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Labor's changing face

Increasing numbers of immigrants are answering the call for workers in the Ninth District

*"They came here just as fast as we could possibly hire them."
—Mark Heuston
Dakota Provisions*

Sah Wah Shee, a Karen refugee from Myanmar, works at Dakota Provisions, a turkey processing plant in Huron, S.D.

By PHIL DAVIES
Senior Writer

When Dakota Provisions opened for business in 2005, acquiring over 400,000 live turkeys a month to process into cold cuts, ground turkey and other products was easy. Hiring enough workers to staff the \$120 million plant in Huron, S.D., was harder. In a city of 11,500 people surrounded by corn and soybean fields, not enough locals were willing to man the production lines, at least for the going wage at the plant.

"We started out trying to employ a local workforce," said Mark "Smoky" Heuston, human resources director for the plant. "Six months to a year after, because we were growing, we had to go out and find workers from other areas."

The plant recruited Latino workers who came to the Huron area from southern states and other countries such as Mexico and Guatemala. But interviewing Latino work-

ers was time-consuming and frustrating because many proved ineligible to work in the United States; they were illegal immigrants. So Heuston turned to another source of foreign-born labor: Karen refugees from Myanmar.

In recent years, many Karen, an oppressed ethnic group in the Southeast Asian country (formerly Burma) have been admitted to the United States as refugees. Heuston went to St. Paul, Minn., to recruit Hmong—another ethnic group from Southeast Asia—and met some Karen in an English language class for refugees. He offered jobs to a family and a single man—the start of a major Karen migration to Huron from St. Paul, Green Bay, Wis., Lincoln, Neb., and other communities around the country. "They came here just as fast as we could possibly hire them," Heuston said.

Today more than two-thirds of the production workforce at Dakota Provisions is Karen, and about 170 Karen families have settled in the area, spurring new housing construction.

PHOTOGRAPHY BY CAMERON WITTIG

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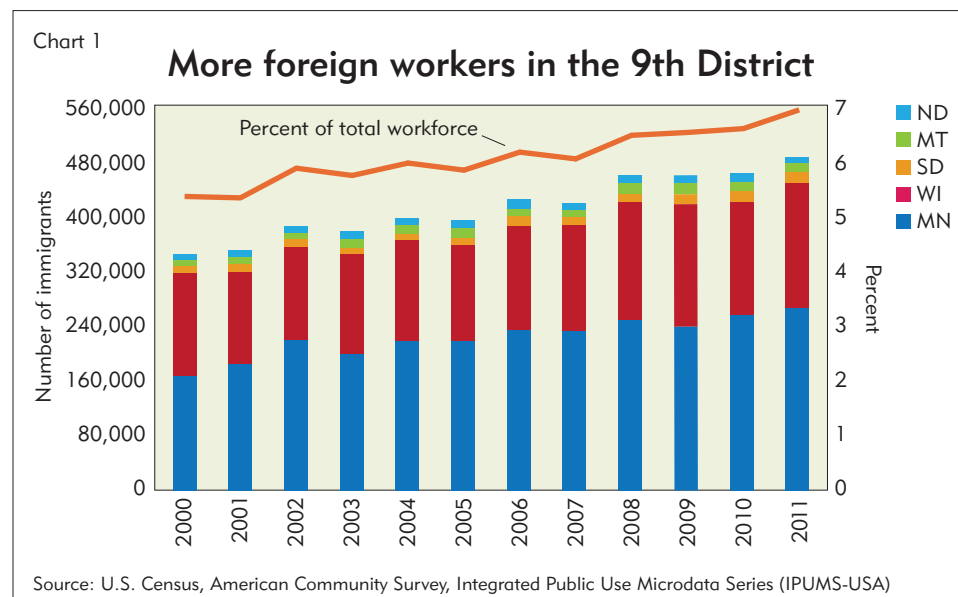
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Efforts to overhaul the U.S. immigration system have thrown a spotlight on foreign-born labor. Most of the debate in Washington has focused on illegal immigration—how to secure the Mexican border and whether to provide a “path to citizenship” for undocumented workers. But proposed changes in immigration law would also affect a large number of foreigners authorized to work in this country, particularly recently arrived immigrants. For example, loosening restrictions on work visas may increase inflows of H-1B visa holders—highly skilled temporary workers coveted by many employers in scientific and technical fields.

The immigrant workforce in the Ninth District has increased in recent years, outpacing growth in the overall

workforce, according to the U.S. Census Bureau. Industries in which foreign workers are in high demand include food processing, agriculture, information technology and health care. Demand is especially acute in rural areas with low unemployment or that are off the beaten path for doctors and other sought-after professionals.

Labor demand combined with migration patterns has fostered concentrations of foreign workers in many district communities—clusters of immigrants from certain countries or regions of the world that grow as new immigrants arrive seeking opportunity. The strong presence of immigrants in these markets stems partly from the reluctance of U.S.-born workers to take jobs in industries such as farming and meat packing



at the prevailing wage.

This article offers a portrait of immigrant workers in the district, with a focus on new immigrants—where they come from, how they enter the workforce and why certain industries have come to depend upon their foreign labor.

Immigrant labor on the rise

The contribution of immigrants to the American workforce and economy goes back to the nation's founding. Early immigrants from Britain worked on farms and in households as indentured servants. In the mid-19th century, Germans and Scandinavians crossed the Atlantic to claim Midwestern farmland, while Irish fleeing the potato famine settled mostly in urban areas. The late 1800s and early 20th century saw successive waves of immigrants from Southern and Eastern Europe who provided the muscle for burgeoning industry. More recently, in the 1960s, landmark immigration legislation opened the United States to workers from Latin America, Asia and Africa.

Today about one in six U.S. workers was born in another country. District states—far from traditional immigrant gateways on the coasts and along the Mexican border—are home to comparatively fewer foreign workers. In 2011, the foreign share of the workforce in the district ranged from a high of 9 percent in Minnesota to just 2.5 percent in Montana, according to Census estimates based on household surveys.

But as Chart 1 shows, the ranks of the immigrant workforce are swelling in the district. From 2005 to 2011, the num-

ber of foreign-born either employed or looking for work in district states increased about 4 percent annually—a growth rate more than four times that of the total workforce. (However, there was considerable variation among states; South Dakota's immigrant workforce grew by more than half over this period, while Montana's fell by about 20 percent.) Thanks to this growth, in 2011 the foreign share of the district workforce was higher than at any point in the past 60 years.

Growth of the immigrant workforce has been much greater in the district than in the country as a whole—a trend driven partly by the strength of district state economies relative to the rest of the country. In Minnesota, the district state with the largest immigrant population, the nonnative workforce declined during the Great Recession. But it has rebounded during the recovery, gaining 28,000 workers from 2009 to 2011.

Minnesota State Demographer Susan Brower attributes the resurgence in her state to a lower-than-average unemployment rate and a high concentration of jobs in information technology, health care and other industries that employ foreign workers.

The newcomers

A *fedgazette* analysis of individual Census records found that in 2011, about 20 percent of the foreign-born workforce in district states had come to the United States within the past five years. Since 2005, this ratio has risen as high as 30 percent—evidence of a constant infusion of newcomers into the nonnative population. Moreover, the Census data show that a large share of these new immigrants had

Quick Take

Congressional efforts to overhaul the U.S. immigration system have thrown a spotlight on the foreign-born, whose contribution to the Ninth District workforce has increased in recent years. Recent immigrants—those who entered the United States within the past five years—come predominantly from Asia, Latin America and Africa as legal immigrants, temporary “guest workers” and unauthorized workers who cross U.S. borders or overstay their visas.

Many new immigrants hold lower-paying jobs in the production and service sectors. But highly educated foreign workers, including guest workers on H-1B visas, cluster in well-paying occupations such as information technology and health care.

Labor demand, together with other factors, has fostered concentrations of foreign workers in many district communities, such as the Twin Cities, St. Cloud, Minn., and Sioux Falls, S.D. An aging native-born labor force means that foreign workers are likely to play a more important role in the district economy in the future.

moved to the district even more recently; in 2011, roughly half reported that they were living in a state outside the district or in another country the previous year. (The number of foreign residents leaving the region or the United States each year is unknown.)

New immigrants are less likely to be acclimated to life in America than the overall foreign-born population—unfamiliar with the culture, not fluent in English, possessing skills imperfectly matched to the job market. Because many recent arrivals are neither U.S. citizens nor permanent residents (“green card” holders permitted to work in the U.S. indefinitely), they would be affected the most by changes in immigration laws.

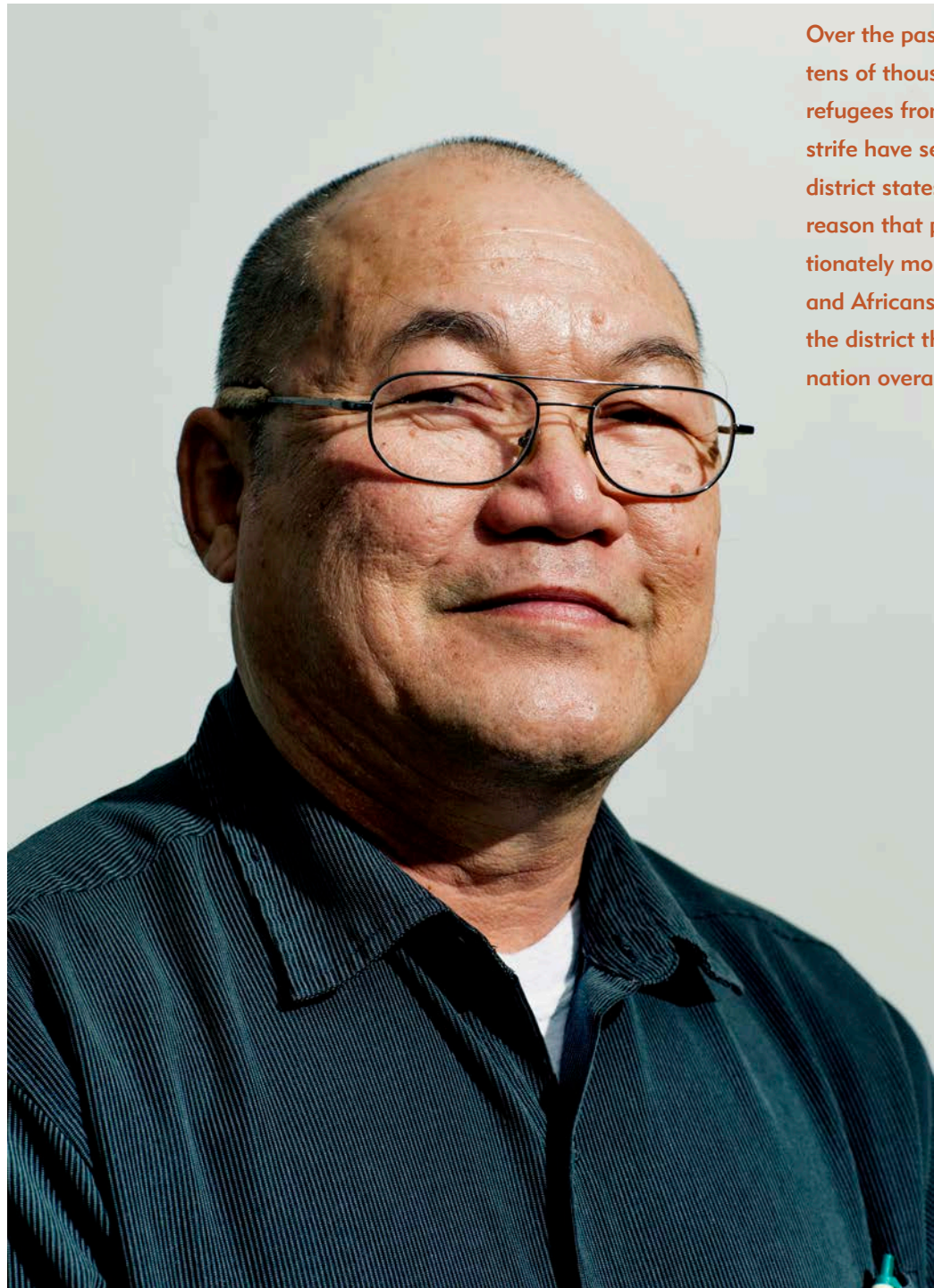
Most of these recent arrivals come from Latin America, Asia and Africa, but over 100 countries from every corner of the globe export labor to the region. The origin of recent immigrants in the district workforce skews differently from that of the nation, with fewer Latinos and more Asians and Africans. And both nationally and in the district, the sources of new foreign labor have changed over the past half-decade (see Chart 2).

From 2005 to 2011, the share of Latinos among recent arrivals shrank, while the proportion of Asians expanded. This pattern held in every district state except South Dakota, where the share of people from Mexico and Central America increased. Brower noted that migration from Mexico has fallen due to the U.S. recession and improved economic conditions south of the border. “The Mexican economy has picked up, and there are more job opportunities there than in the past,” she said. “Overall, the supply of Mexican immigrants has diminished in the U.S., and we’re seeing some of the effects of that here in Minnesota.”

Meanwhile, many states in the district and across the country have seen an influx of refugees, high-skilled temporary workers and university students from Asian countries such as China, India, South Korea and Myanmar. Between 2006 and last year, Asian enrollment in the North Dakota University System more than tripled to almost 900 students, according to system records.

Ready to work

The foreign-born move to areas where they can find jobs suited to their work experience and abilities. They also pull up stakes to join relatives, friends or an established expatriate community, but employment often determines whether



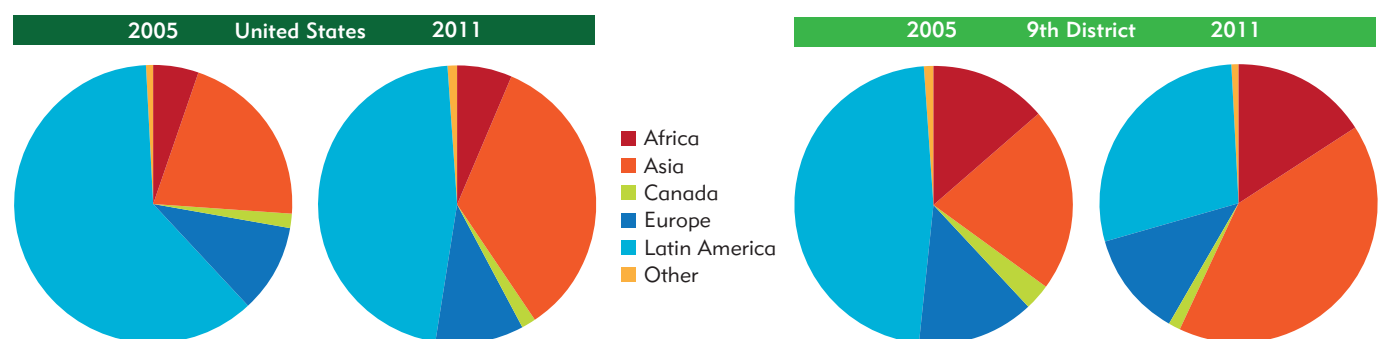
Dickson Sandy, a Karen refugee from Myanmar works for Dakota Provisions in Huron, S.D.

Over the past decade, tens of thousands of refugees from global strife have settled in district states—one reason that proportionately more Asians and Africans live in the district than in the nation overall.

Chart 2

A shifting global mosaic

Recent immigrants* in the district workforce by continent of origin



* Entered the U.S. within the past 5 years
Source: U.S. Census, American Community Survey, Integrated Public Use Microdata Series (IPUMS-USA)

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they stay in a community or move on. As a group, immigrants receive lower wages than U.S.-born workers; in 2011, the median wage for foreign workers in district states was about 75 percent of the wage for the native-born (see Chart 3). New immigrants earn much less than either the native-born or immigrant workers overall—as one might expect, given that most recent arrivals

haven't mastered English or amassed much work experience. Recent arrivals cluster in industries such as manufacturing, food preparation, farming, personal care and building maintenance (Chart 4). Many occupations in these industries—meat processing and nursing assistance, for example—pay annual wages under \$31,000, the median for

all district workers in 2011.

But a subset of new immigrants—almost one-quarter of the total—is concentrated in occupational groups such as computing, the sciences and higher education that pay median annual wages of at least \$50,000. (These high earnings elevate the average pay of all new immigrants.) Census data show that in Minnesota, over 3,700 newly arrived foreigners held computer and mathematics jobs in 2011; of those, about 80 percent were born in India—part of a wave of migration by highly educated Indians to places like the Twin Cities suburbs and Rochester over the past decade.

In the district and across the nation, employers hire foreign workers because they cannot—or choose not to—fill positions with homegrown labor. In a recovering economy, employers face tight labor markets in some areas, such as Sioux Falls, S.D., a booming agricultural, financial and health care center where the unemployment rate was 3 percent in August. “The difficulty for everyone is, when unemployment gets that low, the pool of very productive, reliable and skilled employees becomes smaller and smaller,” said Kent Alberty, co-owner of

Employment Edge, a local staffing firm. Native-born workers with highly desired skills—doctors, engineers, web developers—may be particularly scarce. Foreign workers provide an acceptable, sometimes preferable, substitute.

But for the most part, employers turn to foreign workers—particularly new arrivals—as a source of inexpensive labor. In many district communities, new immigrants may be the only workers around who will take certain types of production and service jobs at the wages offered (see article on page 10 for more on the impact of immigrants on the labor market and the economy).

Several distinct streams of U.S. migrants come together to form the immigrant labor pool. Hiring some types of foreign workers is often a simple matter of phoning a refugee resettlement agency or placing a newspaper ad. Acquiring others, such as H-1Bs and other classes of guest workers, can be much more difficult, involving fees and paperwork to comply with regulations that have tightened in recent years.

From oppression to opportunity

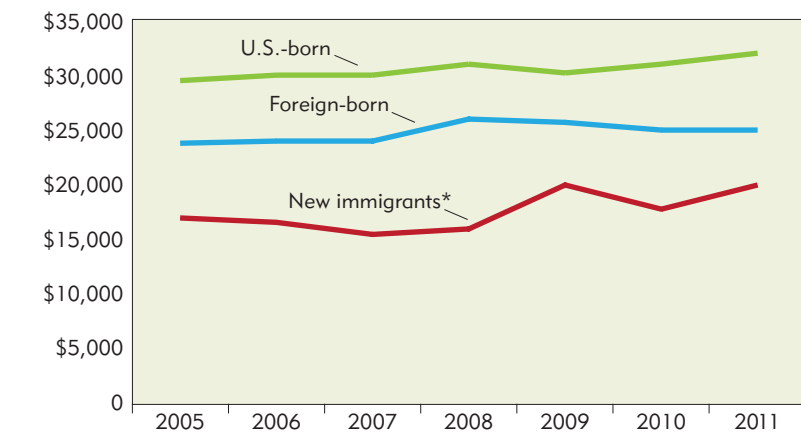
Over the past decade, tens of thousands of refugees from global strife have settled in district states—one reason that proportionately more Asians and Africans live in the district than in the nation overall. Refugees from countries such as Somalia, Eritrea, Sudan, Iraq, Myanmar and Bhutan contribute to a larger share of migrants from those continents.

Minnesota leads the district (see Chart 5) and is among the top U.S. states on a per capita basis in accepting refugees, immigrants permitted to live and work in the country permanently.

In most district states (Montana, with virtually no refugee resettlement, is the exception), social welfare organizations such as Lutheran Social Services (LSS) help refugees learn English, find housing and land jobs. Minnesota has additional organizations playing a large role, including Catholic Charities and the International Institute of Minnesota in the Twin Cities, which sponsored 383 refugees in 2012 and 400 through September of this year.

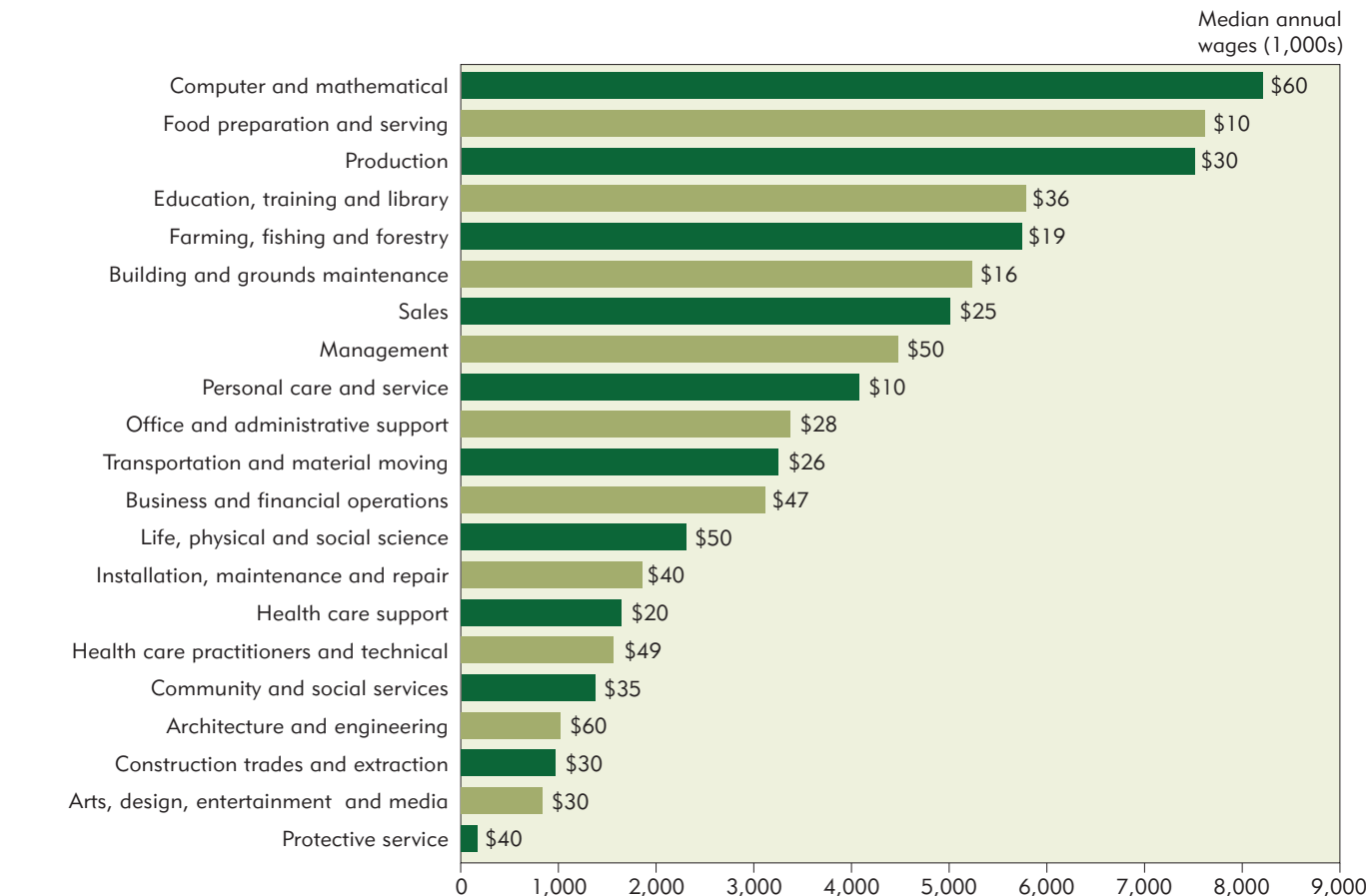
In addition to refugees who come directly to the district from their home countries, some district states also attract significant numbers of secondary migrants—refugees who move from elsewhere in the country, either to join family members or to find work. That's how the Somali community in Minne-

Chart 3
The earnings divide
9th District median wages, immigrants vs. native-born



* Entered the U.S. within the past 5 years
Source: U.S. Census, American Community Survey, Integrated Public Use Microdata Series (IPUMS-USA)

Chart 4
Low- and high-paying work for new immigrants
Recent immigrant* employment by occupation



* Entered the U.S. within the past 5 years
Source: U.S. Census, American Community Survey, Integrated Public Use Microdata Series (IPUMS-USA)

sota has grown from a small core in the 1990s to become the largest in the country, notes Kim Dettmer, who oversees refugee settlement in the St. Cloud area for LSS. "Refugees may have resettled in Texas or another state, but they really want to live in Minnesota."

Either because they lack the requisite skills or speak poor English, most refugees fill relatively low-paying jobs in industries such as food processing, light manufacturing and health care support. Resettlement agencies, which receive federal funding to assist refugees, provide pre-employment counseling and training. LSS's Immigration and Refugee Office in Sioux Falls works with local employers to prepare refugees for entry-level production positions. "Refugees are entering positions that right now are not being filled [by U.S.-born workers], and we've had great success with that," said Director Tim Jurgens.

Refugees make up much of the workforce at meat-packing plants in Sioux Falls, St. Cloud and other district communities.

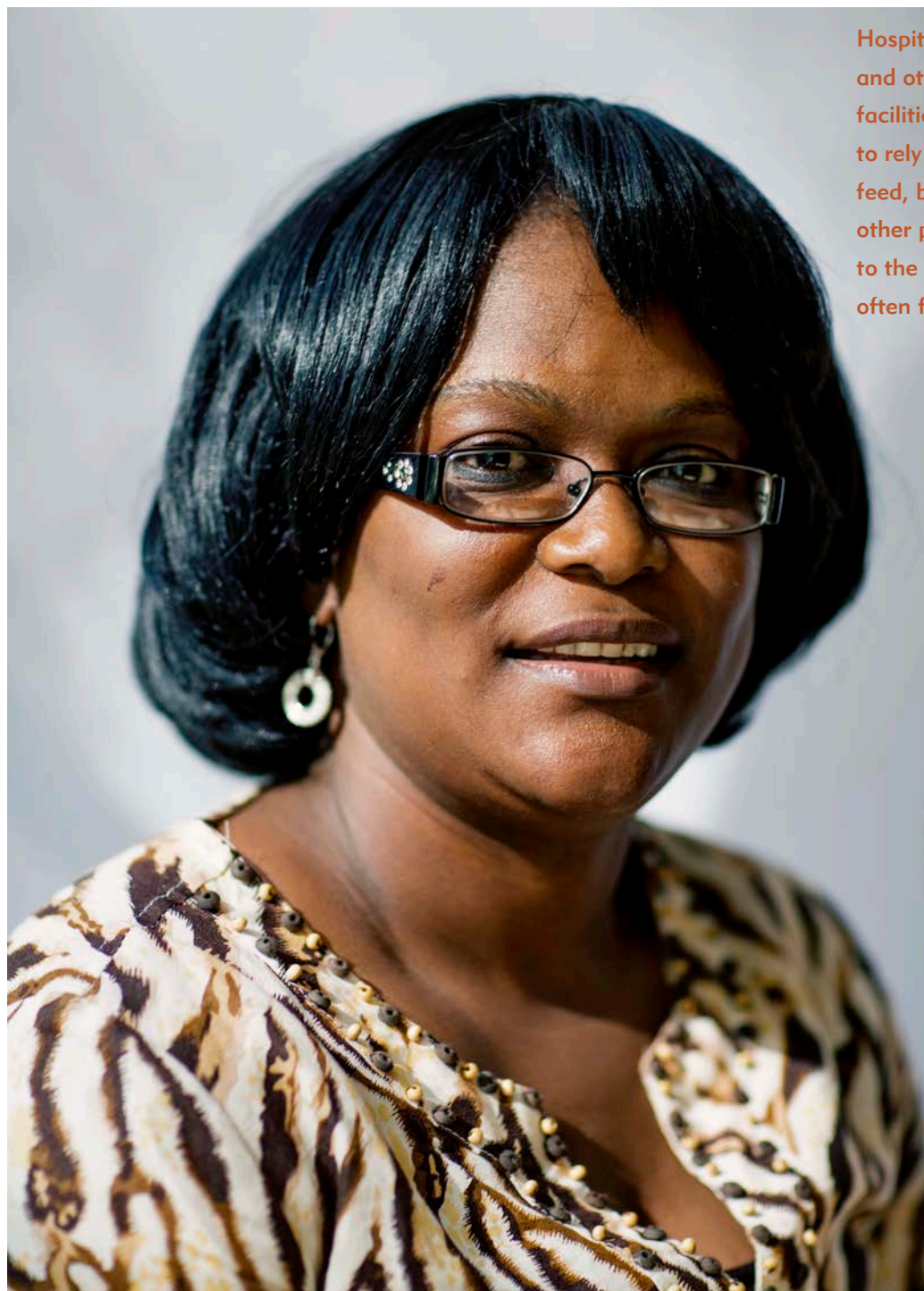
Dakota Provisions readily hires refugees settled by LSS and secondary migrants who move to Huron from elsewhere in the country. Heuston said the Karen are industrious workers who learn readily on the job and turn up every day (turnover has fallen as the proportion of refugees on the payroll has risen). Line workers earn about \$12 per hour—a competitive wage in meat packing, but not enough to induce U.S.-born workers to take jobs processing turkey meat, he said.

Hospitals, nursing homes and other health care facilities also have come to rely upon refugees to feed, bathe and provide other personal care to the sick and elderly, often for low pay. At some long-term care facilities in the Twin Cities, 80 percent of the staff are refugees who have taken nursing assistant training offered by the International Institute, said Amanda Smith, refugee services director for the organization.

Census data indicate that most immigrant workers in health care facilities come from African nations such as Ethiopia, Somalia and Liberia; in Minnesota in 2011, Africans accounted for about three-quarters of recently arrived immigrants working as nursing assistants and in other entry-level health care jobs.

Give me your doctors and engineers ...

At the other end of the wage spectrum are H-1B visa holders, highly educated



Nolay Freeman heads the nursing staff of St. Therese at St. Odilia, a palliative care facility in the Twin Cities. She came to Minnesota as a refugee from Liberia.

Hospitals, nursing homes and other health care facilities have come to rely upon refugees to feed, bathe and provide other personal care to the sick and elderly, often for low pay.

and skilled workers who labor in office towers, hospitals and universities. H-1Bs are one class of guest workers permitted to work temporarily in the United States under federal programs meant to help firms adapt to changing economic conditions (see "Be my guest" on page 6).

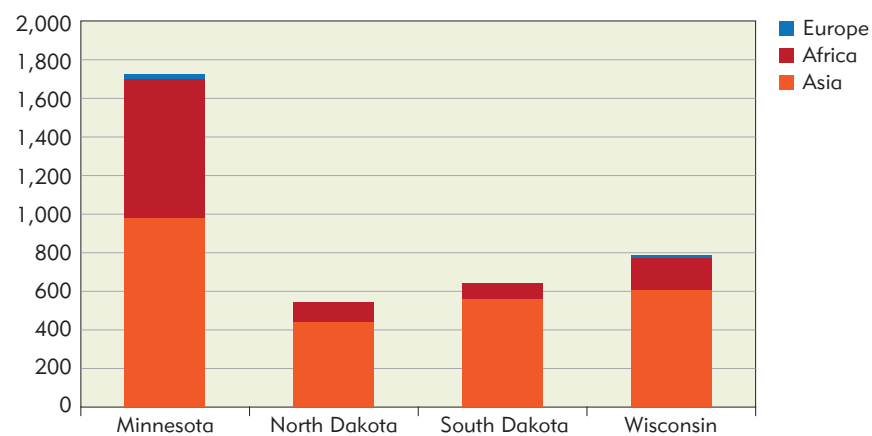
Workers with H-1Bs typically hold well-paying jobs in fields requiring specialized knowledge, such as information technology, health care, finance and academia. In 2011, the average annual salary of an H-1B worker in Minnesota was over \$65,000, according to the U.S. Department of Labor (DOL).

Nationwide, demand for H-1B guest visas exceeds supply, because of a statutory cap of 65,000 on the number of new visas issued annually. Employer requests for H-1Bs have exceeded the number

Chart 5

Minnesota leads in refugee resettlement

Refugee arrivals by continent of origin, 2012







Source: U.S. Department of Health & Human Services, Office of Refugee Resettlement

Be my guest

The federal government administers a veritable alphabet soup of guest worker visa programs through which employers may hire foreign workers on a temporary basis. Each is designed for specific types of workers, and there are rules meant to protect visa holders and U.S. workers.

Most work visa programs are administered by U.S. Citizenship and Immigration Services and the Department of Labor's Employment and Training Administration. The U.S. Department of State is chiefly responsible for the J-1 cultural exchange program. A brief guide:

Program	Type of worker	Term of visa	National cap	Key requirements
 H-1B	Foreign worker in specialty occupation such as bioscience, health care, finance, engineering and information technology.	Initially up to three years, but can be extended to a maximum of six years.	65,000 annually (academic research institutions are exempt). Under proposed immigration reform, the cap would fluctuate between 115,000 and 180,000 based on employer demand and the unemployment rate.	Worker must have at least a bachelor's degree or its equivalent. Employer attests that the H-1B worker will be paid the prevailing wage for the work and that hiring the worker won't adversely affect the working conditions of similarly employed U.S. workers.
 H-2A	Agricultural workers hired for temporary or seasonal jobs.	Generally one year, with extensions up to a maximum of three years.	None.	Employer attests that there are not enough qualified and willing U.S. workers to do the job and that hiring the H-2A worker won't adversely affect the wages and working conditions of similarly employed U.S. workers.
 H-2B	Nonagricultural worker hired seasonally or intermittently.	Generally one year, with extensions up to maximum of three years.	66,000 annually.	Same as for H-2A visa.
 J-1	Cultural exchange visitors such as college students, resident physicians, camp counselors and au pairs.	For students, duration of studies plus up to three years. One to three years for other exchange programs.	None.	Employers hire workers through designated sponsors such as universities, cultural organizations and government agencies, which require participants to engage in cultural activities as well as work.

Other guest worker programs include the O-1 visa, for foreigners with extraordinary ability in the sciences, arts, education, business or athletics; the L-1A, for corporate transfers from abroad; and the H-1C, for foreign nurses working as registered nurses in medically underserved areas.

Proposed immigration reform would create new guest-worker categories meant to ease restrictions on foreign temporary labor without harming U.S. workers. The "W" visa would allow low-wage nonagricultural workers to work year round, not just seasonally as in the H-2A and the H-2B programs. And undocumented agricultural workers who can demonstrate that they've worked in the country for a certain amount of time would be issued a "blue card" and permitted to apply for permanent U.S. residency.

dustries. In 2011, Twin Cities employers accounted for over 8,000 certifications, and there were over 650 in the Fargo area, home to a Microsoft campus and Sanford Health, the largest rural non-profit health care system in the country.

But the number of H-1Bs ultimately issued by the U.S. State Department is significantly smaller; nationwide in 2011, there were six times as many visa certifications as issued visas. It's not known whether rates are higher or lower in district states.

District hirers of H-1Bs say they provide critical expertise—knowledge and abilities not always available in the domestic workforce—that helps them to develop new products and services or expand their operations.

At Microsoft's complex in Fargo, hundreds of H-1B visa holders work in product R&D, tech support and internal computer systems. The majority come from India, Pakistan, China and Eastern Europe. Campus head Don Morton says that smart, highly capable workers from overseas are needed to keep the software giant competitive in a borderless market.

"We compete globally for customers ... and we compete globally for talent," he said. "Regardless of whether a person is foreign-born or native-born, we're going to try to hire the very best talent available." Like many high-tech executives, Morton believes that not enough talented U.S.-born college students are pursuing science, technology, engineering and math (STEM) degrees.

In the health care industry, foreign-born physicians on H-1B visas fill job openings in rural areas of the district. Hospitals and clinics operating in northern Minnesota and much of North Dakota say they struggle to hire enough U.S.-born doctors, especially specialists in less popular medical fields or those willing to provide primary care in small towns.

"The biggest challenge is giving a sales pitch to a physician to come and practice medicine in a rural western Minnesota community of a thousand or two thousand," said Dr. Richard Marsden, senior executive vice president of Sanford Health's outpatient services in Fargo.

By hiring H-1Bs, Sanford can skip the sales pitch in most cases. The company has hired scores of foreign physicians and last summer employed over 80 H-1B doctors, including specialists in family medicine, cancer treatment, pediatrics and critical care. Most of them came to Sanford right out of a U.S. medical school and are required to work in underserved areas for at least three years

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issued every year over the past decade, and this year's quota was filled in less than a week after filings began in April. There are no data on work visa issuances by state, but a look at visa applications in

the district indicates that employer demand for H-1Bs is high in the region—and probably not being met.

The DOL's Office of Foreign Labor Certification must approve employer requests for H-1Bs. Figures compiled by the DOL show a sharp increase in H-1B

certifications in district states from 2009, when the recession ended, to 2011 (see Chart 6).

Certifications were concentrated in Minnesota and Wisconsin, and in district cities with large universities and thriving computer and health care in-

as a condition of receiving their H-1Bs. As a research institution, Sanford is exempt from the annual nationwide cap on H-1B visas.

Securing the services of H-1B workers is a time-consuming and expensive proposition for employers. The application process can take up to six months, and immigration authorities charge fees of \$2,300 to \$3,500 per worker. Such fees, including a payment that helps to fund job training for U.S-born workers, have risen over the past five years. Then there are typical attorney's fees of over \$1,500 for each worker—which the employer pays regardless of whether their visa application is successful. This year, because the national H-1B visa cap was exceeded, a lottery was held to determine winners and losers.

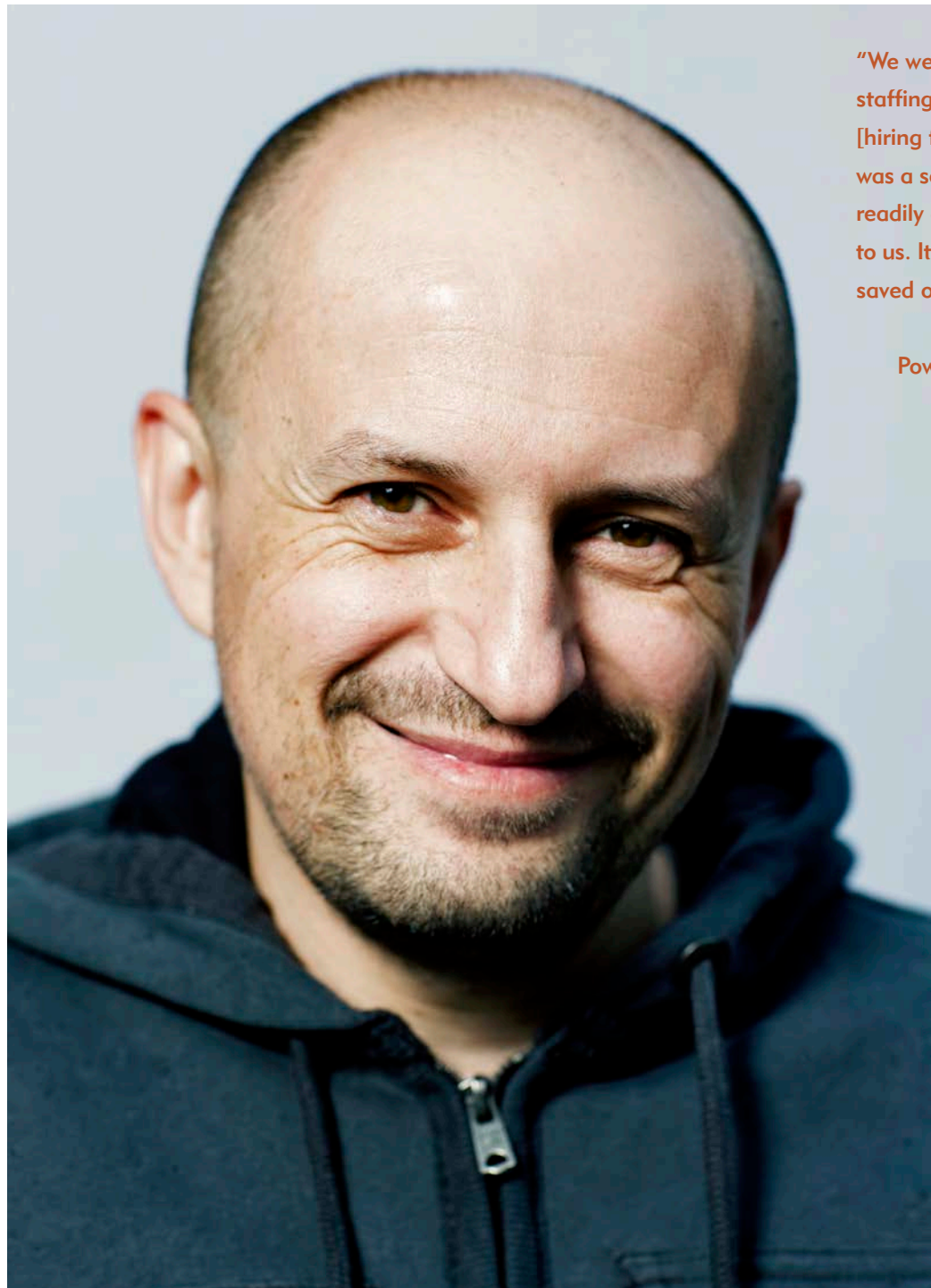
Despite the overall increase in H-1B applications, "a lot of employers are forgoing the program, because it's become so expensive," said Sam Myers, an immigration attorney with the Myers Thompson law firm in Minneapolis.

... and I'll take your waiters and farm laborers too

In addition to the H-1B program, there are work visa programs geared to low- and semi-skilled workers—the H-2A visa for agricultural workers and the H-2B for nonfarm workers. These programs are seasonal as well as temporary; most lower-skilled guest workers in the district return to their home countries at the end of the summer or after the fall harvest.

In district states, the DOL certifies far

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"We were just having staffing problems, and [hiring foreign workers] was a solution that was readily available to us. It has honestly saved our business."

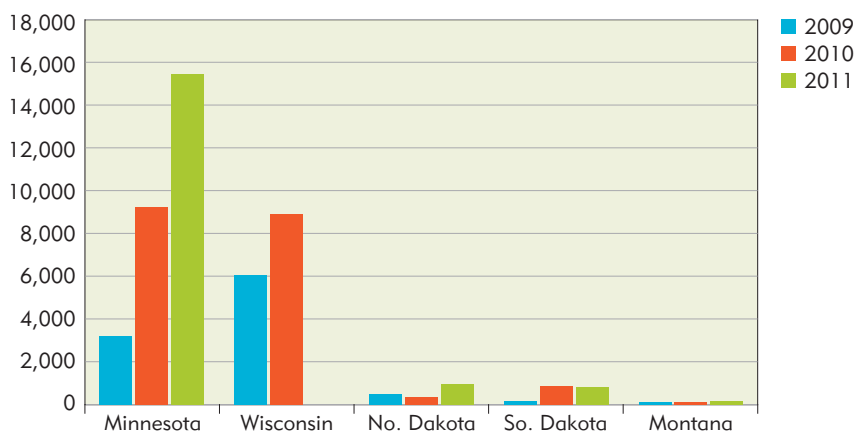
—Ben Brink
Powder House Lodge and Resort

Borislav Borisov, an H-2B guest worker from Bulgaria, is the sous chef at the Powder House Lodge and Resort near Keystone, S.D.

Chart 6

Rising demand for H-1B workers

Certified visa applications in district states

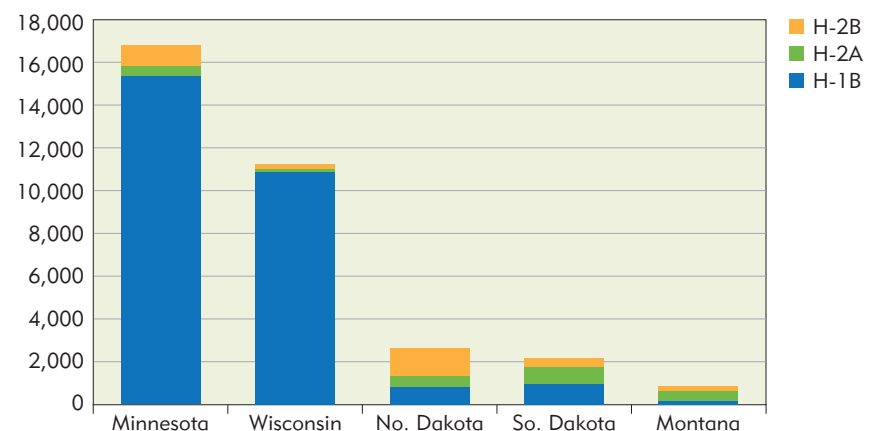


Source: U.S. Department of Labor, Office of Foreign Labor Certification

Chart 7

H-2B or not H-2B

Guest worker certified applications by district state



Source: U.S. Department of Labor, Office of Foreign Labor Certification

The uninvited

Unauthorized workers are the hidden face of immigrant labor. Despite decades of enforcement efforts by immigration authorities, undocumented workers continue to find jobs in the district. Most, including temporary workers and tourists who overstay their visas, work in low-wage industries such as farming, food service and child care.

However, the undocumented—a political flashpoint in Washington, D.C., and southern border states such as California and Arizona—make up a relatively small share of the foreign-born and total workforce in district states. A 2011 report by the Pew Hispanic Center in Washington estimated that there were 60,000 unauthorized immigrants working in Minnesota and 65,000 in Wisconsin.

Those are sizable numbers, but to put them in perspective, the estimate for Minnesota represents 18 percent of the foreign workforce and just 2 percent of the overall workforce. In comparison, Pew estimated that unauthorized workers accounted for 9 percent of the overall workforce in Texas and 10 percent in Nevada.

Other district states had fewer than 10,000 undocumented workers each—less than 1.5 percent of the total workforce in 2011.

Many unauthorized workers carry fraudulent papers indicating that they're permanent residents or U.S. citizens. The Senate immigration bill would require all employers to verify workers' credentials through a federal online database, making it harder for unauthorized workers to keep their jobs.

—Phil Davies

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fewer H-2A and H-2B applications than H-1B requests, but in Montana and the Dakotas the lower-wage visas account for a greater proportion of total guest worker certifications (see Chart 7 on page 7).

The energy boom in western North Dakota and eastern Montana has spurred demand for guest workers to fill positions in construction, food processing, hospitality and other industries—not just in the oil patch but also in surrounding areas that have seen an exodus of workers seeking higher wages in the oilfields.

Employment USA, a guest worker recruiting agency in Aberdeen, S.D., has capitalized on that demand. The firm lost business nationwide during the recession, but since 2010, revenues have increased over 40 percent annually on the strength of placements in the Dakotas. Employers unable to compete with high wages in oil-producing areas have turned to foreign temporary workers to fill out payrolls, said owner Kevin Opp.

"The oil boom is affecting the job market in the entire region. ... People can go [to the oil patch] and without

a ton of experience make \$75,000 to \$80,000 a year working just as hard as if they had a cement construction job here in Aberdeen."

About 1,000 workers recruited by Employment USA from Mexico, Canada, South Africa and several nations in the Caribbean and Eastern Europe work in the Dakotas on either the H-2A or H-2B program. Typical jobs include farm labor, basic construction, meat processing and waiting tables—"pretty simple work that doesn't take a lot of experience," Opp said.

The allure of oil country has further strained labor supplies in the Black Hills of South Dakota, where demand for workers in hotels, restaurants, resorts, amusement parks and other businesses peaks during the summer tourist season.

The Powder House Lodge and Resort near Keystone, S.D., hired its first H-2B workers through Employment USA in 2005. Ben Brink, one of the owners of the small, family-run resort, said hiring workers each summer was difficult because of the area's low unemployment and small pool of high school seniors and college students.

"We were just having staffing problems, and [hiring foreign workers] was

a solution that was readily available to us," he said. "It has honestly saved our business." The resort hires 16 to 17 H-2B workers each season—about one-third of its full-time staff—to cook, serve food, clean rooms, maintain the grounds and staff the front desk. Most of the workers live onsite for the summer, paying \$7.50 a day for accommodations.

Companies that hire lower-wage guest workers—H-2Bs in South Dakota earned about \$8.50 per hour in 2011, according to the DOL—don't face the same supply constraints as those using the H-1B program. There is no national cap for H-2A visas, and since 2008, H-2B issuances have not exceeded the statutory cap.

But as is the case for the H-1B program, hiring foreign workers through these programs can tax employers' patience and pocketbooks. In addition to paying filing fees and commissions to recruiting agencies, firms often have to arrange for or provide housing for workers. And in 2009, the DOL began requiring H-2B employers to pay workers' transportation expenses from their home countries—adding hundreds of dollars in airfare to the cost of hiring workers from overseas.

Government red tape has at times disrupted the flow of guest workers. Earlier this year, U.S. Citizenship and Immigration Services suspended processing of H-2B petitions because of a court challenge to the method used by the DOL to determine the prevailing wage to be paid to workers. Opp said the month-long suspension came during the critical sign-up period for the summer season, reducing the number of H-2B workers available to employers.

Got cows to milk?

A large proportion of foreign workers who have come to district states in recent years are neither refugees nor guest workers. Many are legal immigrants or permanent residents admitted because they're relatives of U.S. citizens or permanent residents. The federal government grants a much smaller number permanent residency (making them eligible for U.S. citizenship) because they possess coveted expertise or work skills. And some are undocumented workers (see "The uninvited" above) from Mexico and other countries.

Just how many new foreign workers in each category are in the district labor force at any given time is unknown; their movements and employment status are

not tracked by any government agency. But there's anecdotal evidence that they contribute in important ways to the labor supply of the region.

Responding to unrelenting demand for labor in western North Dakota, foreign workers from all over the country have come to the region in recent years, seeking jobs in oil drilling, construction, food service and other industries. "We're seeing a large pool of folks across the board [migrate to the area], including the foreign-born," said Richard Rathge, the former state demographer for North Dakota.

Phil Davis, who heads North Dakota Job Service operations in the western half of the state, said the Bismarck and Williston offices are "seeing more foreign workers show up" and handling an increasing volume of telephone calls from Mexicans looking for work.

In Minnesota and in South Dakota, foreign-born Latinos who have migrated north from southern states such as Texas and Arizona work alongside refugees and the native-born in meat-packing plants. Last summer, Dakota Provisions employed about 50 workers born in Mexico and other Latin American countries, in addition to roughly double that number from the U.S. territory of Puerto Rico.

And dairy farmers in the Dakotas depend upon workers from Mexico and Central America to staff large operations with hundreds of cows. "Our dairy farm families are trying to hire locally, but nobody wants to work on a dairy farm," said Roger Scheibe, executive director of South Dakota Dairy Producers. "So what they end up doing is hiring immigrant workers, usually Latinos."

Scheibe estimates that 60 percent of the milk produced in the state comes from cows milked by foreign-born workers.

Foreign, and here to stay

The "melting pot"—the process of assimilation into the economic and cultural mainstream—is a great American tradition. Over time, as recent immigrants learn English and acquire new skills either in the classroom or on the job, their economic fortunes rise, and they stand out less from the background of the overall workforce.

This melding is evident in the Census and wage data: Compared with recently arrived immigrants, the overall foreign workforce is less concentrated in lower-paying occupations such as food

Dairy farmers in the Dakotas depend upon workers from Mexico and Central America to staff large operations with hundreds of cows.



Ferman Pineda, a permanent U.S. resident born in El Salvador, works at Boadwine Dairy near Baltic, S.D.

Because an aging population is reducing the pool of available labor, immigrant workers, who on average are younger than U.S.-born workers, are well positioned to fill vacant positions during the economic recovery and for years to come.



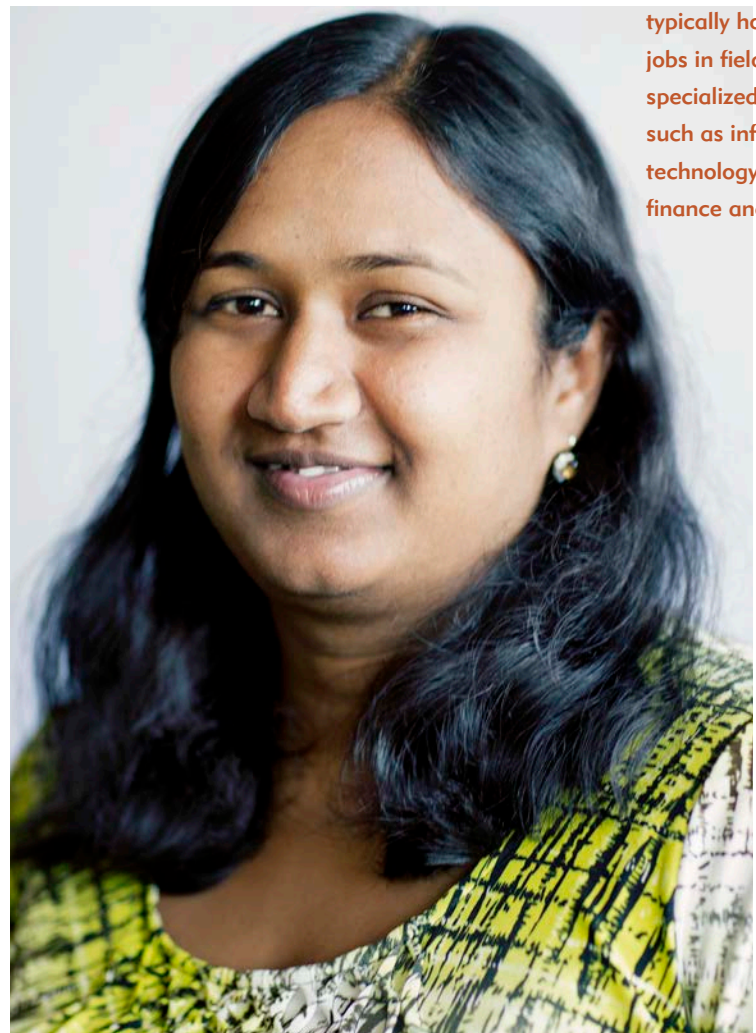
Mexican-born Miguel Martinez is employed at the Boadwine Dairy near Baltic, S.D.

Most of these recent arrivals come from Latin America, Asia and Africa, but over 100 countries from every corner of the globe export labor to the region.



Krichaya Piamngam from Thailand is a nursing assistant at St. Therese at St. Odilia palliative care home in Shoreview, Minn.

Workers with H-1Bs typically hold well-paying jobs in fields requiring specialized knowledge, such as information technology, health care, finance and academia.



Dr. Rekha Kallamadi, an H-1B visa holder from India, practices internal medicine at Sanford Health in Fargo, N.D.

Does foreign labor hurt U.S.-born workers?

Most economists believe that immigration has an overall salutary effect on the U.S. economy. An influx of labor from abroad increases the domestic workforce, allowing the economy to expand. Low-cost labor benefits consumers by keeping prices of many goods and services low. And gifted immigrants invent new products and found new businesses—think Sergey Brin of Google and Elon Musk of Tesla Motors.

The economic upsides of immigration are apparent in an analysis of the Senate immigration reform bill by the Congressional Budget Office. The July report found that enacting the bill would boost gross domestic product 3 percent and cut the federal budget deficit by \$1 trillion over the next 20 years. Increased government revenues would come from a bigger labor force and additional tax receipts from current illegal immigrants.

But politicians and some economists also worry about potential downsides of immigration, including its impact on U.S.-born workers. One reason that Congress hasn't increased the number of visas and permanent resident "green cards" issued to foreign workers is the perception that immigration reduces the employment and wages of native workers.

Some labor market research has found that, indeed, immigration hurts U.S. workers. In a 2003 study, Harvard University economist George Borjas reported that increased immigration over the past two decades had "substantially worsened the labor market opportunities faced by many native workers," reducing the wage of the average U.S.-born worker by 3 percent and the pay of high school dropouts by 9 percent. A 2010 paper by Borjas and other economists found that a 10 percent rise in workers due to immigration reduced the employment of black men by 6 percent and resulted in higher rates of imprisonment.

Such outcomes make economic sense; given a certain level of demand for labor, increased supply intensifies competition for jobs and exerts downward pressure on earnings. "By keeping labor supply down, immigration policy tends to keep wages high," writes economist Paul Samuelson in his classic textbook *Economics*, commenting on restrictions on immigration in place until the mid-1960s.

But the case for immigrants taking jobs and earnings away from native workers isn't as clear cut as basic economic theory makes it seem. Other studies using different data and methods have found that U.S.-born workers suffer minimal fallout from immigration. "All in all, when you look all at the evidence pointing to a negative effect, it is not very substantial," said Magnus Lofstrom, an economist with the Public Policy Institute of California who has studied the labor market effects of immigration. Many researchers have found that low-skilled workers stand to lose the most from increased immigration, although even for this group the impact is quite small.

A 2011 study of U.S. states with different levels of immigration by Giovanni Peri of the University

of California, Davis found that foreign-born labor had a negligible effect on the employment and wages of unskilled native workers. Highly educated workers saw their wages increase. Earlier studies by David Card of UC, Berkeley, Pia Orrenius of the Federal Reserve Bank of Dallas and other economists have shown that immigration reduces the wages of U.S.-born low-skilled workers by no more than 3 percent while having little impact on medium- and high-skilled native workers.

Substitute or supplement?

Why do these studies find a modest impact on native-born workers from immigration, in contrast to the more adverse effects identified by Borjas and other researchers? In large part, the immigrant effect on U.S.-born workers depends on the extent to which immigrant labor substitutes for the domestic variety. Many economists believe that, because the majority of immigrants have low skills, they don't compete for the types of jobs sought by most Americans. Instead, in the district and across the country, they work in low-wage industries such as agriculture, food processing and building maintenance.

It's likely that more native workers would vie for those positions if employers paid higher wages. But "it's quite clear that current wage levels are not sufficient to attract [U.S.-born] workers who are willing to do the work for a prolonged period of time," Lofstrom notes. Significant pay raises would entail structural upheaval in sectors such as agriculture, which relies on inexpensive labor to compete with imported food.

But what about elite foreign workers—computer programmers, engineers, financial analysts and others in the same industries and wage classes as many U.S.-born workers? Proposals to raise caps on guest worker visas have elicited concern about the impact of H-1B workers on native employment and wages. As in the broader debate over immigrant labor, experts beg to differ on the matter. Some see H-1B workers displacing their U.S.-born counterparts or depressing their pay; others find little impact on the high-skilled native workforce.

Much of the debate focuses on whether there is a shortage of U.S.-born workers in science, technology, engineering and math (STEM) fields, which account for roughly two-thirds of visa requests nationwide. If U.S. universities aren't producing enough STEM graduates to meet employer demand, foreigners with the requisite skills are supplementing the homegrown tech workforce, not supplanting it.

Some analyses of the high-tech labor market suggest that the STEM shortage is a myth. One study published earlier this year by the Economic Policy Institute (EPI), a Washington-based think tank, concluded that the country has "more than a sufficient supply of workers available to work in STEM occupations." Noting that average wages in information technology fields have stagnated

or declined in recent years, the study implied that higher inflows of H-1B workers over the past decade have furnished U.S. firms with cheap labor, crowding out U.S.-born workers.

Other researchers contend that the STEM shortage is real, that H-1Bs are taking jobs that would otherwise go unfilled. The Brookings Institution, another Washington think tank, refuted EPI's conclusions in a May publication, finding that employers in large metro areas—including Minneapolis-St. Paul—struggle to fill vacant STEM positions. Lofstrom's research on the earnings of H-1B workers has shown that their wages are comparatively high, suggesting that firms hire them to "bring in skills and expertise that help the companies innovate and grow," not to save money on payroll, he said.

But he added that it's possible that the availability of H-1B workers has stunted the earnings growth of U.S. born workers in STEM occupations. And no one knows how native employment and wages would be affected if caps on H-1B visas and permanent resident "green cards" issued to foreign workers were raised, as called for by the Senate immigration bill.

The immigration surplus

The bottom line on immigration for U.S.-born workers? The weight of the evidence suggests that foreign-born labor poses a risk to low-skilled native workers and that some high-skilled workers—particularly those of lesser ability—have cause for concern. But for most U.S. workers the benefits of immigration outweigh the costs, because of the uplifting economic effects of foreign labor.

"We know that there are benefits from immigration that result in what we call the immigration surplus, which is an increase in standard of living for natives as a result of immigration," said Orrenius in an interview.

Inflows of foreign low-skilled workers allow increased specialization of labor, with immigrants assigned mainly to manual tasks and U.S. natives performing most jobs requiring proficiency in English. Specialization boosts production efficiency and output—one reason Peri found in his state study that immigration elevated the wages of highly skilled native workers.

Also, by lowering labor costs these inflows increase return on capital, attracting investment and giving businesses the wherewithal to expand and hire more personnel, including native-born workers commanding higher wages.

High-skilled foreign workers lend their talents to technological innovation, spurring job creation at all wage levels. And immigrants, just like people born and raised in the United States, are consumers who create jobs by increasing aggregate demand for goods and services.

—Phil Davies

Labor's changing face from page 8

preparation, farm labor and building maintenance. Consequently, as Chart 3 on page 4 shows, the median wage of all foreign workers hews closer to that of U.S.-born workers. In addition, immigrants who have lived in the United States at least five years are more likely to be employed.

Vocational training programs can put the foreign-born on the path to upward mobility. English, math and anatomy classes offered through the International Institute of Minnesota prepare refugees and other immigrants to pursue college degrees in nursing. Many students are nursing assistants who want to advance their health care careers and earn higher pay, said Amanda Smith, the refugee services director. "Since the college readiness program began in 2000, we've helped over 350 people become registered nurses, LPNs (licensed practical nurses) and other medical professionals."

Holders of H-1B visas who become permanent residents can switch employers and seek opportunities in other industries. At Altru Health System, based in Grand Forks, N.D., most of the H-1B physicians hired over the past three years have applied for green cards, said Joel Rotvold, executive physician recruiter for Altru.

Other foreign workers start businesses and become employers themselves; in Huron, a Karen refugee family has opened a grocery store. In 2010, the share of U.S. immigrants who started businesses was more than twice the entrepreneurship rate for the native-born, according to a report by the Small Business Administration.

The growth trajectory of foreign labor in the district depends in part on how immigration reform pans out. Changes to immigration laws could quicken the inflow of some types of foreign workers while increasing the workforce participation of those already here. For example, in addition to raising the annual cap for new H-1B visas, the Senate immigration bill would make it easier for current H-1B workers to change employers and remove limits on green cards for foreigners who earn advanced STEM degrees at U.S. universities.

As for unauthorized workers, tougher border security may reduce the number of people who cross the Mexican border illegally and make their way north to the district. But granting unauthorized workers provisional legal status could

increase the number who settle permanently and hold full-time jobs. "If those people that are somehow flying under the radar had a pathway to become legal, then they wouldn't have to hide from us," said Kent Alberty of Employment Edge.

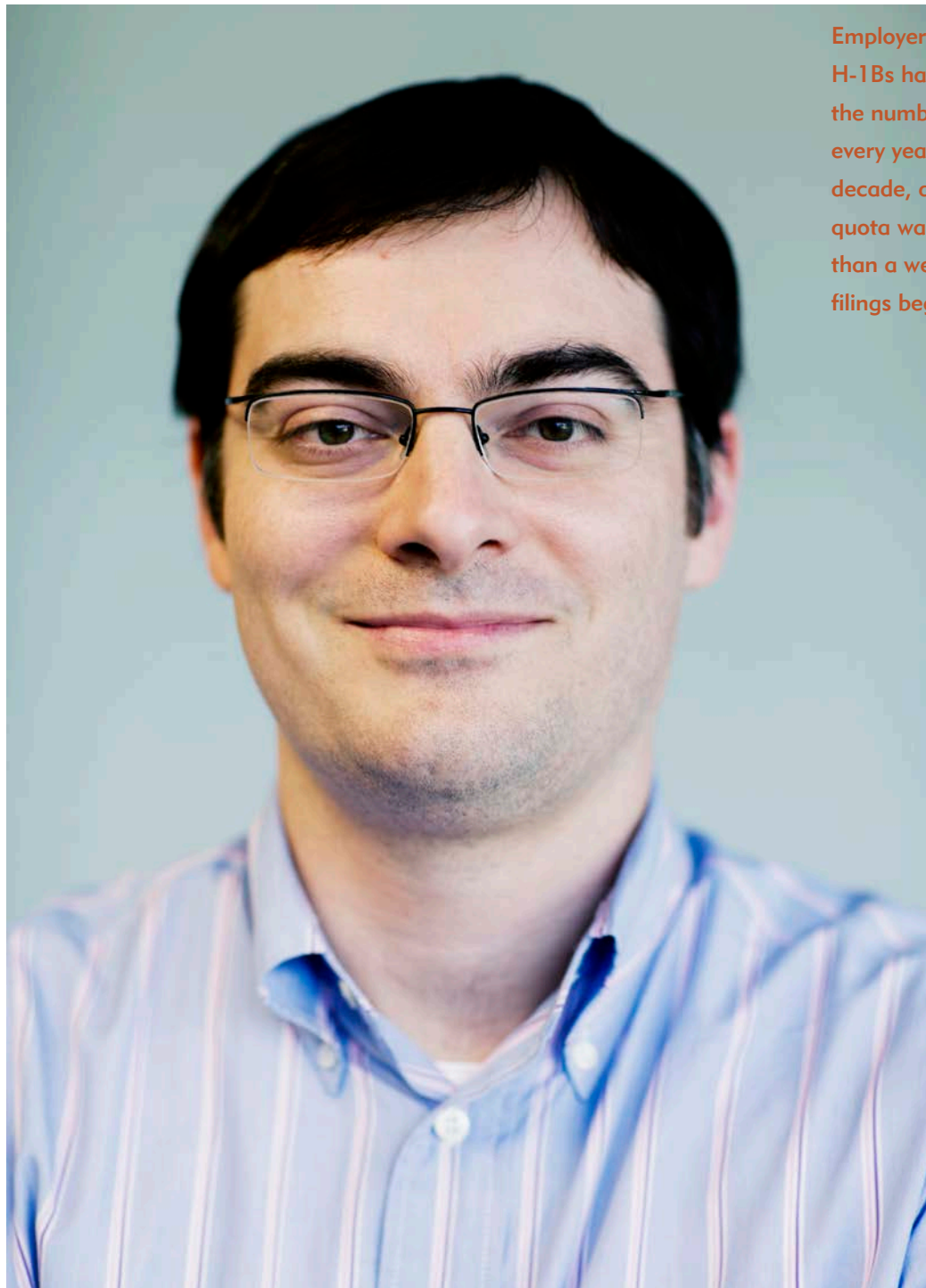
Regardless of the outcome of Congress' deliberations on immigration, foreign workers appear destined to play

a more important role in the district economy, because an aging population is reducing the pool of available labor. Immigrant workers, who on average are younger than U.S.-born workers, are well positioned to fill vacant positions during the economic recovery and for years to come.

"We expect that as our population ages in Minnesota, our labor force will

grow at a slower rate than it has in past decades," Minnesota State Demographer Susan Brower said. "Most states are in the same boat as us with respect to aging. This means that we may need to continue to look to labor markets outside the U.S. for our workers." **f**

Research Assistant Bijie Ren contributed to this article.



Felix Roth, an H-1B guest worker from Argentina, is a staff scientist at Sanford Health in Fargo, N.D.

Employer requests for H-1Bs have exceeded the number issued every year over the past decade, and this year's quota was filled in less than a week after filings began in April.



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