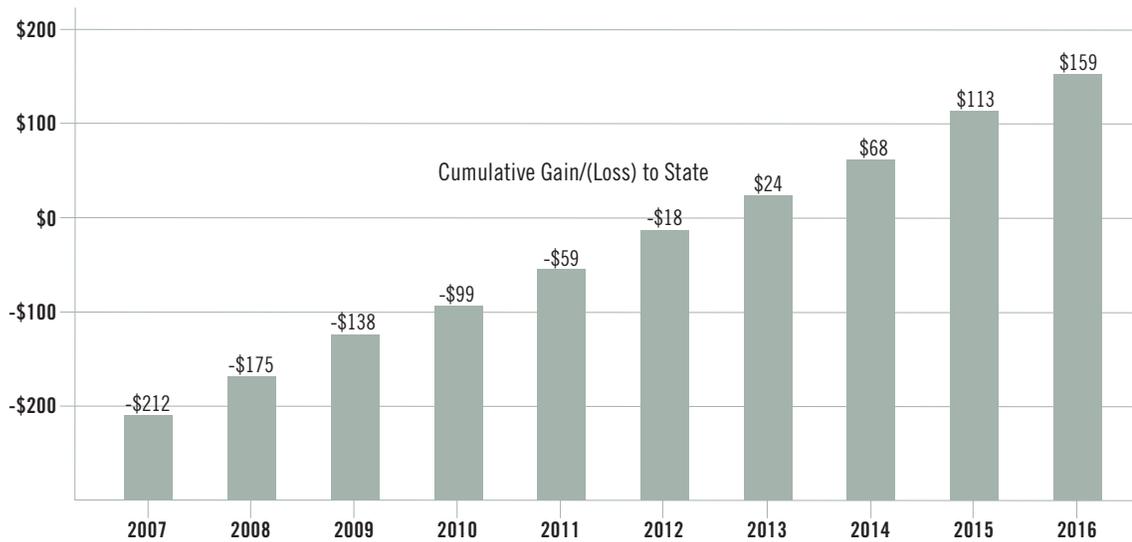
## Return on Investment and Other Benefits of Integration

Because we assume that those participants will continue to work, that incremental amount should be enjoyed by the Commonwealth every year thereafter. To be sure, the Welcoming Center will continue to train and place additional participants whose wages will result in additional tax revenues for the Commonwealth. However, for purposes of measuring the return on *just the Commonwealth's initial investment*, we will conservatively only consider the impact of the initial group of participants, not of subsequent ones. Furthermore, we will only consider the impact of those participants who are recorded as having found a job; although it is quite likely that other participants will eventually parlay the Welcoming Center's training into employment in the future, and thus they would also add to the return on the Commonwealth's initial investment.

Conservatively assuming that this initial group of wage earners will enjoy annual wage increases at a rate of three percent higher than inflation, we can determine a return over time to the Commonwealth on its initial \$240,000 investment in the Welcoming Center. Netting out the Commonwealth's upfront investment and accumulating the tax revenue amounts generated over ten years, we find that that the Commonwealth is \$159,000 ahead by Year 10. Put another way, the Commonwealth has earned a return on investment of 66 percent — a \$240,000 upfront investment has been recouped in full, plus an additional \$159,000 (see Figure 3.1).

**Figure 3.1 Return on State Investment in the Welcoming Center's Employment Program (in \$000)**

Source: Econsult Corporation (2007)



State Income Tax Revenue (Total-Gross) That Year's Graduates Only	\$123	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State Income Tax Revenue (Total-Net) That Year's Graduates Only	\$34	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State Income Tax Revenue (Total-Net) 2007 Graduates Over Time	\$34	\$35	\$36	\$38	\$39	\$40	\$41	\$42	\$44	\$45

That return to the Commonwealth could be even higher if a longer time horizon was considered, since participants will continue to work and therefore contribute income tax revenues to the Commonwealth. It could also be higher to the extent that participants trained during the study period but who were not recorded as having been placed in a job are then subsequently able to find a job.

Finally, it could also be higher if the Commonwealth continued to invest in the Welcoming Center, resulting in new groups of immigrant participants that could be placed into the workforce and whose earnings would lead to state income tax revenues.

### 3.2

## HOW AMERICANS BENEFIT FROM THE INTEGRATION OF IMMIGRANT WORKERS

In a post-September 11th environment and a tight economic climate, it can be difficult to understand why it is important to ensure that immigrant workers are integrated into the labor force. There are several reasons that it is to *native-born Americans' benefit* to do so:

- To ensure that Pennsylvania businesses have the widest and most talented possible pool of potential employees.
- To ensure that entrepreneurial immigrants' efforts to build their businesses are not stifled, and that as those businesses grow, they are able to hire new employees, right here in Pennsylvania.
- To allow business communities to enjoy sustained growth as newcomer entrepreneurs open shop in previously vacant storefronts and help to revitalize neighborhoods.
- To capture the brainpower of all young students who come to Pennsylvania for higher education, so that we are not educating bright young workers only to see them depart for friendlier locales.
- To minimize inefficiencies in the labor market, making sure that people are working up to their full capacity, earning (and contributing tax revenue) at the highest possible level.
- To honor the longtime American value of equal opportunity for all. An integrated economy makes for a more smoothly functioning and fair society, unlike European countries which struggle with a permanent underclass of second- or third-generation residents who are still not able to participate fully as citizens.

## Return on Investment and Other Benefits of Integration

The Welcoming Center operates under the principle that it is in everyone's economic self-interest for immigrants to make a smooth transition to the workforce. The connections created by the Center help immigrants become contributing members of their communities. Because of Welcoming Center services, they earn more money, increasing their contribution in taxes and preventing them from having to rely on public benefits. As established workers with stable incomes, they are less likely to engage in criminal activity and more likely to become homeowners.

Despite Pennsylvania's need for these workers, however, the logical connection between immigrants seeking employment appropriate to their skill level and industries desperately seeking that skilled labor does not sufficiently happen on its own. Instead, it takes the active effort of the Welcoming Center to connect its participants to employers, and to provide the training, acculturation, and support needed to make the transition up the career ladder to professional work, and from informal jobs to mainstream, higher-paying employment.

When immigrants become skilled workers, they contribute more in taxes and spend their salaries in the local economy. A common concern is that new immigrant populations send their earnings to family in their home countries. But even when some funds are sent out of the country, every immigrant must find a place to live, clothes to wear, and food to eat. With or without families, their residency in the U.S. implies that they are spending a significant portion of their earnings here.

Moreover, by enabling immigrants to capitalize on their skills and gain employment, the Welcoming Center is an important resource helping to prevent reliance on public assistance. Immigrants involved in the Welcoming Center's programs are demonstrating ambition and interest in being good citizens. They are ready to participate in civic life and to contribute to the regional, state, and national economy.

**Pennsylvania needs their fullest participation, because only at that level will the Commonwealth enjoy the economic activity, new jobs, and tax revenues it needs to provide opportunities for all residents and to compete with other states.**

# RECOMMENDATIONS & CONCLUSION

## RECOMMENDATIONS FOR FURTHER SMOOTHING THE INTEGRATION PROCESS

The services outlined in this report so far are vital mechanisms for connecting immigrant workers to jobs. Building on these best practices would enable providers such as the Welcoming Center for New Pennsylvanians to carry out their work even more effectively. Potential areas of expansion include:

- **Continuing to web-enable resources and materials.** Immigrant jobseekers, especially in professional fields, often turn to the web to obtain background information and prepare themselves for the job market. Particularly for immigrants outside of major metropolitan areas, who may not have access to in-person services, resources such as the Welcoming Center's webpage for jobseekers are a valuable resource, as are its electronically available PDFs of career guides such as *Becoming a Mechanical Engineer in Pennsylvania* and *Becoming a Teacher in Pennsylvania*. Similar resources should continue to be developed, with a particular focus on transitions to the workforce and career laddering in Pennsylvania's high-demand sectors.
- **Deepening relationships with other workforce development agencies.** Pennsylvania's CareerLink system is charged with the titanic task of meeting the diverse needs of every single jobseeking Pennsylvania resident. To the extent that CareerLink staff can be given the opportunity to learn in more detail about the barriers faced by immigrant jobseekers and the resources available to assist them in their transition to the American workforce, the already-existing referral relationship between CareerLink and providers such as the Welcoming Center can be strengthened. More importantly, the state's ability to effectively serve these jobseekers will be improved.
- **Continue to build broader and deeper networks of partnering employers.** Industry partnerships are key to ensuring that jobseekers are actually being prepared with the skills that employers demand. Workforce development programs will be most effective if they engage in the best practice of consulting with individual employers to determine their needs and requirements, and then prescreening job applicants to ensure a good fit.

## Recommendations & Conclusion

Policymakers who wish to further facilitate integration can take additional steps to better orient the public sector towards this goal. These may include:

- **Facilitating the transfer of professional certification and licensing.** At both the state and municipal level, attention can be given to determining ways to streamline the process by which foreign professionals can become certified here in the U.S., such that the training and accreditations they bring to the region can be more quickly and effectively brought to bear on behalf of industries in need of their specialized skills. Maintaining high standards for teachers, psychologists, and others is crucial, but it is also important to recognize where outdated requirements may inappropriately block highly qualified candidates. For example, a requirement that a candidate must hold a bachelor's degree can unfairly penalize an immigrant who holds a *graduate-level* degree and comes from a country where gaining entry to a master's level program is so rigorously difficult that it is considered evidence of a bachelor's-level education.<sup>29</sup>
- **Remaining alert to potential tax-credit and incentive programs.** In this time of economic turmoil, the federal legislative landscape is changing rapidly. State and local policymakers may have the opportunity to use federal or other funds to facilitate the transitioning of immigrants into jobs and industries that are more appropriate to their skill level, and in doing so not only help key immigrant populations but also assist key industry sectors in more efficiently staffing themselves.
- **Reviewing data on the dollar return.** This report is only a starting point in calculating the economic benefit of immigrant integration. Policymakers should take advantage of existing research on the economic impact, and also work with public agencies to ensure that data is being collected in a way that maximizes its ability to be useful in answering future questions. For example, labor-market and entrepreneurial data should include information on nativity (country of birth) and place of education of individuals surveyed.
- **Expanding industry partnerships and training programs.** Pennsylvania has been a national leader in establishing such programs. High-quality partnerships can provide robust and useful training, helping workers to apply the skills they learned in their home countries to benefit U.S. employers.

<sup>29</sup> For examples of other states' efforts to streamline professional certification, see *State Laws Related to Immigrants and Immigration in 2008*, National Conference of State Legislatures, 2008.

### 4.2 CONCLUSION

The Commonwealth of Pennsylvania is faced with the dual challenges of an aging workforce and an increasingly competitive landscape, made more unpredictable by rollercoaster of the national economy. Concurrently, new groups of immigrants are ever seeking meaningful opportunities to apply their skills to appropriate jobs and employers. The Welcoming Center for New Pennsylvanians plays an important role in connecting and coordinating crucial workforce development activities. By providing immigrants who are actively seeking employment with direct training, workforce orientation, and job placement, the Center addresses a vital link in the regional economy, with significant implications for the immigrants themselves, employers seeking their skills, and the public as a whole.

Over the past six years, the Welcoming Center has repeatedly demonstrated its ability to productively integrate new workers into the American labor force, and to translate the complex world of professional credentialing so that highly skilled immigrants can work again in the fields for which they were trained. Though not detailed in this report, the Center has also worked extensively with small business owners, both immigrant and native-born, whose success and growth are an important component in economic dynamism of revitalizing communities.

This report has attempted to quantify that economic impact. Utilizing conservative assumptions, and using partial data that does not necessarily capture all of the employment activity facilitated by the Welcoming Center's work, we find that the bloc of workers directly assisted by the Welcoming Center has had a profound impact on the area's economy, to the amount of \$71,900 in annual wage tax revenues for the City of Philadelphia and \$58,400 in annual income tax revenues for the Commonwealth of Pennsylvania.

We further find that this direct activity has a significant spillover effect on the regional economy, such that when indirect and induced activity is included, the City of Philadelphia gains \$103,000 in annual wage tax revenues, of which \$29,000 is net new to the City, over and above what it would have received absent the Welcoming Center's employment program; and the Commonwealth of Pennsylvania gains \$123,000 in annual income tax revenues, of which \$34,000 is net new to the Commonwealth.

## Recommendations & Conclusion

To the extent that this bloc of workers is likely to continue to work, the return on the Commonwealth's initial \$240,000 investment in the Welcoming Center will be substantial. Over ten years, *the Commonwealth will recoup its initial investment plus an additional \$159,000*, accounting for inflation and employing very conservative assumptions about the future earnings potential of Welcoming Center participants.

Furthermore, it is likely that future cycles of employment training will prove even more efficient and effective in generating economic and fiscal impact for the City and State, lending support to the financial case for future and ongoing public investment in the important task of connecting immigrant job-seekers with employment opportunities that suit their skill levels and home-country credentials. In short, this work of the Welcoming Center is not only good from a workforce development standpoint; it also makes good financial sense.

The Welcoming Center's work with jobseekers, entrepreneurs, and established business owners has definitively shown that an initial investment can snowball into long-term economic benefit for all.

**Supporting the Welcoming Center's work will create more stakeholders in the region's economy, and bigger dividends for all.**

Founded in 2003, the Welcoming Center for New Pennsylvanians is a nonprofit 501(c)(3) organization that works to promote immigrant participation in the region's economic, political, and social life. These individuals enhance the productivity, profitability, and stability of the region's businesses and contribute to the state's overall economic growth.

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