

Immigrants and Local
Economic Growth:
*Realizing New York's Full
Potential*



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Acknowledgments

In November 2013, the Fiscal Policy Institute convened a group of people who work in areas around New York State on immigration issues in a variety of different ways—as advocates, organizers, service providers, researchers, and people working in policy development. We were joined by two government officials, who helped us understand initiatives that already are underway.

On the last page of this paper is the list of people who participated in the retreat on a chilly but beautiful few days in November, from a clear Thursday evening to a snowy Sunday morning. The group contributed to a rich and varied discussion, which deeply informed FPI's understanding of these issues. Our goal here is to set the stage for a wider discussion of an ambitious and comprehensive set of state and local policies that would help immigrants to thrive, and in so doing to boost local economic growth.

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We welcome input for further development of this conversation to ddkallick@fiscalpolicy.org.

The Fiscal Policy Institute (www.fiscalpolicy.org) is an independent, nonpartisan, nonprofit research and education organization committed to improving public policies and private practices to better the economic and social conditions of all New Yorkers. Founded in 1991, FPI works to create a strong economy in which prosperity is broadly shared. FPI's Immigration Research Initiative looks at immigration issues in New York State, and around the country.

Immigrants and the Local Economy

Immigration is again changing the shape of the nation, with it bringing both challenges and opportunities. The immigrant share of the U.S. population reached a lowpoint in 1970 of five percent, but it has been growing fast since, so that by 2012 it was at 13 percent, about the same level as throughout the late 19th and early 20th century. In New York, the immigrant share of population has been growing as well, reaching 23 percent of the state population in 2012. What can we do in New York State and in its different regions to help make the most of the immigrant economic role, improving the outcomes for immigrants while also helping to boost local economies?

When any group is held back from realizing its full potential it is tantamount to leaving potential economic growth on the table. In areas where immigrants face barriers to full inclusion in the economy—because of language, culture, credentialing, discrimination, or other issues—the immigrants themselves are held back, but so to is the overall effective functioning of the local economy.

When businesses do not operate on a level playing field, with all employers held to the same rules, the market does not function properly, and there are overall losses to productivity.

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Regions that embrace diversity reap the benefits of a vibrant and creative economy, if regions develop a reputation for hostility to immigrants they risk losing their attractiveness as a place to locate or expand for immigrant businesses, or businesses that employ immigrants, or businesses that employ people who want to work in a welcoming and tolerant environment.

It is increasingly clear that a focus on managing immigration well can result in increased local economic growth. Around the country, cities such

as Philadelphia, Detroit, Dayton, Nashville, and many more have developed agendas that see immigrants as a valuable part of the local economy and aim to enhance their economic role.

Conversely, areas that flirt with an anti-immigrant reputation—Hazleton, Pennsylvania; Riverside New Jersey; the states of Arizona and Alabama—risk putting a damper on potential growth.

State and local governments play a very big role in helping immigrants to get rooted and thrive. They bear primary responsibility for many of the areas that matter most to the daily lives of immigrants: education, public safety, housing, workforce development, English-language programs, certification for professions, most economic development programs, and the majority

of labor law enforcement. And, while the big questions of immigration reform can be resolved only at the federal level, at a time when Washington seems paralyzed, state and local authorities can significantly affect how we manage a period of limbo for the unauthorized immigrants, along with the conditions for employers and households that hire them.

Community organizations, service providers, business leaders, and unions also have important roles to play in creating a context in which immigrants can thrive while the overall economy grows.

Drawing from the best of what is happening already in other parts of the United States and building up from the existing infrastructure in New York, we can begin to envision what an appropriately ambitious state and local agenda would be for improving the economic success of immigrants, involving local U.S.-born populations in growth, and lifting our overall economy.

The report will cover four main categories of how state and local efforts could simultaneously help immigrants and boost overall economic growth. Two areas, though, merit attention above and beyond what is in those areas.

First: federal immigration reform. Nearly all of what is described below would be made easier and more effective if there were federal action on immigration reform. As a recent paper from the Fiscal Policy Institute described, how fixing the broken immigration system would improve economic productivity.¹ The current impasse at the federal level, however is no excuse for a failure to act locally. Indeed, it is all the more reason all New Yorkers—state and local government, civic groups, business leaders, and residents—should do everything we can today.

Second: the language barrier. Some immigrants come from English-speaking countries while others know English before they get here. But, for the rest—and for some non-immigrants as well—not knowing the language is a very serious barrier to economic advancement. There is a need for more opportunities to learn English, and for higher quality classes that are accessible and relevant. As a bridge for immigrants who do not yet know English, outreach and services in multiple languages are crucial to the success of efforts in each of the areas discussed below. A real commitment both to teaching English to newcomers, and to helping ease their way into American society with outreach in their native languages, are perhaps the most important and certainly one of the most obvious ways to help immigrants get a strong footing in the local economy.

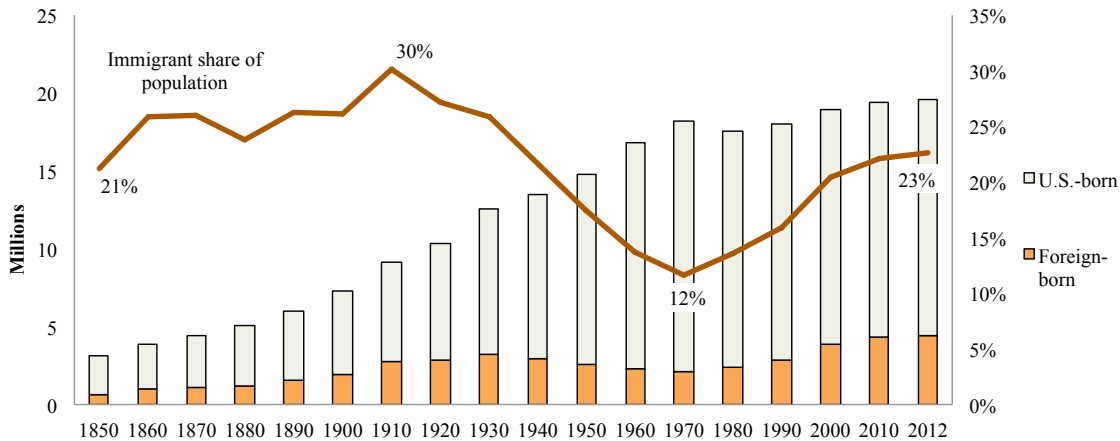
¹ “Three Ways Immigration Reform Would Make the Economy More Productive,” Fiscal Policy Institute, June 2013.

Background: Immigration in New York State

Immigrants today are playing an enormously important role in the New York State economy, representing 23 percent of the state population—as high as it has been since the 1940s—and a similarly large share of gross state product.²

This represents a new era in immigration for New York, requiring a rethinking and rebuilding of the systems for integrating immigrants into the economy. For the middle part of the 20th century, the immigrant share of the population in the state was dropping, reaching a decennial low-point of 12 percent in 1970. Since then, immigrants have been a very big part of the state's population growth. Indeed, while the state has grown by 2 million people since 1980, the U.S.-born population is today about the same as it was then. The state's immigrant population over this period just about doubled, from 2.4 million in 1980 to 4.4 million in 2012.

Population growth and immigrant share in New York State
1850 to 2012



Source: Fiscal Policy Institute analysis of Census and American Community Survey data. Note that the last bar represents a 2-year interval; all others represent 10 years.

Part of the challenge to shaping good policy in New York during this new era of immigration is that the statewide figures mask widely varying immigration and economic contexts in different parts of the state.

In New York City, immigrants make up 37 percent of the population. The city has seen a tremendous population, fiscal, and economic rebound since a lowpoint in the mid-1970s, with immigrants playing a central role. Today, the challenges to New York City are not bringing the population back to the city center, but rather how to ensure job quality, reverse income polarization, and keep low- and moderate-income residents from being squeezed out of neighborhoods by sky-high housing costs.

² For a detailed analysis of the immigrant share of gross state product, see “Working for a Better Life: A Profile of Immigrants in the New York State Economy,” Fiscal Policy Institute, 2007, Appendix B.

On Long Island, the immigrant share of the population is 16 percent. In the Hudson Valley, it is 13 percent (and double that in Westchester County). In these areas, immigrants are working in a much broader range of jobs than is generally understood and, as is true around the country, they are contributing robustly to the economy. At the same time, the politics of immigration in these areas have been highly volatile.

In the Hudson Valley, immigrants make up 13 percent of the population (and double that in Westchester County)

In Northern and Western New York, immigrants make up five percent of the population, and are in fact often doing economically better than their U.S.-born counterparts, with many professors, doctors, and engineers who are immigrants. However, there are immigrants—often refugees, and some unauthorized immigrants—who are struggling to get by in very low-wage jobs.

Farming and other seasonal jobs across the state (such as at race tracks or tourism jobs) pose a different kind of challenge: how to set and enforce some basic standards for job quality, which would level the playing field for employers and boost local spending by increasing earnings for these workers.

In rural communities of the upper Hudson Valley, Northern, and Western New York, jobs are scarce and funding has been reduced for traditional skill-development programs for young people, such as 4H clubs and YMCAs, as well as, funding for public school-related programs. Helping immigrants and others in these areas to start businesses, and expanding opportunities for immigrant farm ownership, would be a step toward improving local conditions.

In large and small cities in upstate New York, declining population is a severe strain on the tax base. Immigrants are often the only easily identifiable population that is growing, offsetting what would otherwise be an even larger population drop.

And, New York is a border state. While southern border of the United States understandably gets far more attention, within 100 miles of all U.S. borders, including New York's northern border, there are Border Patrol checkpoints and extended authority for the Border Patrol agents that affect anyone living in or traveling through that area. It has a greater effect on those who may be thought to look like an immigrant, regardless of immigration status, and of course, dramatically affects the lives of unauthorized immigrants.

How do these differences of local context affect the policies and practices discussed below? Support for immigrant small business development might take on a different form in New York City, where availability of affordable space is a challenge, than in Buffalo, where space is not expensive but business support for non-English speakers is hard to come by. A program to create a welcoming climate might look different in a rural county where migrant laborers form a big part of the immigrant community than a program in a suburban area with a highly diverse range of immigrants.

With these distinctions in mind, what would an appropriate agenda look like for helping immigrants to succeed, and in so doing helping to boost the local economy? What follows is a broad overview of what can be done at the state and local level.

Below we outline four areas: supporting for immigrant small business development, creating a welcoming climate, leveling the playing field for businesses by establishing a solid floor for all workers, and expanding the middle class through attention to education, career ladders, and advances in job quality.

1. Support Immigrant Small Business Development

Immigrants are well known for their entrepreneurship. Immigrants are not “super-entrepreneurs,” as they may sometimes be depicted. But, in New York State 3.7 percent of immigrants in the labor force are small business owners, about on tenth higher than the 3.2 percent share for U.S.-born New Yorkers. Statewide, immigrants make up nearly three out of every ten small business owners—immigrants are 27.4 percent of small business owners, 26.9 percent of the labor force, and 21.7 percent of the population.³

While immigrants may be predisposed to start small businesses, they often face a set of obstacles that make it harder than necessary to start or expand a business. State and local governments—and local organizations and institutions—can help remove these barriers and in the process spur local growth.

For example, immigrants often have a hard time getting bank loans due to lack of credit history in the United States, the need for smaller or shorter-term loans than banks generally provide, lack of language or cultural barriers, and sometimes outright discrimination.

Nonprofit groups and government agencies provide a range of supports for small businesses, but far more can be done to help educate immigrant business owners about their options for getting loans. In addition, as many small-business lenders have stressed, small business owners seeking a loan are often as much in need of business services and support as they are in need of a loan. There should be far more opportunities to pair loans with help in business planning, finding a reliable accountant, or managing cash flow. New sources of capital—such as crowd funding, or alternative lenders—offer opportunities for small businesses, but they are also fraught with potential risks. Government agencies and nonprofit groups can help immigrants, who are particularly likely to be taken advantage of, and small businesses in general to navigate these rapidly changing waters.

Immigrants often face language and cultural barriers that prevent them from taking advantage of programs intended to help business owners, or navigate compliance with regulatory agencies. Governor Cuomo signed Executive Order 26 requiring many state agencies to provide translation and interpretation for speakers of six languages besides English, and some localities have similar programs. This is a significant help, but there is still a long way to go in making sure that the agencies covered are fully actualizing these services, and in expanding into additional areas. Steve Choi of the New York Immigration Coalition noted that, “while there’s been major progress in expanding language access on a statewide level, there’s so much more ‘unexplored territory’ in ensuring that counties, towns and municipalities across New York - often the direct point of contact for many critical services - are providing the language access that they should.”

Sometimes supporting immigrant businesses means looking below the radar of what is often considered business development. For instance, the Urban Justice Center in New York City has a project for street vendors, bringing them together as an industry group to help them address

³ “Immigrant Small Business Owners,” Fiscal Policy Institute, June 2012; figures are from an FPI analysis of the 2010 American Community Survey 5-year data.

issues of common interest; from punitive ticketing to providing assistance to vendors for small business development rather than discouraging them through “quality of life” enforcement. And, the state’s Office for New Americans has an interesting program helping immigrant farm workers to become farm owners.⁴ From catering to babysitting to selling food at soccer games, there are many entrepreneurial ventures that could, with the right supports from government, business associations, or nonprofit groups, be brought from the realm of marginal side-businesses into fully operational business ventures.

Government can also address nuisance ticketing not just for street vendors but for small businesses in general. This looms large on the list of complaints of small business leaders. As New York City’s Public Advocate, Bill de Blasio focused on the ways that issuance of excessive parking and sanitation violations, for example, have raised revenues for the city by burdening small businesses unduly. As Mayor, de Blasio has promised to do more to reduce these nuisances for small businesses; both New York City and other municipalities around the state should move in this direction.

Supportive business services of various kinds can be useful for immigrant small business development. Immigrants may need extra help in understanding local regulations, or they may need help with accounting or developing inroads to a broader clientele or working out a business plan. Providing this kind of support to help set businesses on a solid track can be a very good return on investment. Recently, New York State’s Office for New Americans launched an immigrant entrepreneurship training series with this goal in mind. The program includes, assessment of their business plan and one-on-one coaching. As with many other approaches described in this paper, it is not just immigrants but also a range of U.S.-born residents who come to take advantage of these programs. Substantially expanding this kind of effort could be a way to help businesses start and expand.

Business associations of varying kinds also play an important role in small business growth, from Hispanic Chambers of Commerce to Korean Green Grocers’ associations, as well as many overall chambers of commerce serving areas with large numbers of immigrants. Business groups with strong ties to immigrant communities can be integrated into the area’s larger business community. At the same time, when business groups are included in policy-making, groups that are close to their workers—labor unions, worker’s associations, service providers, or nonprofit advocates—can also be engaged in an inclusive policy-making process that reaches all communities. In some regions, the associations of this kind are well established, but in much of the state business owners are isolated, or only represented by big statewide groups and not by local groups that know them personally or are responsive to their needs.

Finally, in many of New York’s cities and suburban areas—as well as in some rural communities—main streets and commercial corridors have gradually slipped into decline, and are today marked by empty storefronts and declining street life. In these types of areas, it is not

⁴ See, for example, W. Nutt, “EcoVillage farm program provides opportunity to grow business,” *Rochester Democrat and Chronicle*, August 18, 2013.

uncommon for immigrant business owners to see an attractive opportunity: low rent, and a good place for a small store or restaurant, with different businesses often clustering together to form a destination for shoppers. Some programs have consciously focused on building up this type of commercial corridor, and in the process helping not just the businesses but also the whole neighborhood by bringing a liveliness to the streets. In Philadelphia, for example, the Welcoming Center for New Pennsylvanians has developed an extensive effort of this type, and within New York State Syracuse's Northside UP is a well-rooted model (supported by the Centerstate Corporation for Economic Opportunity, Catholic Charities, and St. Joseph's Hospital and Health Center). In business strips with low rent, these nonprofit efforts provide technical support to local immigrant (and along the way also non-immigrant) businesses to help them in working through business models, developing markets, navigating certifications and licensing, and building a sense of an up-and-coming neighborhood.

There is genuine value in the kind of efforts described above: removing barriers, targeting areas where there is already growth, and creating a dense and inclusive network of supports to local entrepreneurship, both in government and out. These types of support do not radically alter the business environment; businesses still need to make sense on their own terms. But, a rich ecosystem of support can "bend the curve," helping more businesses to start, and more to thrive.

2. Create a Welcoming Climate

Around the country, efforts have been made in many places to actively welcome immigrants to local communities. It is becoming increasingly clear, however, that in addition to helping ease social tensions, these efforts can be good for the local economy in several different ways.

Welcoming initiatives can help counter anti-immigrant outbursts and help prevent negative reputations from developing. This has been a concern, for example, on Long Island, where a few years ago, the president at the time of the Long Island Association, the region's leading business organization, explained at a local forum that local businesses were beginning to be concerned about areas like Patchogue and Farmingville developing a reputation for intolerance. That kind of a reputation can be hard to shake, he warned, and can prevent new businesses from coming or existing businesses from choosing to expand.⁵

Welcoming initiatives can be undertaken on a large or small scale. There are important roles for business leaders, civic groups, service providers, and government agencies.

In other parts of the country, there are locations where multi-sector groups have come together to establish this kind of effort. In St. Louis, for example, a study funded by the Kemper Foundation became the impetus for a coalition that included a range of business leaders, civic groups, service providers, and city and county government officials. The resulting St. Louis Mosaic Project has worked with immigration researchers to make the case for the importance of immigrants to the St. Louis economy, identified "mosaic ambassadors" who through personal outreach link U.S.-born and immigrant communities, and established "professional connectors" who help link immigrants for networking with the professional community. Across the Great Lakes region, a network of programs has developed that includes Welcome Dayton, Global Detroit, Vibrant Pittsburgh, Global Lansing, and the St. Louis group among others. The closest thing to this type of effort in New York, however, is the Syracuse project Northside Up. There is room for a great deal more.

Civic sector leadership on its own can also be the starting point, as has been the case in the many cities, counties, and states where the affiliates of the national nonprofit network, Welcoming America, have been active. They may entail street fairs or cultural heritage celebrations. They may involve public presentations, or classroom discussions, or a range of activities to bridge gaps and bring communities together.⁶ Within New York, one of the few initiatives of this type is Welcoming Long Island—an initiative of Long Island Wins, a local immigration advocacy group. Welcoming Long Island could be a model for others around the state, particularly in areas where significant levels of immigration are still a relatively new phenomenon. The project builds

⁵ David Dyssegaard Kallick, "New Jersey Town Offers Immigration Insights," *Newsday*, April 21, 2008, available at http://www.fiscalpolicy.org/20080421_KallickColumn_NewJerseyTownOffersImmigrationInsights.pdf. See also David Dyssegaard Kallick, "AZ Business Leaders: An Anti-Immigration Reputation Hurts Our Economy," *Huffington Post*, April 16, 2014.

⁶ See, for instance, the web site of Welcoming America, www.welcomingamerica.org, for a range of ways communities think about creating a welcoming climate.

multi-sector alliances, establishes immigrant integration efforts, and develops programs that engage receiving communities in ways focused on greater inclusion and prosperity for all. This type of welcoming initiative is not generally thought of as having primarily economic goals, but creating an environment that embraces differences and blends them together effectively which then can be a powerful component of vibrant economic growth.

And, government is of course critical. New York State has an Office of New Americans, founded by Governor Cuomo, and in New York City there is a charter-mandated Mayor's Office of Immigrant Affairs. These government offices serve to identify needs and opportunities for government in serving immigrants better, and help mobilize the appropriate agencies to do what's needed. Although neither has significant resources to run major programs, both serve as a kind of consulting agency in helping mobilize the work of other parts of the government or to engage nongovernment organizations.

The Office of New Americans, for example, worked together with the New York State Council for the Humanities, Welcoming America and Interfaith Center of New York to launch a series of community conversations to with New Yorkers about our shared history as immigrants or descendants of immigrants, and to discuss the ways that immigration continues to shape the experience of being an American today.

While a few of these types of initiatives exist in New York State, there are substantial opportunities for expansion. In the cities of Northern and Western New York, initiatives such as those in the Global Great Lakes network are only in the earliest stages, and only in a few potential locations. In the Lower Hudson Valley and on Long Island, the volatile social and political climate makes a strong case for further investment. And, rural communities throughout the state would be well served by efforts to understand the demographic changes they are seeing and how to accommodate them successfully. In New York City, the challenge is perhaps more about resources: despite a myriad of relevant government, civic and business groups, the resources they have are limited compared to the demand in a city with such a large and diverse immigrant population.

Policies that Create a Welcoming Climate

Some of the welcoming climate might be thought of less as a particular initiative and more as a basic approach to services in a community. The term "cultural competency" is increasingly used to describe an ability to work with people from a range of cultures, with an ability to learn from varying communities and engage individuals within them. Culturally competent institutions are increasingly being understood as a key to success in today's multicultural climate, and are clearly a key to helping immigrants thrive while simultaneously creating a globally engaged local community. Claire Sylvan, who runs the International Network for Public Schools, explained: "Our schools develop in our staff capacity to educate immigrant students, by creating a school culture, structure and instructional program that incorporates and respects the languages, cultures and knowledge of the students and families we serve."

Schools and a wide range of other institutions throughout the state would benefit from this kind of a focus on cultural competency. Head Start programs can be designed to include children from

different cultures, for example, and build on students' linguistic capacity in their home languages while simultaneously developing their English proficiency. Parks and recreation facilities can be attentive to attracting newcomers who may want to play soccer instead of baseball, or barbeque and play music in public parks—and officials may also be able to help negotiate potential conflicts that arise.

Libraries play a very special role in helping immigrants get settled and advance. Libraries can run programs from how to start a business to learning English, they have resources for the education of children (books in the native language of immigrants, picture books in English), and they can be a much-needed place for community meetings. Libraries are often trusted, safe spaces. Keeping libraries open more hours, and having programs that make it clear that immigrants are welcome, can be an excellent component of a welcoming program.

This type of effort might be particularly valuable in Northern and Western New York cities, and in other parts of the state where population decline poses serious economic and fiscal problems. Creating an environment that welcomes diversity—including U.S.-born blacks, Latinos, whites, Asians, as well as immigrants already living in the area and new immigrant arrivals—can be part of a strategy for economic revival, gradually improving neighborhoods, increasing the number of homes on the tax rolls, reducing crime in under-populated neighborhoods, and in other ways contributing to stemming a decline in localities and potentially an eventual rebound. In many places immigrants, though a small share of all residents, make up the only readily identifiable segment of the population that is growing. These initiatives can also position localities well within the increasingly global world, utilizing the linguistic and cultural assets that immigrants bring to the local economies and making the communities more competitive locally, nationally and even internationally.

Part of the cultural competence of institutions is ensuring that employees are aware of culturally appropriate ways of communicating, and providing the immigrants wish translation and interpretation when needed in order that immigrants who are community members can access the services.

Population loss may not always be a reason for concern. But, a number of New York's cities have schools, water and sewer lines, roads and bridges that were built for a far larger population than currently uses them. Making full use of these assets is economically efficient. Having a population (and tax base) that is small and an infrastructure that is big results in a frustrating combination of high tax rates and chronically inadequate revenue. A positive dynamic would involve shifting metro area growth from the suburbs (where new infrastructure needs to be built) to the cities (where it already exists), with both immigrants and U.S.-born families moving in. It is worth noting that state revenue sharing to cities would also be a big boost.⁷

Besides simply adding to the population, immigrants also create a more vibrant, diverse, international atmosphere in upstate cities, making them more attractive to young adults who may be seeking out restaurants, night life, and diverse social contexts. This is a benefit in upstate

⁷ On the underlying fiscal problem with upstate cities, and the role that state revenue sharing should play but does not, see "One New York: An Agenda for Shared Prosperity," Fiscal Policy Institute, November 2006.

cities, and it is a benefit as well in downstate suburbs that are having a hard time retaining young U.S.-born adults—partly because of a shortage of affordable rental housing, but also because of a lack of attractive street life, restaurants, and entertainment options.

And, a welcoming climate can increase a region's attractiveness for foreign companies that may want to invest or expand in the United States. Although a welcoming climate on its own may not boost a region's attractiveness to foreign tourists, it is clear that a reputation as a welcoming place is at least part of what makes overseas tourists feel comfortable—as Arizona after it passed its infamous “show me your papers” law, SB 1070.

As long as immigration reform is stalled in Washington, there is a need for a thoughtful interim approach to dealing with the estimated 700,000 unauthorized immigrants living in New York State.⁸ In New York City, Mayor DeBlasio has undertaken to give municipal IDs to all residents, for example, to make sure all residents can gain access to public buildings (which often require identification), get bank accounts, be identified by police officers, and more. Even better would be a statewide program for driver's licenses, ensuring everyone who drives is tested and identifiable in case of traffic violation or accident. A driver's license—and perhaps to some degree a municipal ID—would provide a direct boost to economic productivity, allowing people and businesses to find better job matches, making it possible to open bank accounts for people who are now forced to carry large amounts of cash, and allowing police to issue summonses rather than arrest and remove from work for several days people stopped for violations such as riding a bicycle on the sidewalk.

Improving the local immigration climate also means improving the relationship between police and communities, including those where unauthorized immigrants are living. It is not good for law enforcement when people are afraid to report a crime or risk deportation of family or friends, or when a police stop a car for a minor violation which can quickly escalate into a threat of families being separated. California and Connecticut, as well as a rapidly growing number of cities and counties, have passed state laws to limit the data that is turned over to immigration officials by local police, and to detain people only in cases when serious crimes have been committed, as President Obama has stated this as the goal of federal immigration enforcement. What is really needed is immigration reform, but as an interim measure this can help prevent immigration enforcement from poisoning the relationship of local police and the communities they serve.⁹

The most obvious way to welcome immigrants, perhaps, is to help those who want to learn English to have the best options possible to do so. Yet, there is a huge chronic shortage of classes in English for speakers of other languages in New York State. A major new investment in

⁸ On the number of unauthorized immigrants in New York State, see Robert Warren and John Robert Warren, “Unauthorized Immigration to the United States: Annual Estimates and Components of Change, 1990 to 2010,” available at <http://onlinelibrary.wiley.com/doi/10.1111/imre.12022/supinfo>, accessed April 30, 2014.

⁹ For a regularly updated map of where this type of policy has been implemented, see: <http://www.ilrc.org/enforcement>. There were two states and 25 local governments that had measures listed when the site was accessed on April 30, 2014, including New York City.

English for speakers of other languages would be a very substantial improvement in the local political climate.

Two points worth noting became clear at the Blue Mountain Center retreat. First, quality is as much of an issue as quantity; making sure classes are well taught, that they focus on the kind of vocabulary and situations that people are likely to face in their lives or in the vocations they will work in, and that they are available at times and places that make them truly accessible are key factors. Classes should be more clearly contextualized, oriented around goals such as economic and civic integration.

Second, in some parts of the state the shortage of classes is dramatic, but in others the issue is more about quality than quantity. Graciela Heymann, executive director of the Westchester Hispanic Coalition, noted that in Westchester “there’s ESL everywhere. The need isn’t for more ESL, it’s for bilingual workforce development programs, and for programs that focus on the vocabulary that’s relevant to earning a living.”

One of the most common concerns voiced by U.S.-born residents about immigrants is that “they don’t speak English,” which might make offering more and better classes seem like a widely appealing policy, if the right political leadership were to take on this issue. There would be costs to providing more and better programs, of course, but there would also be substantial benefits, including a return on investment to the government as program participants begin to earn higher wages and pay more in sales, property, and income taxes.

3. Level the Playing Field for Businesses by Establishing a Solid Floor for All Workers

A frequent, and certainly reasonable, complaint of local business owners is that they have to compete against other businesses who pay their workers substandard wages, or pay them off the books.

Here's how a recent report on National Public Radio tells the story:¹⁰

Let's say you own a big Texas construction firm, and you want to run your business the right way. You try your darndest to hire only legal workers and pay them a decent salary plus benefits.

Most importantly you pay all your taxes, Social Security, unemployment — everything you're supposed to — just like a normal company in other industries.

So, how's that working out?

“There's no way you can compete,” says Stan Marek, CEO of the Marek Family of Companies, one of the largest commercial interior contractors in Texas. They've been in business 75 years, but Marek says the past four have been extremely difficult.

“When someone is paying less per hour, no workman's comp, no payroll taxes, [no] unemployment [insurance]— we can't overcome that,” he says.

That's not fair to employers who are trying to do the right thing.¹¹ It's not good for workers— whether they are unauthorized, legal permanent residents, or citizens by birth. And, it is not good for the efficient functioning of the market, privileging businesses run by skirting the law over those that are properly run, and adding sheer waste to the economy when businesses save money by evading the law and offloading costs onto others and then spend money to avoid getting caught.¹²

States are at the front lines of making sure that employers are paying their workers on the books, are paying at least the minimum wage including overtime when it is required, and are properly classifying workers as employees when this is the case rather than improperly calling them independent contractors. These measures benefit workers, level the playing field for employers, and benefit the government as well since they ensure that employers pay into unemployment

¹⁰ The NPR story can be found at <http://www.npr.org/2013/04/11/176777498/texas-contractors-say-playing-by-the-rules-doesnt-pay>, accessed April 30, 2014.

¹¹ How much of a problem is it to compete against a firm that is skirting the law in this way? The Federal Reserve Bank of Atlanta did a study and found that firms that ...

¹² See the Fiscal Policy Institute's recent report, “Three Ways Immigration Reform Would Make the Economy More Productive,” for a detailed discussion of the productivity losses in an environment of pervasive misclassification, unnecessary subcontracting, and labor law violation.

insurance and worker's compensation funds at the state level and pay the employer's share of Social Security and Medicare taxes at the federal level.

This is, it is important to note, not just a story about unauthorized immigrants—large number of legal immigrants and U.S.-born workers as well are misclassified or paid illegally off the books.¹³

New York State has been a trailblazer in beginning to take on the problems of misclassified workers. The New York State Department of Labor's misclassification task force has made inroads on wage and hours enforcement, with 24,000 instances of employee misclassification found in 2013, resulting in \$12.2 million in added unemployment insurance contributions. Governor Andrew Cuomo has warned employers that failure to comply with the state's minimum wage laws can result in fines, charges and civil or even criminal punishment.¹⁴ In addition, Attorney General Eric Schneiderman has taken on cases of wage theft in a number of cases, as has the Manhattan District Attorney.

This type of leveling of the playing field means employers who are doing the right thing do not have to compete against irresponsible employers who are breaking the law. It also means a cost savings to employers that are currently bearing the burden of high worker's compensation and unemployment insurance; costs that are the result of burden shifting from employers who wrongly evade paying into state funds.

But, considerably more can be done. The most pressing need is to add to the number of labor law inspectors, so that employers cannot avoid the law without running a real risk of being investigated and punished. Creating a context of compliance would significantly improve the business climate in industries where there are currently rampant violations. Increased compliance would bring added payments to the state's unemployment insurance and worker's compensation funds. And, fines paid by those found in violation of the law would help offset the cost of adding inspectors.

California recently passed laws that begin to level the playing field so employers cannot hire vulnerable workers—such as unauthorized immigrants—and use threats against the workers to avoid responsibilities other employers must meet. New legislation establishes serious penalties against employers who use workers' immigration status to retaliate against organizing a union, demanding back wages, or reporting on employer violations. Another bill is intended to reduce some of the worst abuses stemming from foreign labor recruitment by insisting that recruiters

¹³ See Annette Bernhardt et al, *Broken Laws, Unprotected Workers: Violations of Employment and Labor Laws in America's Cities*, (New York: Center for Urban Economic Development, National Employment Law Project, and UCLA Institute for Research on Labor and Employment), 2009.

¹⁴ See Andrew M. Cuomo, "Governor Cuomo Issues Warning to Employers Violating Minimum Wage Laws, March 21, 2014.

abide by a series of regulations, for example, registering and posting bond to prohibiting coercion of workers.¹⁵

More locally, workers centers and worker advocacy organizations—such as the Worker Justice Center, the Tomkins County Workers' Center, or the Workplace Project on Long Island—have been established in a number of locations around New York State to help low-wage workers organize to demand their rights from employers by fighting against wage theft, advocating for legislation and administrative policies to protect workers from a wide range of abuses, providing legal representation for workers in need of assistance, bolstering unionization efforts, and providing education to workers as well as the broader community. Although business owners may not immediately recognize this as a way of helping them, in fact a strong workers center can have a real impact toward addressing rampant workplace violations, thereby leveling the playing field for all businesses. “The growing prevalence of worker centers across the country has directly resulted in stronger labor laws, greater compliance with basic legal standards and resources for low-wage workers whose rights have been violated, and heightened public awareness of wage theft and other forms of exploitation that erode industry standards and dehumanize hard working Americans” said Milan Bhatt, Co-Executive Director of the Worker Justice Center of New York, which is based in Kingston, Rochester, and Albany.

Unions can play a similar role. While unions will press businesses to establish better wages and working conditions, which businesses may resist, unions also work to establish level playing fields across an industry helping to improve the business climate. Unions have been key to enforcement of standards in many cases; while government inspectors cannot go to every business, unions can keep a close eye on where violations take place and can bring attention to them quickly.

A new type of labor organizing, and labor-related organizing, is also showing promise. The Restaurant Opportunity Center, the Taxi Workers Alliance, and the Retail Action Project, for example, have all in different ways pioneered strategies for helping establish reasonable standards for workers in sectors with large numbers of immigrants and a weak labor-market floor.

In New York State's farming economy, newly revived by the growth of the Greek yogurt industry, labor conditions can be a patchwork at best. As Rev. Richard Witt, director of the Rural and Migrant Ministries, put it, “some employers may be paying higher than others, some are even paying above minimum wage, but they may not be paying overtime, or allowing collective bargaining. Farm workers shouldn't have to rely on the paternalism of farmers, they should be empowered to negotiate wages and working conditions.” And, Witt adds, this is not only bad for workers, it's bad for farmers that are doing the right thing: “Is it really fair for you, farmer Joe, that farmer Fred is able to take advantage of workers and pay lower wages than you?”

¹⁵ See Daniel Costa, “Proposed California Laws Will Protect Immigrant Workers Even if Federal Reform Fails,” October 1, 2013, Economic Policy Institute blog post at <http://www.epi.org/blog/proposed-california-laws-protect-immigrant/>. All measures described in this article were signed into law as proposed, with the exception of the recruiting regulations, which did not pass in 2013 but are being re-introduced in the California legislature in 2014.

The long-embattled Farmworker Fair Labor Practices Act would be one important step. Labor historians note that unionization in other industries (steel in the 1930s is a classic example) has been a way not only to improve conditions for workers, but a way to set standards across an industry so businesses compete on the basis of higher productivity and product distinction, rather than on the basis of lower wages.

Raising the minimum wage is, of course, a quintessential strategy for establishing a floor for all employers. It is worth noting, though, that many of the beneficiaries would be immigrants. In New York State, the minimum wage is currently scheduled to rise to \$9.00/hour on the last day of 2015. That is below the proposed federal minimum of \$10.10/hour, and well below the \$15/hour minimum being advocated by frustrated workers around the country. In addition to a higher level, one provision that would significantly improve wages for many immigrant workers—and many working women—is eliminating the separate minimum wage for tipped workers, currently just \$5/hour. Additionally, the minimum wage for farm workers includes exclusions for piece work and deductions for employer-provided meals and lodging that often result in a substandard wage for farm workers; they should be fixed.¹⁶

These kinds of initiatives which improve the floor of the labor market are often promoted by advocates of immigrants and low-wage workers, and are seen as benefiting those workers. That is, of course, true: improving the labor market floor is good for workers at the bottom. But, it is less often recognized that improving the labor market floor is also good for employers who are already treating workers better, that is to say in most cases the majority of employers. And, more important, it is good for economic productivity, because it means businesses are competing on an equal playing field.

¹⁶ In addition, the state should repeal the reimbursement credit, which absurdly reimburses employers for some categories of workers but only if such workers are paid exactly at the minimum. This ill-conceived credit perversely discourages employers from rewarding hard-working employees since an employer loses the credit if they raise wages above the minimum. The Assembly passed a measure to repeal in 2014, but the state Senate failed to follow suit. See “The Many Problems with New York’s Proposed Minimum Wage Reimbursement Credit,” Fiscal Policy Institute, March 25, 2013. It is also worth noting that enforcement of wage and hours laws is a significant factor as well. As some advocates noted, if employers are already paying below the current minimum wage, what difference does it make for their employees if the statutory wage is higher?

4. Expand the Middle Class: Education, Career Ladders, Advances in Job Quality

Economic polarization has become an increasing focus of attention in the United States, and particularly in New York. As recently as the 1980s, the states with the greatest levels of economic polarization were in the south. Today, based on the Gini index used to measure inequality, there is no state where the difference between people at the top and bottom is greater than in New York.¹⁷ With an economy that is split in this way, one of the biggest challenges is to improve the ladders from low-wage work up into the middle class. But, when it can be done, finding ways of lifting people from low-wage jobs into better, more stable, family-supporting jobs is good for local economies and families.

Some steps, however, seem relatively clear.

A story we hear all too often, is about an immigrant who has an engineering degree from another country but is now running a fruit stand or working as a taxi driver. This is a poor use of human capital: getting those workers into the jobs they are already trained for would improve their income significantly, and simultaneously opens a job for someone else.

Creating pathways for immigrants to rise to the level of their ability may involve advanced English classes, supplemental educational training to meet U.S. standards, and navigating or altering certification requirements for professions. The nonprofit group Upwardly Global has long experience in this field, as do a growing number of other nonprofit groups that have been working, sometimes in partnership with local government, to help immigrants prepare for jobs which they already are nearly qualified. New York City recently started an Immigrant Bridge program to aid such workers, interestingly situated not as an educational or social service program, but in the city's Economic Development Corporation.

To give some sense of the scope of the need: in 2008, the Migration Policy Institute estimated that some 1.3 million immigrants with a college degree were unemployed or working in jobs that did not require having gone to college. Among U.S.-born workers, 18 percent with a college degree are working in "unskilled" jobs that do not require that level of educational attainment. By contrast, among immigrants with a college degree from Latin America, 44 percent of recent immigrants, and 35 percent of those who have been in the United States for 11 years or more, were working in "unskilled" jobs, and for those with a degree from Africa the numbers are 33 percent and 22 percent, while about 16 to 23 percent of recent and long-term immigrants with degrees from Europe and Asia were similarly underemployed. Programs to address this "brain waste," as it has been called, could benefit both U.S.-born and foreign-born workers, but clearly immigrants stand to gain in particular.¹⁸

¹⁷ "Pulling Apart: The Continuing Impact of Income Polarization in New York State," Fiscal Policy Institute, November 15, 2012.

¹⁸ Jeanne Batalova and Michael Fix, *Uneven Progress: The Employment Pathways of Skilled Immigrants in the United States*, with Peter A. Creticos, (Washington, DC: Migration Policy Institute), 2008.

Employers have a key role to play. They can allow on-site English language classes, so immigrants who have to work can learn workplace-related language skills on the job. They can structure jobs so there are real career ladders, and link to workforce development training at local community colleges so immigrants and others have real opportunities for advancement. .

Currently, it is all too common that job training programs unnecessarily require a high school diploma or a GED as a condition of entry—even when they are training for jobs that themselves do not require a formal education. This becomes a very big barrier to immigrants, as for many other workers, and should be changed. There is no reason training programs should create unnecessary barriers to entry.

A significant boost in today's economy—from low-wage jobs up into the middle class—comes from attending college. Yet, for many immigrants, as for too many low-income people in general, there are significant barriers to getting a degree.

New York can do a great deal to help make it easier for residents to attend college, from investing more in high-quality K-12 education to lowering tuition at SUNY and CUNY. As we wait for Washington to act on federal immigration reform, New York should pay particular attention to unauthorized immigrants who grew up in the state and graduated from high school here.

The first point on the agenda should be the New York State DREAM Act, a major focus of immigrant and education advocates for several years running. The DREAM Act would allow unauthorized students who graduated from New York high schools to apply for funding from the state's Tuition Assistance Program. There is no reason to exclude these students—who will undoubtedly be first in line for legal status under any federal reform, with many already authorized to work under President Obama's Deferred Action for Childhood Arrivals—from the state's Tuition Assistance Program. Doing so is a modest cost, and provides a strong return on investment as those students graduate and help the local economy to expand.¹⁹

Workforce development programs are an important part of the puzzle: working with employers to match training programs with career ladders, so immigrants and other workers have real opportunities to from entry-level jobs to a next step on the rung of advancement. There are many existing programs around the state, but far more are needed, with better connections to real job opportunities.

It is important to note that education can't be the whole strategy for expanding middle-class jobs. About half of all jobs in today's economy require no more than a high school education and little or no training, a figure that the Bureau of Labor Statistics projects will shrink minimally in the decade ahead.²⁰ In other words, in addition to preparing people for jobs that do require a college degree, something must be done to raise the quality of those jobs that do not.

¹⁹ "The New York State DREAM Act: A Strong Return on Investment," Fiscal Policy Institute, February 27, 2013. See also the New York State Comptroller's report, "The New York State DREAM Act," report 1-2014, May 2013.

²⁰ Bureau of Labor Statistics Employment Projections at http://www.bls.gov/emp/ep_table_education_by_train.htm, accessed April 30, 2014. In 2012, 47.4 percent of jobs require a high school degree or less, and only short-term

Unions can also provide a pathway to the middle class. Health care, education, and building services are examples of fields where immigrants are a significant share of the labor force, and the labor market generally functions reasonably well for both employers and employees.

Thinking about how to bring more un-unionized immigrant construction workers into the union is a way to improve wages, thereby adding to local spending and taxes.²¹ While the higher wages associated with unionization do come at some cost to employers, it is important to recognize that unionized construction labor also brings added quality, safety, the productivity of trained workers and apprenticeship programs that provide future generations of skilled workers. Using skilled workers can lower costs to the employer by reducing time on the job, less waste of materials, and higher quality and therefore chance of repeat business.

A century ago, observers would have thought it unlikely that factory jobs would ever become good jobs, yet unionization and increases in productivity have transformed manufacturing into a mostly high-wage industry. Today, there is no reason many of today's low-wage jobs could not be raised to a considerably higher level.

training or no training at all. By 2022 the BLS projects that number will drop less than one percentage point, to 46.7 percent.

²¹ See, for example, Ester R. Fuchs, Dorian Warren, and Kimberly Bayer, "Expanding Opportunity for Middle Class Jobs in New York City: Minority Youth Employment in the Building and Construction Trades," (New York: Columbia University School of International and Public Affairs Case Study Series in Global Public Policy), 2014.

Conclusion

When immigrants do not reach their full potential it is not only a loss for immigrants, it holds back New York State's economy. By contrast, helping immigrants succeed is not only good for immigrants, it also creates a stronger and more vibrant local economy.

When immigrants are blocked by obstacles such as language barriers or unfamiliarity with how to navigate licensing, these limit expansion of businesses. When unscrupulous employers take advantage of immigrants by paying substandard wages, the efficient functioning of the market is impeded.

What is outline in this working paper is not just an agenda for helping immigrants. It is a pro-immigrant agenda, pro-community, pro-worker, pro-business, and in general a pro-growth agenda.



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