

A Look at Skilled Immigrant Workers in the U.S.:

Tapping into Global Talent Already Here Results in Clear Economic Benefit for Immigrants and for Nation

EXECUTIVE SUMMARY

An in-depth analysis of skilled immigrant workers served by Upwardly Global illustrates how moving foreign-educated immigrants into jobs that are more commensurate with their experience has a positive economic impact, not only for themselves and their families but for the nation as well.

Upwardly Global, which provides employment training and placement services for foreign-educated immigrants authorized to work in the U.S., undertook a review of more than 500 clients whom it served in 2010 and 2011. Prior to joining Upwardly Global's program, these individuals were either unemployed or working in low-skilled positions. Upon review of its records in November 2012, the organization found that more than 85 percent of these clients reported being employed (up from almost 20 percent) and that most had gained new and more lucrative jobs that were much more closely aligned with their skills and experience. Their salary increased from an average of about \$3,500 to an average of about \$35,000 on an annual basis, or by more than 900 percent.

Additional analysis shows that this increase likely resulted in the creation of nearly 700 *additional* indirect and induced jobs – almost 1.4 jobs per program participant. Furthermore, the participants' new jobs would have led to an increase in federal income tax revenue on an annual basis of

approximately \$1.8 million and an estimated annual increase in consumer spending of between approximately \$16 million and \$17 million, *not including* any increases derived from the aforementioned additional indirect or induced jobs.

The results demonstrate the positive economic impact of placing skilled immigrants in jobs that match their talents – for the immigrants themselves and their families *and* for the ripple effect that such placements achieve. Given the large number of under-employed but highly educated legal immigrants in the U.S. today, and the shortage of skilled workers in key industries, the opportunity exists for the foreign-educated skilled immigrant population to have a much greater impact on the U.S. economy and workforce than is currently the case. Providing these individuals with the assistance and support they need to obtain skill-appropriate jobs has the potential to pay great dividends.

BACKGROUND

Foreign-educated immigrants in the U.S. are more likely to be un- or under-employed than their U.S.-educated counterparts.¹ Though they possess the necessary professional experience, these individuals often lack a professional network as well as practical knowledge about the job search process in this country. This situation leaves them in jobs that under-utilize their full abilities and do not provide an income commensurate with their skills and experience. But it also leaves our nation

These skilled immigrants are a gift to the U.S. They arrive on our shores fully equipped with the talent and experience that we so dearly need. They're an untapped resource. Hiring them has added so much to our company – they are truly hidden gems.

— Andrew G. Shillingford, Associate Director,
Standard Chartered Bank

with a greater shortage of talented employees in key sectors and hinders our economic growth. Estimates indicate that more than 1.8 million foreign-educated immigrants in the U.S. are unemployed or under-employed in low- or semi-skilled jobs that do not draw upon their experience or expertise.²

Upwardly Global, a non-profit organization that provides training and job placement assistance to thousands of these individuals, undertook an in-depth analysis of clients who joined its program during a specific time period, the years 2010 and 2011, to assess the success of its efforts, and its findings allowed it to measure the economic impact of these clients moving into more skill-appropriate jobs – for the clients themselves and for the greater community.

THE ANALYSIS

In November 2012, Upwardly Global began analyzing the records of 561 clients whom it served in 2010 and 2011 across the organization's three service areas, New York City, Chicago and San Francisco. Of these clients, 87.3 percent reported having jobs by the time of the review. Staff considered the immigrants' employment status, including pay rate and industry of employment, both before and after they received services from Upwardly Global. After joining the program, almost all of the employed had gained new and more lucrative jobs that were more closely aligned with their profession and experience. The average salary per person increased from just \$3,527 to \$35,286 on an annual basis – a 900.6 percent increase; their aggregate salary increased by an annual total of about \$1.98 million to \$19.8 million. Upwardly Global conducted a separate analysis looking only at the 102 individuals (out of the 561) who already held jobs when they joined the program. Again, the results showed a shift to more skill-appropriate employment and significant salary increases: The average annual salary per person rose approximately 121 percent, from \$16,967 to \$37,490, or an average increase of \$20,523 per person.

THE GREATER ECONOMIC IMPACT

Indirect and Induced Job Creation

Newly created jobs often generate additional positions, either indirectly through jobs that facilitate the initial placement (*e.g.*, an accountant or secretary) or by inducing jobs brought about by the initial employee's greater spending ability (*e.g.*, retail salesperson, transit worker or realtor). In estimating the total number of additional jobs that would have been created by the group of clients reviewed for this study, Upwardly Global took into account the fact that this figure is dependent upon the industries where the initial job holders are employed and their particular salary level. Using a study conducted by the University of Massachusetts, the organization estimated that the new or enhanced employment of these skilled immigrants would have resulted in the addition of 368 indirect jobs and 311

THE TALENT SHORTAGE

Numerous studies in the past decade have pointed to the serious shortage of skilled employees in key professional areas. ManpowerGroup, for instance, reported in its last annual Talent Shortage Survey that nearly half of all U.S. employers “are experiencing difficulty filling mission-critical positions with their organizations.” The report, based on a survey of 1300 employers across the country, identified the top 10 hardest jobs to fill in 2012, including skilled trades, engineers, IT personnel, sales representatives, accounting and finance staff, educators and nurses. Some of these areas, including IT and accounting, have become more difficult to fill than just a few years ago.

A profile of Upwardly Global's placements shows that at least 63% are within the acknowledged shortage areas, including 13% in skilled trades, 19% in engineering and IT, 19% in accounting and finance, and another 6% in other science, technology and healthcare professions.

induced jobs – 1.39 additional new jobs for every Upwardly Global placement.³

Income Tax Revenue and Consumer Spending

The new jobs and higher salaries obtained by Upwardly Global's clients also resulted in significant increases in income tax revenue and spending power. Using tax rates published by the U.S. Congressional Budget Office, the organization estimated an aggregate increase in income tax revenue of approximately \$1.8 million on an annual basis.⁴ This increase was calculated for the clients only and included only federal income tax – *i.e.*, the figure does not include any increase gained from ancillary or induced jobs, nor does it include any state or local tax revenue increases.

Although calculating increased consumer spending is obviously a little less exact, Upwardly Global used rates published by the U.S. Department of Commerce to derive a reasonable estimate of the spending that the participants' increased salaries would generate. It estimated an enhanced annual aggregate consumer spending of between \$16.2 million and \$17.1 million for the program participants.⁵ Again, this estimate does not include any increased spending by individuals filling any of the additional jobs that would have been generated by the clients' job placements.

We are a nation whose history has been shaped by immigrants and whose future depends on sound immigration policy. Skilled immigrants play a critical role in our economy, and making it easier for them to secure the jobs for which they are qualified not only benefits these individuals, but helps our economy to grow and become more competitive in the 21st Century.

— Kyle Kimball, Executive Director,
New York City Economic Development Corporation

Return on Investment

Of course, Upwardly Global incurred costs in placing the program participants in skilled positions, and thus wanted to look at the return on investment (ROI) of capital spent to produce these results. In considering its expenses, the organization looked at all costs – operations, administrative and fundraising – for the 2010-2011 analysis period, and estimated an ROI of between 292% and 311%. Upwardly Global calculated the ROI strictly for the increased tax revenue and estimated consumer spending generated by the *clients themselves*; it does not include any benefits derived from any additional jobs created.

CONCLUSION

The job seekers whose placements we reviewed in this analysis represent just a fraction of the immigrants in the U.S. who are not working to their full skill or income potential. Clearly, helping these individuals reach their full potential is the right thing to do for its own sake, but this analysis shows that helping them get there brings significant benefits to the U.S. economy as well. Upwardly Global recommends further consideration of these benefits and of the positive effect of having skilled immigrants help reduce our nation's significant professional shortages – some of which, such as health care, engineering and IT, are destined to become more severe in the coming years if steps are not taken soon. As immigration reform efforts advance, Upwardly Global also encourages policy makers to invest in the support necessary to facilitate skilled immigrants' integration into the country's economic fabric and help them make the most appropriate and meaningful contributions they can. ■

1. Migration Policy Institute, Analysis of U.S. Census Bureau's 2011 American Community Survey, December 2012.
2. Ibid.
3. H. Garret-Peltier and R. Pollin, January 2009. *How Infrastructure Investments Support the US Economy: Employment, Productivity and Growth*. University of Massachusetts Political Economy Research Institute.
4. U.S. Congressional Budget Office, Effective Tax Rates, released 2007.
5. Bureau of Economic Analysis, U.S. Department of Commerce, Personal Income and Outlays, October 2012.

THE FINDINGS

Upwardly Global reviewed data from 561 clients who joined its program in 2010 or 2011; of these clients 87.3 percent reported being employed by the time the data analysis began in November 2012. The review showed that after they joined the program:

- Almost all gained new and more lucrative positions that were more closely related to their professional field.
- Their aggregate salary increased from about \$1.98 million to \$19.8 million on an annual basis, representing a 900.6% increase.
 - The average salary per person increased from \$3,527 to \$35,286 on an annual basis.
- The 102 clients (of the 561) who had jobs before they joined increased their average annualized salary from \$16,967 to \$37,490, representing a 121% increase.
- Additional economic benefits derived from all of the clients' employment included:
 - An increase of approximately \$1.8 million in annualized income tax revenue from these clients alone.
 - An estimated increase in annualized consumer spending of between \$16.2 million and \$17.1 million for these clients alone.
 - An estimated 368 additional indirect jobs generated by the clients' employment.
 - An estimated 311 additional induced jobs generated by the clients' increased spending power.

OUR CLIENTS TELL THE STORY

Each and every one of our clients has a story to tell about their difficult decision to leave their homeland for a new and uncertain life in the U.S., and about their struggles to continue along their professional path once they arrived. In every instance they found obstacles they did not expect. Here are just a few of their stories:

TO, from Vietnam, has a PhD in coastal engineering from New South Wales University in Sydney and was a senior lecturer at the National University in Vietnam for more than 20 years, serving most recently as Chair of the Department of Oceanography. He came to the U.S. so that his son could receive a college education and “live in this free, democratic and dynamic country.” When To arrived in California, he found it impossible to find a job despite his credentials and despite the demand for employees with his experience. He had no professional connections, no understanding of how to put together a proper resume. To support his family, he took a job with a tour operator in San Francisco. After connecting with Upwardly Global, he learned how to polish his resume and how to conduct himself in an interview – including how to talk about his own accomplishments, something that would have been considered rude in his home country, where people use ‘we,’ not ‘I,’ when speaking about their work. Now, he’s working as a coastal engineer for a San Francisco consulting firm. As To says, “I’ve come back to my career – the one I’ve been devoted to my entire adult life.” ■

ANNA, who has a master’s degree in chemistry from her native Russia, came to the U.S. expecting to have no trouble finding a job in her field, given her background and strong command of English. She went first to South Carolina, where she knew many chemical companies were situated. She quickly saw that she did not know how to proceed with her job search. She sent out resumes, but with no success. She eventually moved to New York City, thinking there might be more opportunity, but spent the next year working as a waitress in order to get by. When she found Upwardly Global she learned that her resume needed significant work to impress U.S. employers, and that there were serious cultural differences when it came to interviewing for a job. For instance, she says that in Russia she wasn’t used to “smiling all the time.” She found out that employers expected job applicants to smile, and not look so somber as they do in her homeland. After much coaching by Upwardly Global and one of its training partners, she was hired as an analytical chemist in a quality control laboratory for an international company. And she’s smiling a lot more as well. As Anna puts it, “I have my identity back.” ■

MUSHTAQ, an Iraqi with a degree in mechanical engineering from the University of Baghdad, worked for the Iraqi government before the war in 2002. After the war he worked for the U.S. Army Corps of Engineers as a project manager to help rebuild his country, until it became too risky to work for the U.S. government or even to remain in Iraq – after being kidnapped and having shots fired at him. He came to the U.S. to “start a new life and be safe with my family,” settling in a suburb of Chicago. Once there, he realized he had no idea how to go about looking for employment in his field. He took several jobs to pay the bills – packing boxes and working as a machine operator. At Upwardly Global, he not only learned how to apply for a job, but also how the interview process works in the U.S. He was surprised by the questions: Unlike in Iraq, where employers asked what you knew or what tasks you could perform, here they asked behavioral questions that had as much to do with personality as with job skills. Ultimately he was successful in obtaining a job as a mechanical engineer with Greeley and Hansen, an employer partner with Upwardly Global. ■

ABOUT UPWARDLY GLOBAL

Upwardly Global, sometimes called UpGlo, is a non-profit organization dedicated to eliminating employment barriers for skilled immigrants and refugees and integrating this population into the professional U.S. workforce.

To accomplish these goals, Upwardly Global creates partnerships with employers that benefit from access to this immigrant talent pool. It also provides customized training and support for these new Americans to give them an equal opportunity to find and secure skill-appropriate jobs. The outcome is global talent for employers, family-sustaining incomes for those who were previously unemployed or under-employed, and a positive impact on our nation’s economic growth.

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