

SMART CHOICES

IN AN ERA OF

MIGRATION



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EXECUTIVE SUMMARY

This report examines how the growing immigrant population in North Carolina has contributed to the economic vitality of the state and highlights common-sense steps that can help immigrants to become fully integrated into the North Carolina community.

Key results on the economic importance of immigrants include:

- **New immigrant gateway:** Immigrants make up a large share of the population growth in North Carolina over the last two decades. This is true across the state, in urban and rural communities alike.
- **Outsized economic impact:** Immigrants in North Carolina generate a larger share of the state's economic activity than their share of the population.
- **Active entrepreneurs:** More than 20% of Main Street business owners are immigrants today. Immigrants account for more than 80% of the new Main Street business owners since 2000.
- **Community economic development:** On average, counties with large immigrant populations have lower unemployment rates, lower levels of poverty, and higher wages than counties with few immigrants.

Key challenges that immigrant entrepreneurs face include:

- **Access to business capital:** Immigrants often find it particularly hard to access start-up and operating business capital. This may force immigrants to rely on limited savings and may prevent immigrant-owned establishments from reaching their full economic potential.
- **Business planning and management:** Many immigrants lack formal business training, which can hamper their ability to start and sustain new ventures.
- **Integration into mainstream business networks:** While many immigrant entrepreneurs start out by serving the needs of other immigrants, reaching their full economic potential requires engaging broader clientele and supply chains.

Important steps that can help immigrants to fully integrate into the economic and social life of North Carolina include:

- **State-level:** Official identification, in-state tuition, and targeted support and financing for immigrant entrepreneurs.
 - **Community-level:** Bi-lingual public services, access to English language training, assistance with professional certification and credentialing, membership on boards and commissions, offices dedicated to addressing specific needs of immigrant residents, networking with community and business organizations, and access to financial services.
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SMART CHOICES IN AN ERA OF MIGRATION

There are enormous opportunities for the state to benefit from immigrants coming to North Carolina from around the world. Immigrants contribute to the economic wellbeing of North Carolina in a host of ways, from bringing much-needed skills, to operating Main Street businesses, to revitalizing struggling neighborhoods, to linking our state to an increasingly global marketplace.

The question should not be whether we can, or should, stop immigration. Rather, will people coming from other countries successfully integrate into North Carolina? Our state's future, in large measure, depends on it. The alternative—marginalizing immigrants—will make North Carolina less competitive,

undermining the pursuit of an economy that works for everyone.

FIGURE 1: Immigrant Population by County (1990)

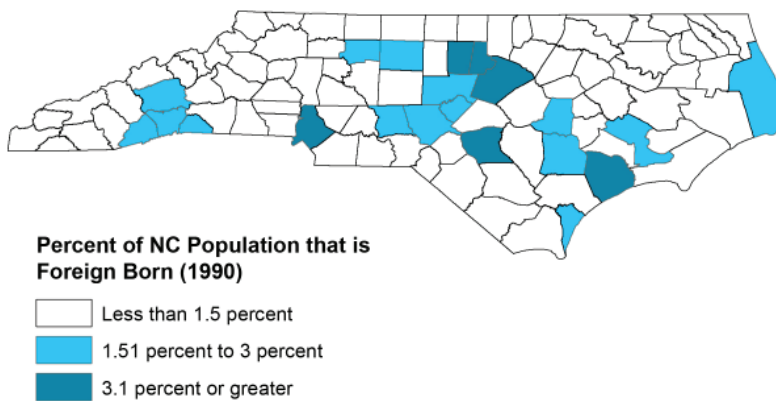
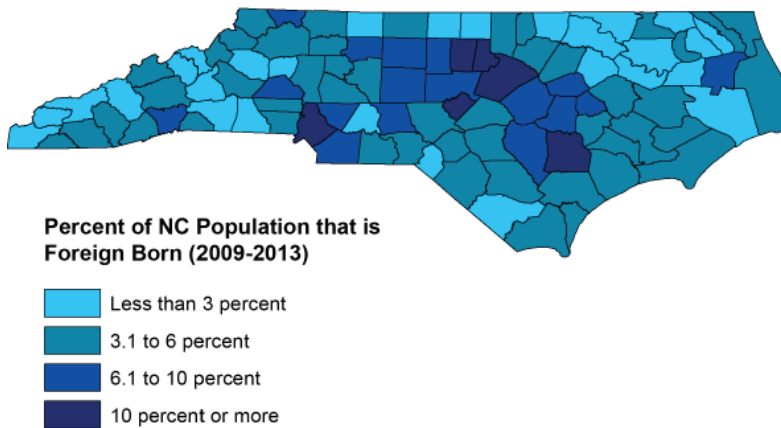


FIGURE 2: Immigrant Population by County (2013)



New Destinations, Diverse Origins, and Many Occupations

People have fled violence and deprivation or aspired for a better life for the full extent of human history. A look around the world today says that won't stop anytime soon. If anything, movement of people will likely accelerate in the coming decades, becoming ever more the norm the world over. The quickening and changing reality of immigration is clear to see in North Carolina, where the immigrant population more than quintupled from 1990 to 2013.¹ As can be seen comparing Figures 1 and 2, immigrants have become a bigger part of communities across the state.

North Carolina has become a new gateway for immigrants in the last few decades. Whereas immigrants used to enter the United States mostly through cities like New York or San Francisco, the last few decades have seen many other parts of the country become initial immigrant destinations, and North

Carolina is part of that trend. Between 1980 and 2000, the immigrant population of Charlotte grew fivefold, Greensboro/Winston-Salem by more than six times, and Raleigh-Durham's is over seven times greater. All have among the fastest growing immigrant populations in the nation.² Immigrant settlement has also shifted in metropolitan areas nationwide with more immigrants living in suburbs than city centers by 2000.³

Despite this picture of a more urban immigrant population in North Carolina than the nation, immigrants are becoming increasingly important to the survival of rural communities. Nationally, immigrants were responsible for a large share of rural population growth from 1990 to 2000.⁴ These trends appear to be continuing as immigrants accounted for 31 percent of the overall population increase in rural areas from 2000 to 2014.⁵ In North Carolina, immigration has limited or reversed population declines in many rural parts of the state. Thirteen of the state's twenty-one smaller cities saw an increase in foreign-born residents between 2010 and 2013; at the same time, the native-born population was shrinking.⁶ Nine of the ten counties that have seen at least a tenfold increase in immigrant population since 1990 are rural.⁷ Though more immigrants reside in cities than in rural North Carolina⁸, many places where immigrants make up the largest share of the local population are in rural parts of the state.⁹

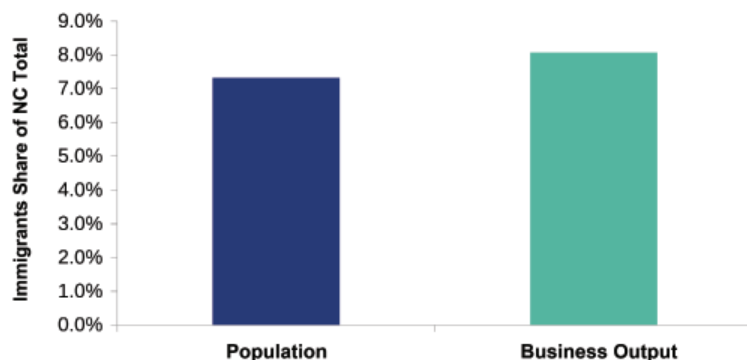
Finally, the nature of immigration into North Carolina has become more diverse, both in terms of where immigrants come from and the types of work they do on arrival. While almost a third of all immigrants in North Carolina came from Mexico, and several other Central and South American countries are also leading countries of origin, many countries in Europe and Asia are toward the top of the list. Germany was the second most common country of origin, accounting for 5.6% of all immigrants in North Carolina, followed by India (5.0%), Vietnam (2.8%), Canada (2.5%), China (2.4%), and South Korea (2.1%). Several other countries outside of the Americas rank in the top 15 most common places of origin.¹⁰ Immigrants are also becoming more broadly integrated into the North Carolina labor force. They are most heavily concentrated in agriculture, construction, and retail trade, but also account for significant shares of the workforce in professional and technical services, manufacturing, education, banking, and health care. In 2011, immigrants made up 6.1% of all white-collar employees in North Carolina, not far below their share of the state's total population.¹¹

Immigrants' Outsized Economic Footprint

Immigrants' economic contributions to the North Carolina economy exceed their share of the overall population. As shown in Figure 3, immigrants accounted for just over 7% of North Carolina's population in 2011 and generated more than 8% of the state's total economic output. This translates into immigrants producing roughly \$1,500 more per person in goods and services than the average native-born North Carolinian.

Some of this difference is rooted in the fact that immigrants are more likely than the population as a whole to be of working age.¹² However, as will be discussed in the next few sections, there is plentiful evidence immigrants help to strengthen the economic foundations of communities and Main Streets across North Carolina.

FIGURE 3: Immigrants' Economic Contributions Exceed Share of NC Population



SOURCE: Fiscal Policy Institute. Analysis of 2011 American Community Survey (3-year estimates).

Immigrant Entrepreneurs

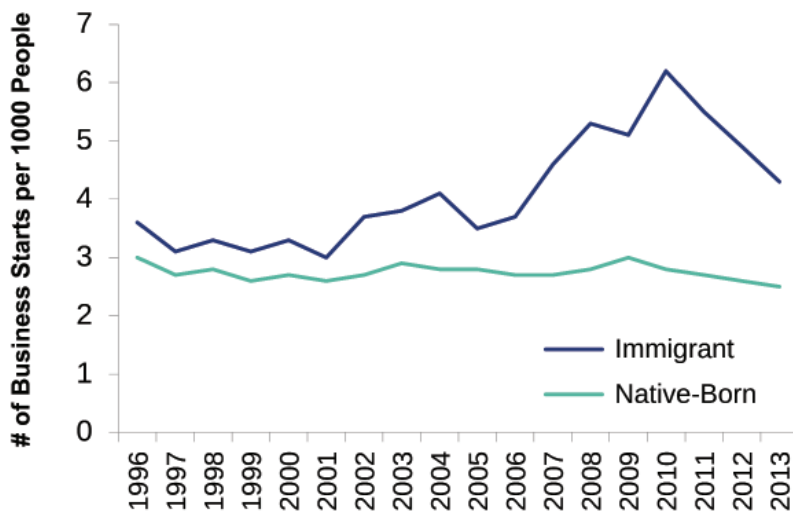
Immigrants have a long history of entrepreneurship in the United States. More than 40% of Fortune 500 companies were founded by immigrants or the children of immigrants.¹³ These companies run the spectrum from new tech giants like Google and Apple to venerable American brands like McDonald's and General Electric. As Thomas Donohue, president and CEO of the U.S. Chamber of Commerce, said in 2012, "America's prosperity has always depended on the hard work, sacrifice, drive, and dreams of immigrants. Our future will depend on them even more."¹⁴

Unlike many clichés that surround the policy debate on immigration, there is solid evidence that immigrants are more likely to own a business than the native-born population.¹⁵ The Kauffman Foundation, which tracks and researches entrepreneurship, has found that immigrants have been more likely than their

U.S.-born counterparts to start a new business in every year since Kauffman started tracking these data (see Figure 4). While immigrant entrepreneurship has surpassed the native population in every year since 1996, the difference increased markedly during the 2000s and then spiked enormously during the Great Recession.

While the rate of new business starts for native-born entrepreneurs remained relatively steady throughout the most recent recession and recovery, immigrants became substantially more likely to start a new venture during the past several years. A few forces almost certainly played a part. First, many immigrants worked in industries that were hit hardest by the collapse of the housing market, forcing them to look for other ways to pay the bills and put food on

FIGURE 4: Immigrant Entrepreneurship Historically Higher than Native-Born Population



SOURCE: Kauffman Foundation. 2013 Index of Entrepreneurial Activity.

the table. Second, many immigrants could not rely on personal and family savings to weather the worst of the storm, again forcing them to put out their own shingles when traditional jobs were scarce. Finally, while many native-born workers who lost their jobs pursued additional education or training, a lack of documentation made this prohibitively expensive for many immigrants.

A word of caution is necessary here. The Kauffman Foundation uses self-employment as a proxy for business ownership, which could overstate the number of true entrepreneurs. Some of the recent spike in new immigrant-owned businesses is really the result of workers being forced to act as independent contractors, even if they work for the same employer as before. Employers, sometimes illegally, hire immigrant workers as independent contractors rather than risk official censure for employing undocumented workers or to avoid paying for unemployment insurance, health coverage, and Social Security. As such, the spike in real entrepreneurship may not be quite as dramatic as shown here, but the fact remains that immigrants are more likely to operate their own businesses than the native-born population.¹⁶

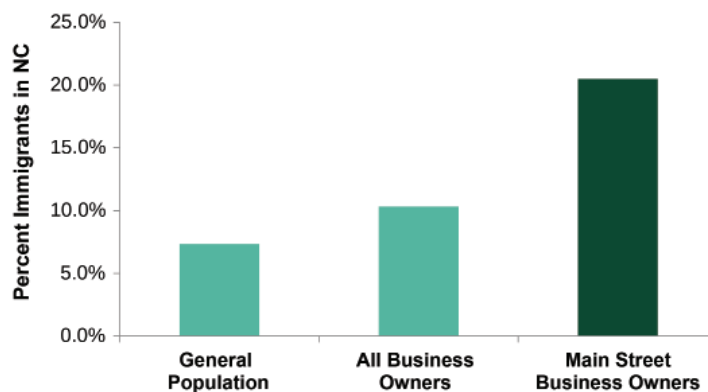
Immigrant Business Owners on Main Street

While immigrants are present in the boardrooms of many of America's largest companies, their role as Main Street proprietors is even more notable in many local communities. A striking percentage of small businesses in communities across North Carolina are run by immigrants. As shown in Figure 5, immigrants make up about 7.5% of North Carolina's population but are more than 20% of proprietors of Main Street businesses, like local retail stores, restaurants, and barber shops. There is further evidence that immigrants from modest means are particularly likely to start businesses. Nationwide, the share of businesses started by low-income immigrants is larger than immigrants' share of the low-income population.¹⁷

The past 25 years have seen a remarkable infusion of immigrant entrepreneurs, with much of that energy landing on Main Street. In 1990, immigrants accounted for only 2% of North Carolina's population and 3% of all business ownership, and they owned 6% of all Main Street businesses. The immigrant population increased during the 1990s, as did immigrant ownership of businesses, but it was over the past 15 years that immigrant business owners became absolutely essential to Main Street business communities across the state. Immigrant Main Street business ownership more than doubled between 2000 and 2013, a much faster growth rate than immigrants' overall share of the North Carolina population.

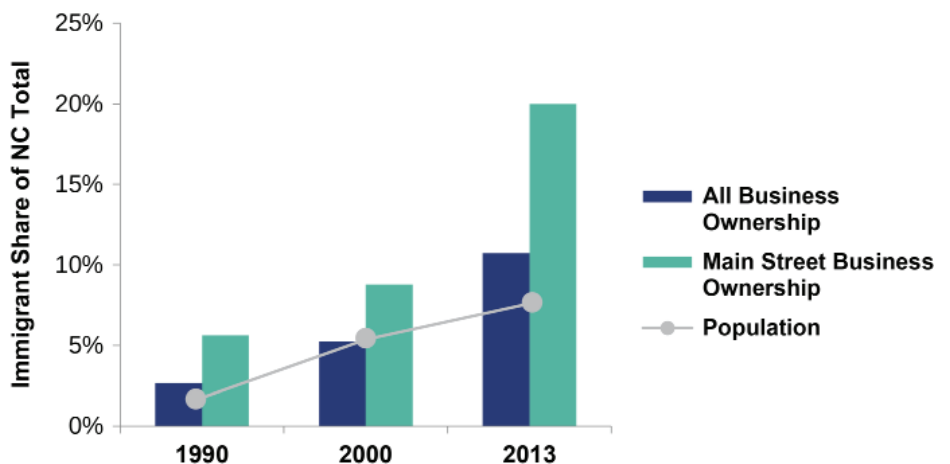
Figure 6 depicts the recent history of North Carolina becoming an increasingly global community. Of course, North Carolina was not culturally homogenous in 1990, but the subsequent years have seen the state become substantially more diverse. From 2000 to 2013, immigrants accounted for more than 80% of the growth in Main Street businesses in North Carolina, adding almost 4,000 businesses while the net gain for native-born Main Street proprietors was less than 1,000.¹⁸ Most North

FIGURE 5: Immigrants Outsized Contributions to Main Street Businesses



SOURCE: Fiscal Policy Institute. Analysis of 2013 American Community Survey

FIGURE 6: Growth in Immigrant Business-Ownership (1990-2013)



SOURCE: Fiscal Policy Institute analysis of 1990 Census, 2000 Census, and 2013 American Community Survey.

TABLE 1: Main Street Immigrant Business Owners in North Carolina Concentrated in Basic Services

	Foreign-Born Share
Total Main Street Business Owners	20%
Neighborhood services	19%
Nail salons and other personal care services	41%
Dry cleaning and laundry services	41%
Beauty salons	11%
Barber shops	8%
Accommodation and Food Services	33%
Traveler accommodation	57%
Restaurants and other food services	33%
Drinking places, alcoholic beverages	10%
Retail	15%
Gasoline stations	71%
Department stores and discount stores	64%
Grocery stores	42%
Clothing stores	26%
Specialty food stores	23%
Radio, TV, and computer stores	23%
Beer, wine, and liquor stores	15%
Jewelry, luggage, and leather goods stores	14%
Health and personal care stores (excluding drug stores)	6%

SOURCE: Fiscal Policy Institute of 2013 American Community Survey, 5-Year Estimates

Carolina communities had relatively few immigrants 25 years ago; today more than one in five Main Street businesses in North Carolina is owned by someone born outside of the United States.

Immigrants Serve Everyday Needs on Main Street

Many immigrant-owned Main Street businesses serve consumers’ everyday needs. Immigrants make up 15% of all retail owners, 19% of all neighborhood service owners, and more than 30% of all accommodation and food service proprietors. So, if you filled up your gas tank, visited a department store, went out to eat, or had your laundry dry-cleaned, there’s a very good chance that an immigrant business owner helped you to get on with your day.

The fact is that immigrants help to make modern life possible in North Carolina. Although some unglamorous positions are frequently ignored in policy debates, immigrant business owners play a huge role in getting the work of Main Street done.

Immigrants Strengthen Local Economies

Immigrants contribute to strong local economies in many significant ways. First, immigrants strengthen local labor markets by bringing needed skills and experience. Second, immigrants are often agents of community revitalization, acting as early movers in bringing commerce and jobs into struggling neighborhoods. Third, despite inflammatory rhetoric to the contrary, the arrival of immigrants generally results in higher wages for native-born workers.

Strengthen and Diversify the Labor Market

There is increasing competition for skilled immigrants in many industrialized countries with aging native-born populations. “Skilled” does not necessarily mean an advanced degree, but includes

LATINO CREDIT UNION

In the 1990s, a wave of robberies targeting Latinos in Durham highlighted the need for greater banking services for this community. Beyond the safety concerns, a lack of banking makes it harder for immigrants to cash checks, develop a credit history, purchase a home, avoid predatory lenders, and take other everyday economic steps that many Americans think of as givens.

To address this need, the Latino Credit Union opened in Durham in 2000. Over the next decade and a half, the Latino Credit Union spread across North Carolina, expanded from basic banking into personal and business credit products, built a membership of more than 55,000, and became a model for expanding access to the American financial system.

A number of organizations were instrumental in getting the Latino Credit Union on its feet, including the Durham El Centro Hispano, The Support Center, Self-Help Credit Union, and the State Employees Credit Union. Particularly in the early days, the technical expertise and resources of organizations that had experience with making banking accessible to underserved communities was essential—a classic example of extending a hand to the newest aspirants to the American Dream.

Originally, the Latino Credit Union largely focused on basic banking services, such as checking and savings accounts and debit cards. As

membership grew and the Latino Credit Union became a trusted member of the community, it expanded into other types of financial services. In the mid-2000s, the Latino Credit Union started offering home loans for immigrants with limited credit histories, coupled with education services to ensure that new homeowners could manage



their finances successfully. By the turn of the decade, the Latino Credit Union moved into more sophisticated services, like micro-loans for entrepreneurs and individual retirement accounts.

The evolution of the Latino Credit Union both reflects and has helped to further the integration of immigrants into the social and economic life of North Carolina.

many technical occupations in manufacturing, construction, transportation, and other fields. The lack of federal immigration reform has many cities taking it upon themselves to attract skilled immigrants to bolster their local labor markets.¹⁹

Many of the old gateway cities like New York would have actually seen population declines in the past several decades if not for immigrants.²⁰ In the past few years, the recognition that immigration will help to bolster the supply of skilled workers is starting to spread into parts of the country where immigrants had been less common.

Several Midwestern cities are now aggressively trying to attract immigrants. In some cases in the Rust Belt, this is part of an effort to reverse decades of population decline and economic stagnation. Some other cities see immigrants as a key to accelerating growth and competing with current hot spots like Atlanta, Austin, or for that matter Charlotte and Raleigh.

Revitalize Neighborhoods and Strengthen Civic Life

Immigrants are often agents of revitalization, early movers in bringing commerce and employment into struggling city neighborhoods and small town Main Streets. In many cases, immigrant entrepreneurs open small to medium-sized businesses in communities that struggle to attract investment.²¹ Inexpensive rent can be a major draw for immigrant business owners, who often lack access to startup capital that is more readily available to native populations.

Some immigrant-owned businesses in struggling neighborhoods and Main Streets initially serve members of their ethnic communities, but over time they expand to serve diverse clienteles that are interested in what they have to offer, whether it's convenience, good quality or prices, or a unique cultural experience. The result is that businesses that originally served neighborhood residents ultimately attract dollars into areas that had not been consumer destinations before.

Because of their track record in helping to turn around struggling neighborhoods and Main Streets, many localities are recognizing the role immigrants can play in community economic development. As a result, we are witnessing a proliferation of local efforts to welcome immigrants and to incorporate them in economic development initiatives.²²

Immigration Drives up Wages for Most Native-Born Workers

One of the most common misperceptions about immigrants is that they undercut wages for native-born workers. In fact, the reality is different from what is heard in a popular talking point by immigration critics. The long-run effect of immigration is to increase native-born wages. A variety of factors explain why adding immigrants does not depress native-born wages.

First and foremost, like everyone else, immigrants are not just workers; they are consumers and business owners. The arrival of immigrants creates additional consumer demand in local economies, which creates more jobs for immigrants and native-born workers alike. Boosting job creation can create upward pressure on wages as employers are forced to increase pay to attract and retain employees.

Second, immigrants can also make regional economies more competitive, improving the employment prospects and wages for all workers. Immigration can prevent some offshoring and push native-born workers into more productive and higher-paying “communication-intensive” jobs.²³

Third, new immigrants more often compete with previous immigrants than with native-born workers. Many immigration critics assume that new arrivals displace native-born workers, particularly in trades that require limited formal education. In fact, even native-born workers with less than a high school education generally see modest wage gains when immigrants arrive, a strong indication that direct competition for jobs is far from the norm.²⁴ The arrival of new immigrants sometimes lowers wages of earlier immigrants but rarely undermines native-born wages.²⁵

On balance, the result of immigration is higher wages for the majority of native-born workers, even among native populations with limited education or training. By creating more consumer demand, improving regional competitiveness, and increasing the value of English language proficiency, immigrants help native-born workers to earn more.

Evidence from North Carolina

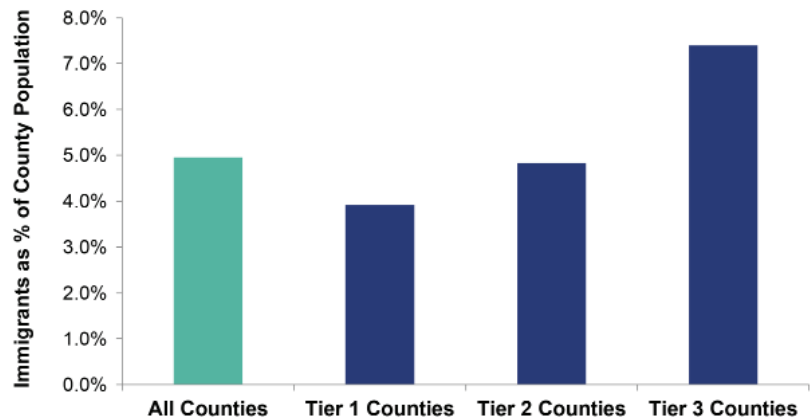
The North Carolina Department of Commerce divides counties into three tiers: the 40 most economically distressed (Tier 1), the middle 40 (Tier 2), and the 20 most economically successful counties (Tier 3).²⁶ As can be seen in Figure 7, immigrants are most heavily concentrated in counties that are doing better economically. On average, immigrants make up less than 4% of residents in the most economically distressed counties in North Carolina, and they account for almost 7.5% of the most prosperous counties' residents.

Examining unemployment, poverty, and average earnings provides a more detailed understanding that the sizable immigrant presence and a county's economic health go hand in hand. As shown in Table 2, counties with larger immigrant populations fare substantially better economically than counties with smaller immigrant populations.

North Carolina counties that were more than 6% immigrant in the most recent census have lower unemployment rates, lower incidents of poverty, and better pay than counties where less than 3% of the population are immigrants.²⁷ Unemployment is two points lower in North Carolina counties with more than 6% immigrants compared to counties that are less than 3% immigrant. In addition, poverty is more than four points lower in heavily immigrant counties, and average weekly wages are \$120 per week higher.

Immigrants contribute to rural economic vitality as well, as can be seen in Table 3. On average, the unemployment rate is 1.6 points lower, the poverty rate is almost 3% lower, and weekly pay is slightly higher in counties that are at least 6% immigrant, compared to counties that are less than 3% immigrant. While the differences are quite not as dramatic as the statewide case, these data reinforce national findings that immigrants tend to bolster the economic vitality of rural economies.²⁸

FIGURE 7: Immigrants Concentrated in Counties Designated by NC Department of Commerce as the most Economically Successful



SOURCE: Analysis of 2013 American Community Survey (5-year estimates).

TABLE 2: North Carolina Counties with Large Immigrant Populations are More Economically Healthy

	Immigrant Share of County Population	
	Less than 3%	Greater than 6%
Unemployment Rate	7.8%	5.8%
Poverty Rate	22.7%	18.6%
Weekly Wages	\$603	\$723

SOURCE: Analysis of 2013 American Community Survey (5-year estimates)

TABLE 3: Rural North Carolina Counties with Large Immigrant Populations Outperforming Counties with Few Immigrants

	Immigrant Share of County Population	
	Less than 3%	Greater than 6%
Unemployment Rate	8.2%	6.6%
Poverty Rate	23.5%	20.7%
Weekly Wages	\$603	\$619

SOURCE: Analysis of 2013 American Community Survey (5-year estimates)

It can be hard to disentangle the causal relationship between dense immigrant population and better economic performance. In many cases, immigrants are clearly attracted to places that are doing better economically. However, there is statistical evidence that the arrival of immigrants does more to cause employment growth than the other way around. It turns out that immigrants tend to arrive ahead of job growth, a sign that immigrants help to improve the economic health of communities.²⁹

Removing Barriers to North Carolina's Immigrant Entrepreneurship

Like all business owners, immigrants face challenges in starting, sustaining, and expanding their businesses. While many communities could offer more support to small business owners generally, the infrastructure needed to support immigrant entrepreneurs is even less complete.³⁰ These challenges are likely part of why immigrant-owned business, particularly Main Street businesses, are smaller than their native-owned counterparts, and immigrant proprietors earn less than their native-born peers.³¹ Immigrants often find it particularly difficult to raise business capital, develop good business models and practices, navigate regulatory environments, and become part of local markets and supply chains.

Access to Business Capital

Personal or family savings are the most common forms of startup capital for all small entrepreneurs, but immigrants are slightly more likely to rely on savings.³² The gap between immigrant and native-born entrepreneurs is particularly strong for Main Street businesses, where immigrants are 10% more likely to dip into their own pockets to open a new business.³³ Using savings to start a new business is not, in itself, a problem, but it speaks to the obstacles that many immigrants face in obtaining other types of business capital.

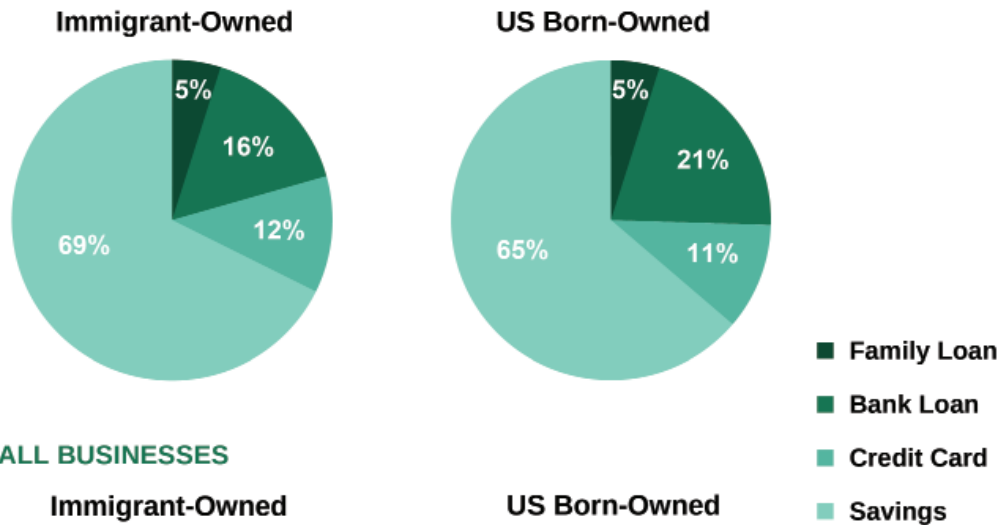
- **Bank loans:** The financial crisis made it hard for many small businesses to get debt capital, like startup or expansion loans or operating lines of credit. However, immigrant entrepreneurs find it particularly hard to borrow money. Only 19% of Main Street immigrant business owners received a bank loan, compared to 28% for native-born proprietors.³⁴ As all business owners know, trying to launch or operate a business without available lines of credit is extraordinarily challenging. Lines of business credit are often needed to get a business up and running, to meet upfront costs before payment on specific contracts, to invest in new equipment or facilities, to meet payroll when cash-flow is limited, and for many other everyday business eventualities.
- **Low levels of home ownership:** Home equity lines of credit are a common and important source of startup capital among all entrepreneurs. This makes the low level of home ownership in many immigrant communities a substantial problem. Recent national data shows that immigrants are almost 20% less likely to own a home than the native-born population.³⁵ This lack of an anchor asset likely prevents many immigrants from opening a business.

Business Planning

Like many small business owners, immigrant entrepreneurs often lack formal business training. This can make it challenging to develop a business model, estimate costs, perform efficient bookkeeping,

FIGURE 8: Immigrants Are Less Likely to Get Bank Loans and More Likely to Rely on Savings

MAIN STREET BUSINESSES



SOURCE: Fiscal Policy Institute and Americas Society/Council of the Americas. (2015). Bringing Vitality to Main Street.

file taxes correctly, and accomplish other basic business functions. Language barriers also can complicate matters. In many cases, these challenges are not always insurmountable, but they can shutter potentially viable businesses or prevent them from reaching their full potential.

Navigating Regulatory Requirements

Among challenges most entrepreneurs face, navigating state and local regulatory requirements can be particularly onerous for immigrant business owners. Language and cultural differences can create additional impediments for immigrant entrepreneurs, particularly at the early stages of starting a business when the regulatory environment is often unknown.

Integrating Immigrant-Owned Businesses into Local Markets and Supply Chains

As noted above, immigrant entrepreneurs often start out by catering to members of their own ethnic communities. To fully realize the benefits that immigrant business owners bring to local economies, it is often necessary for them to branch out, both in terms of the clientele they serve and the sources they rely upon for goods and supplies. This step can be daunting for immigrant business owners that are accustomed to relying on economic networks within their own communities.

CHINELOS CATERING AND RESTAURANT

Raleigh, NC

Owner: MIGUEL AUYON

www.chineloscaterings.com

Miguel Auyon, born in Morelos, Mexico, came to the United States at age 17. He lived in Philadelphia until the late 1990s when he decided to move to Texas. However, on the drive there, his car broke down in Durham. He calls it destiny. Even after getting his car fixed, Miguel stayed in Durham and has lived in the Triangle ever since.

Miguel remembers there were not many Hispanics in the area when he first came to North Carolina. But since then, the Triangle has become more welcoming to immigrants, he says. Now there are many more Hispanics in the state, and also many more immigrant entrepreneurs.

Miguel decided to start his own business, a catering service, after he cooked for a friend's birthday party and received rave reviews. Starting out, he catered mostly for Hispanic customers, but his client base soon expanded. He has catered for UNC Chapel Hill, the Mexican Consulate, and the Town of Cary. After running a successful business for several years, Miguel recently decided to open a restaurant.

But like many immigrant entrepreneurs, Miguel had difficulty obtaining a loan. Banks were not confident in his business plan and were wary of extending credit. After being turned away from three banks, Miguel applied for a loan with The Support Center, which took into account his expertise and experience in the industry. The

center offered him a loan, allowing Miguel to move forward with his restaurant with more confidence and certainty.

Another challenge for many immigrant entrepreneurs is language. Those who do not speak English are unable to obtain information and resources that they need. When Miguel was



starting out as a business owner, he turned to the NC Hispanic Chamber of Commerce for guidance, as well as to his accountant and close friends. Now, new business owners ask him for advice. Miguel believes that networking can be a benefit for small businesses. He has started a page on Facebook called Eventos Y Fiestas NC, which has more than 1,500 members and where local business owners can connect with customers.

Miguel currently has two employees and plans to hire two or three more once the restaurant opens in the fall of 2015. He hopes to open more restaurants in the future.

-by Sadaf Knight, The Support Center

Many localities are recognizing that proactive outreach is necessary to bridge the gaps that often exist between immigrant owners and the broader business community. Encouraging immigrant business owners to participate in mainstream business associations, tasking economic development professionals with reaching out to immigrant business communities, hosting events like business fairs, and other similar strategies can be vital. Regardless of the specific approach, forging relationships can serve the needs of immigrant business owners, native-born entrepreneurs, and the community at large.

Policy Changes Needed to Help Immigrants Strengthen State's Economy

With federal immigration reform stalled, state and local governments are considering how they can support the integration of immigrants into their communities, remove barriers to their full economic participation and grow the economy equitably. Even if policy starts to move in Washington, there is important work that can be done in North Carolina as well as local communities to support immigrants and in so doing strengthen the state's economy.

General Good Governance

- ▶ **Official identification:** Lack of identification prevents many immigrants from fully participating in North Carolina's economy. Official identification is required at every step of running a business, from getting a bank account to securing credit. To ensure that North Carolina makes the most of immigrants' entrepreneurial potential, some form of recognized government identify has to be available to everyone, regardless of citizenship status. Two particular types of identification that state and local governments have provided to immigrants are driver's licenses or community ID cards.
 - **Driver's license:** Making sure that all immigrants, regardless of their citizenship, can get driver's licenses is common sense, on both economic and public safety grounds. Doing so would bring immigrants into the official system for testing and tracking, and it would keep motorists and vehicles in compliance with requirements, providing far better public safety oversight than now is the case. In economic terms, unlicensed people often miss out on work, can't get to school, or take jobs that don't fully use their skills.
 - **Community ID:** Several communities in North Carolina have instituted, or are considering issuing, identification cards for immigrants who would otherwise lack officially recognized forms of identification.
- ▶ **Coordination within and between local governments:** There is momentum toward creating offices that can identify and resolve problems immigrants encounter when they interact with local government. Designating responsibility for these tasks can both improve the quality of services immigrants receive and make it more efficient for local governments to discharge their obligations. Given the range of ways immigrants interact with often overlapping local jurisdictions, active coordination between local governments in the same regions is vital. As such, some communities have come to recognize the importance of standing inter-governmental working groups to ensure that welcoming and integration efforts are coordinated.
- ▶ **Leverage boards and commissions:** Many local boards and commissions oversee local functions that directly affect immigrants' lives and work. As such, some communities are looking to ensure that boards and commissions are responsive to immigrants' needs, often by increasing immigrant membership.
- ▶ **Trust-building:** Lack of understanding or animosity between immigrant communities and public officials may necessitate steps to bridge the gap. In addition to overcoming language barriers, some public agencies have designated liaison officers to maintain relationships with immigrant communities.

Supporting Immigrant Entrepreneurs

- ▶ **Access to capital:** Many potential entrepreneurs from all backgrounds are derailed by lack of access to capital, but the problem is particularly pressing in many immigrant business communities. Programs that help immigrant entrepreneurs to identify and secure sources of business capital can help open businesses or keep otherwise viable ventures from closing. Creating Community Development Financial Institutions that are specifically focused on providing small loans can be an important step in bridging the business capital gap that many immigrant entrepreneurs face.
- ▶ **Mentorship:** Like many small business owners, immigrants often lack formal business training or experience and set up shop without a specific business model or plan. Connecting new and potential entrepreneurs with more seasoned businesspeople, community development corporations, startup incubators, college business students, and other sources of business planning acumen can increase the success rate of immigrants' new ventures.
- ▶ **Addressing regulatory hurdles:** Potential entrepreneurs often struggle to satisfy regulatory requirements. Language and cultural differences make these challenges particularly onerous, so ensuring that local business services can be extended to non-native English speakers is essential. Moreover, Title VI of the Civil Rights Act of 1964 requires many government agencies that receive federal funds to ensure that a lack of English proficiency is not an insurmountable obstacle to navigating regulatory processes.
- ▶ **Create spaces for entrepreneurship:** Some communities are looking to proactively attract immigrant entrepreneurs into underutilized malls, business districts, parking lots, or government buildings. This can include attracting permanent business establishments, sponsoring "pop-up" markets on weekends or holidays, and funding business incubators.
- ▶ **Outreach from traditional neighborhood and business associations:** Immigrants in the midst of starting a new enterprise often lack time to seek out neighborhood and business associations. This can hamper their integration into the broader business community, prevent them from getting business support services, and keep their needs from being communicated to elected officials. As economic development professionals have found in working with entrepreneurs from all backgrounds, it is often essential to take the first step to make sure that business owners recognize the avenues that are available to address their needs.

Helping Immigrants Maximize their Labor Productivity

- ▶ **In-state tuition:** Hundreds, if not thousands, of smart and talented young adults who graduated from North Carolina high schools this year won't be able to attend a state university or community college simply because they cannot afford out-of-state tuition. Many undocumented children have called North Carolina home for most of their lives, but higher education is closed to them, and with it many paths to security and economic productivity. North Carolina is built on the promise of affordable higher education for all who qualify. Extending in-state tuition would make good on that duty and unlock economic potential now being squandered.
- ▶ **Professional licensing/credentialing:** Immigrants often face difficulty acquiring professional licenses and certifications. By some estimates, more than a million immigrants with advanced education or specialized experience are employed in unskilled positions in the United States.³⁶ In many cases, immigrants held professional licenses in their countries of origin but face difficulty

getting their experience and qualifications recognized by licensing boards. Providing assistance with licensing can help to ensure that immigrants' skills are put to productive use. The past 60 years have seen the share of jobs that require some form of professional certification go to 20% from 5% of all jobs³⁷, so this issue is becoming more pressing.

- ▶ **Connect immigrants with export-oriented local firms:** Immigrants can be invaluable employees for firms looking to expand into foreign markets. Connecting immigrants with employers that want to export to the immigrants' countries of origin can help local firms bridge divides that often frustrate export aspirations. Immigrants' language skills, cultural knowledge, and connections in their countries of birth can smooth the path that U.S. firms often face when expanding into new foreign markets. Given that export markets represent some of the best opportunities for growth in the coming decades, immigrants can offer a key competitive advantage.
- ▶ **English language training:** For immigrants to fully contribute to the economic and social vitality of North Carolina, English language training can be vitally important. Beyond simply providing training, which is essential because demand outstrips current offerings in many communities, it is often important to offer courses that are located close to where immigrants work and live. In many cases, community colleges can leverage federal Workforce Investment Act funds to offer training opportunities in workplaces, places of worship, and other community centers.
- ▶ **Transportation and access to jobs:** Immigrants, regardless of documentation status, often face serious difficulty getting to and from work. A nationwide study of metropolitan areas found that immigrants, on average, live farther from employment opportunities than the native white population (but are not as separated from employment as native-born blacks).³⁸ So making sure that local transportation planning accounts for the needs of immigrant business owners and workers is an important priority.

Creating Welcoming Communities Focused on Integration not Exclusion

- ▶ **Residency and naturalization:** More communities are offering assistance to immigrants in navigating the process to become legal residents and, ultimately, citizens of the United States. Because legal status often allows immigrants to become more fully productive participants in the economy, assisting with residency and citizenship processes often creates benefits for the broader community, not just immigrants. Federal funds are often available through Citizenship and Immigration Services, so the cost of helping immigrants to gain legal standing need not be born entirely by local governments.
- ▶ **Highlight immigrants' social and economic contributions:** Over time, communities develop reputations for whether they welcome and value immigrants. As such, some communities make it a priority to highlight the contributions of immigrants in their public statements and interactions with the media, and by supporting multicultural events.
- ▶ **Refugee integration:** Refugees fleeing violence and persecution often face unique integration challenges, so some communities have developed programs tailored to the needs of specific refugee populations. This often entails partnerships between local government and nonprofit organizations with roots in refugee communities.

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