



# Tapping Untapped Talent: How Foreign-Educated Immigrants Can Strengthen the Massachusetts Economy

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## Introduction

In the 2023 CNBC Top States for Business rankings, Massachusetts was rated among the best states for Technology and Innovation, Education, Access to Capital, and Life, Health, and Inclusion. Similarly, in the summer of 2023, Massachusetts was rated by WalletHub as the best state to live in the country, driven by its top ranking for Education and Health, and its high rankings in categories such as the Economy, Quality of Life, and Safety.

While these rankings demonstrate a solid foundation for continued economic growth and success in the Commonwealth, both publications note similar warning signs. CNBC ranks Massachusetts 49th in terms of Cost of Doing Business and 47th with regards to Cost of Living. WalletHub ranks Massachusetts among the worst states in Affordability. Furthermore, according to a Massachusetts Taxpayers Foundation report released in the spring of 2023, Massachusetts is seeing its highest outmigration numbers in the last 30 years.

Affordability issues in the state, at a time of increased mobility, are causing an outmigration of residents and making it difficult for employers to find and retain the talent they need to fill open jobs. In a [May 2023 Survey of Massachusetts Business Roundtable members](#), 69 percent of survey respondents indicated that their ability to attract and retain diverse and world-class talent in Massachusetts is the key factor influencing their decision to stay in the state over the next 1 to 2 years. Yet, about 75 percent expect some difficulty in recruiting talent over the next year.

In response to these trends, the Roundtable released [A Talent Agenda to Drive Massachusetts' Competitiveness](#), focused on strategies to recruit, retain, develop, and diversify talent pipelines in the Commonwealth. A key pillar of this Talent Agenda is to create diverse talent pipelines, and a priority strategy within that pillar is to grow the talent pool by "expanding career opportunities for immigrant professionals with international credentials."

Who are we talking about? At the broadest level, immigrant professionals with international credentials can include all immigrants over age 25 who earned a bachelor's degree in a country other than the United States. Some of these individuals are employed, some unemployed or underemployed—many with broad work experience—and others are still applying for authorization to work in the United States. However, in all cases, the education and skills of these professionals are vital to the Massachusetts labor force.

In this report, we are focused on immigrant professionals who did not go on to pursue graduate work and whom we refer to as “*foreign-educated college graduates*.” While we are focused on a narrow population of immigrants, we recognize that all immigrants regardless of their level of education are vital to our economy. This includes the rising numbers of migrant families arriving in Massachusetts and who need work authorization from the federal government to seek employment. Notably, some of the policy recommendations outlined later in the report could assist these new arrivals as they look for work opportunities in the state.

## Key Findings

To better understand the challenges facing foreign-educated college graduates—and potential solutions—the Roundtable partnered with the Center for State Policy Analysis at Tufts University on a study of the current landscape. Key findings included the following:

- ◆ Massachusetts is home to about 240,000 foreign-educated immigrants. Roughly 106,000 of these immigrants are whom we refer to as foreign-educated college graduates in this report, meaning they have earned a bachelor’s degree but have not pursued graduate work. The other 134,000 have completed at least some graduate work.
- ◆ These 106,000 foreign-educated college graduates face the most disadvantages in the labor market. Not only do they earn nearly 20 percent less than their U.S.-educated peers, they are more likely to be out of work, underemployed, or unable to obtain the kind of full-time employment they seek.
- ◆ The inability to connect foreign-educated college graduates with jobs that fit their skills costs the state economy about \$2.3 billion per year in lost earnings and productivity.
- ◆ Wage and employment gaps are especially pronounced for foreign-educated college graduates from Africa and Latin America, whose earnings are 35–40 percent lower than their U.S.-educated peers.
- ◆ Gaps also vary based on the type of degree attained. Foreign-educated college graduates with business and social science degrees face the stiffest barriers when it comes to finding jobs that match their talents
- ◆ There are many ways to help this population find suitable jobs and help employers find the local talent they need in the process. Some solutions, like increased talent recruitment efforts and flexibility in hiring, require coordinated action by employers and immigrant-serving organizations. Other solutions, like increased state funding, new tax incentives, and adjustments of licensing requirements, fall to the state.

As employers continue to seek diverse talent, too many immigrants remain on the sidelines and are blocked from full participation in the workforce. With the right policy interventions, in the short-term, we could help today’s foreign-educated college graduates by connecting them to businesses struggling to find diverse employees. In the long-term, we could reverse troubling population and migration trends and help Massachusetts become a hub for immigrants who contribute to innovation and keep us at the forefront of the national economy for decades to come.

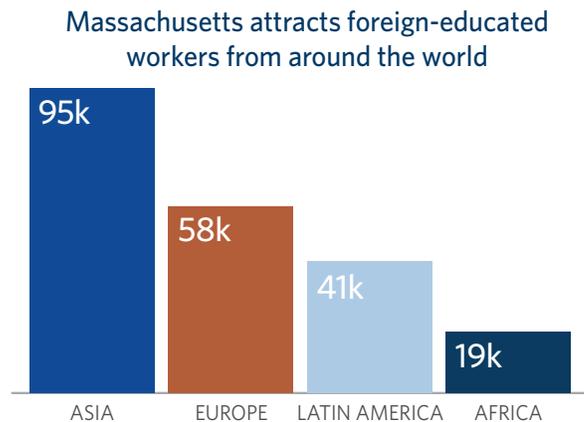
What follows is a more detailed look at these issues and solutions, including an overview of the foreign-educated college graduate population in Massachusetts, examples of obstacles they face, and a slate of policy proposals.

## Understanding the Foreign-Educated College Graduate Population

Roughly one-quarter of all college graduates in Massachusetts were born outside the United States, and of that group, about half earned their college degree abroad as well. This adds up to 240,000 people who attended colleges in a variety of countries, including roughly 20,000 from Africa, 40,000 from Latin America, and nearly 100,000 from Asia.

Many of these foreign-educated immigrants went on to pursue graduate degrees; in fact, Massachusetts residents with foreign degrees are more likely to pursue graduate work than their U.S.-educated peers.

However, when it comes to finding work in Massachusetts, the biggest challenges are reserved for the roughly 106,000 foreign-educated college graduates whose highest level of education is a bachelor's degree. This holds across a couple of different metrics.



1. If residents with foreign bachelor's degrees were able to find jobs and earn wages at the same rate as U.S.-trained residents with identical degrees, they would be earning approximately \$2.3 billion more per year and boosting the state's economic output by roughly that same amount.
2. Partly, this is because foreign-educated college graduates whose highest level of education is a bachelor's degree are less likely to have a job in the first place. Whereas 85 percent of U.S.-educated, working-age residents have jobs, the matching number for foreign-educated college graduates is just 74 percent.
3. For those who can find jobs, they tend to earn significantly less money. The median foreign-educated college graduate without an advanced degree earns 20 percent less than the comparable U.S.-born worker.
4. Among certain groups, these wage gaps are even more dramatic. Foreign-educated college graduates from Africa and Latin America earn 35-40 percent less than U.S.-born peers. Those who speak a language other than English at home earn 25 percent less.

## A Matter of Degrees

The challenges facing foreign-educated college graduates vary considerably depending on their field of study.

Those with business and social science bachelor's degrees tend to face the biggest barriers, both in terms of finding jobs and earning a living. This is generally true across the United States, but it is particularly acute in Massachusetts where business degrees are the most common focus of foreign-educated college graduates.

As an illustration, compare the job prospects for foreign-educated business students with those who trained in the United States. In both cases, the most common path for undergraduates who studied business is to get a job as an accountant or auditor. However, while the second most common job for U.S.-trained workers involves some kind of management authority, the second most common job for their foreign-educated peers is "janitors and building cleaners." That appears alongside other jobs like "cooks" and "maids and housekeeping cleaners"—neither of which

appears among the top ten most common jobs for business majors from schools in the United States.

There are similar mismatches among workers with social science degrees, where those with foreign degrees end up working as taxi drivers or cashiers as opposed to management analysts or real estate brokers.

FOREIGN-EDUCATED	U.S-BORN AND EDUCATED
<b>Top 10 Occupations for Business Degree Holders</b>	
Accountants and Auditors	Accountants and auditors
Janitors and building cleaners	Other managers
Other managers	Financial managers
First-line supervisors of retail sales workers	Chief executives and legislators
Financial managers	Sales representatives, wholesale and manufacturing
Chief executives and legislators	First-line supervisors of retail sales workers
Medical and health services managers	Retail salespersons
Cooks	Sales representatives of services, except advertising, insurance, financial services, and travel
Maids and housekeeping cleaners	Management analysts
Retail salespersons	Customer service representatives
<b>Top 10 Occupations for Social Sciences Degree Holders</b>	
Childcare workers	Other managers
Retail salespersons	Management analysts
Cashier	Chief executives and legislators
Financial managers	Financial managers
Other managers	Retail salespersons
Taxi drivers	Customer service representatives
Lodging managers	Paralegals and legal assistants
Computer occupations, all other	Real estate brokers and sales agents
Customer service representatives	Accountants and auditors
First-line supervisors of retail sale workers	Sales representatives, wholesale and manufacturing

One potential reason for these very different labor market outcomes may be a lack of clarity around the meaning and value of certain foreign degrees, which makes it difficult for businesses in Massachusetts to compare foreign-educated college graduates with U.S.-educated applicants who were educated in familiar institutions and pursued equally familiar courses of study.

Industries with strict labor and licensing barriers also pose a particular challenge for this population, contributing to the large pay and employment gaps for the small number of foreign-educated college graduates with degrees in construction work, electrical and mechanical repair, and cosmetology.

Perhaps the area where licensing plays the biggest role is health care. While Massachusetts must ensure that nurses and doctors have the necessary education, training, and skills, immigrants with foreign degrees—and often extensive clinical experience—can face significant barriers to entering the state’s health care landscape. Right now, Massachusetts faces an acute nursing shortage. Yet, for health care workers with foreign degrees, the path to working in the state’s health care system remains complicated.

Recognizing these challenges, the state and other institutions are working on solutions. The Welcome Back Center at Bunker Hill Community College is dedicated to helping foreign-trained nurses obtain licenses to practice here. Additionally, the state created a [Special Commission on Foreign-Trained Medical Professionals](#), which endorsed a series of short and long-term reforms last year.

## Solutions

The Roundtable and its members are committed to investing and building diverse talent pipelines here in Massachusetts. It is both a moral and business imperative for employers and the state to be intentional in collective efforts around DEI efforts, including increasing access and opportunities for the hundreds of thousands of foreign-educated immigrants currently in the Commonwealth.

Helping foreign-educated college graduates connect to jobs in Massachusetts that better match their skill level will require increased focus and better coordination from the state, the business community, the workforce system, and immigrant-serving organizations. Together, these efforts can create new diverse talent pipelines, increase worker earnings, and boost the productivity of the state’s economy.

Progress is already underway. The Healey-Driscoll Administration has continued to convene the Workforce Skills Cabinet (WSC) which aligns the Secretaries of Labor and Workforce Development, Economic Development, and Education. Chaired by the Secretary of Labor and Workforce Development, the WSC is creating a comprehensive agenda to close the skills gap through key priorities including a focus on pathways and pipelines for immigrant workers across the Commonwealth. In addition, programs run or supported by the African Bridge Network and English for New Bostonians, are two examples, among many, that are helping foreign-educated immigrants find paths to success.

By implementing the concrete changes highlighted below, we can improve outcomes for this population of immigrants, address shortages in the labor market, and help businesses recruit and retain the diverse talent that is already here in the Commonwealth. Recommendations include the following:

### For Employers and Immigrant-Serving Organizations

- ◆ **Increased talent recruitment efforts:** Building strong, practical ties between employers, immigrant-serving organizations, and the workforce system can improve the talent recruitment process. This will take intentional efforts by employers to rethink how they source talent and a willingness to build new relationships with

organizations that are working with immigrants. Efforts to improve the talent recruitment process can include immigrant-focused job fairs, employer-sponsored workshops, speaker events, networking and mentoring opportunities, and a dedicated intermediary whose focus is to help create more robust pipelines between employers and immigrant-serving organizations.

- ◆ **Flexibility in hiring:** Many job descriptions and hiring processes include questions or qualifications that exclude highly qualified immigrants who were educated outside the United States or who need either work authorization or employment-based visa sponsorship to work in the United States. Employers should review and adjust internal HR practices and automated screening systems to ensure they are not unintentionally screening out qualified diverse talent too early in the application or interview process. For example, qualified applicants such as foreign-educated college graduates can be excluded if these systems focus more on familiar credentials and less on the relevant skills and experience applicants have acquired.

## For State Government

### State Funding and Programs

- ◆ **Dedicated funding for career counseling and workforce navigation programs:** Invest in immigrant-serving organizations and the state’s MassHire system to fund career counselors who are equipped to meet the needs of foreign-educated immigrants. These organizations are also well-positioned to introduce short-term credential programs and mentoring systems, whereby soft knowledge and skills are shared with this population.
- ◆ **Scale and increase funding for “English for Work” programs:** Invest in and scale programs that teach English to foreign-educated professionals, recognizing the unique language and cultural needs of immigrants. These programs are aligned with and could be a key part of the state’s commitment to workforce training as a means for career advancement.
- ◆ **Increase immigrant participation in apprenticeships and internships:** Engage foreign-educated immigrants in apprenticeships, internships, and professional fellowships aimed at helping Massachusetts employers build the necessary networks and pipelines to better recruit, hire, and retain well-trained employees.

### Entrepreneurship

- ◆ **Support for entrepreneurship and new businesses:** Small business formation has exploded since the pandemic and has played a particularly important role in immigrant communities. Offering capital grants and loan guarantees to foreign-educated college graduates could fuel innovative and job-creating operations, particularly for those whose foreign degrees or credentials leave them struggling with the traditional job market.

### Tax incentives

- ◆ **Tax incentives:** Offer tax incentives to Massachusetts businesses that hire foreign-educated college graduates. Currently, the Commonwealth offers tax incentives to employers that hire employees with disabilities, apprentices in certain industries, and for job creation. The state should look at existing tax credits to see how they could be expanded to incentivize businesses to adjust their hiring processes and develop new recruitment pipelines for this group of professionals.

## Credentials/Licensing

- ◆ **State-supported process for recognizing and translating foreign credentials:** Fund and deputize trusted organizations to vet and set standards for international degrees, which would help support those with business, social science, and professional degrees from international institutions. This would allow foreign-educated college graduates to better explain their skills and training and help employers understand foreign credentials and degrees that might seem otherwise unfamiliar. Additionally, the state could develop and publicize a publicly accessible list of trusted credential evaluation service providers, such as World Education Services (WES), to guide people who require such services. This has already been done on a smaller scale by some state agencies such as the [Department of Early Education and Care](#) and the [Bureau of Health Professions Licensure](#).
- ◆ **Streamlined licensing requirements:** Review current state licensing requirements to ensure there are clear pathways for foreign-educated college graduates and make licensing rules accessible and easy to navigate for interested workers. Many states have enacted laws to reduce barriers for immigrants obtaining professional licenses, including, Nevada, Arkansas, Utah, and Maine.
- ◆ **Grants and loans to help defray licensing costs:** Provide funding to assist foreign-educated college graduates in affording new licensing requirements needed in the Commonwealth. Other states have started this process including Maine, which issues grants to residents for credential evaluation and Pennsylvania, which provides credential evaluation reimbursements to employers in the field of Early Childhood Education.

In addition to the state level policy interventions highlighted above, additional efforts at the federal level to address backlogs in work authorization approvals and enact meaningful immigration reform will also be essential in meeting the state's current and future workforce needs. For instance, reforms that make the work authorization process quicker and more accessible, allow immigrants to participate in job training opportunities as they wait for authorization, and simplifying the employment-visa sponsorship process for employers could go a long way in ensuring all immigrants have more opportunities to fully participate in the labor force.

## Conclusion

For decades, Massachusetts has relied on its large pool of college graduates to help it stay competitive in an increasingly global economy. However, there is one group of college graduates who have not had the same opportunities as their peers, namely those who were educated outside the United States.

Despite their skills, these foreign-educated college graduates have a harder time finding jobs and tend to earn less than their U.S.-educated peers, costing the state economy about \$2.3 billion per year in lost earnings and productivity. These gaps are especially pronounced for workers from Africa and South America, those who have not pursued graduate studies, and those with degrees in the social sciences or in more professionally focused areas, like business.

As talent is increasingly hard to find or living outside the state, developing a pipeline of immigrant workers here, including reducing barriers to entering the labor force and creating career pathways in high-paying jobs, will play a critical role in maintaining the Commonwealth's historical competitive advantage, its people. There is a lot that the business community, immigrant-serving organizations, and the state can do together to help these workers find jobs that better match their skill sets and work experience. It will require creativity and a willingness to try new approaches,

but in doing so, we can ensure that access to diverse talent continues to be a competitive advantage for employers and the Commonwealth.

## METHODOLOGICAL NOTES

Our analysis of the foreign-educated population relies on microdata from the American Community Survey, compiled and made available by the IPUMS USA project at the University of Minnesota.

Individuals with college degrees are considered foreign-educated if they moved to the United States after the age of 24.

For purposes of calculating wage gaps and productivity losses, we focus on median wages. Degrees in the same field are considered matches, regardless of whether they were attained in the United States or abroad. We do not attempt to quantify content differences between degrees earned in different places.

## About the Center for State Policy Analysis

The Center for State Policy Analysis (cSPA) is a non-partisan research center at Tufts University's Tisch College. We pursue detailed analysis of live legislative issues and ballot questions in Massachusetts so that lawmakers have the information they need to improve legislation and so citizens can understand—and productively debate—the stakes of new laws and ballot initiatives.

## About the Massachusetts Business Roundtable

The Massachusetts Business Roundtable is a public policy organization comprised of Chief Executive Officers and Senior Executives from some of the state's largest employers representing over 250,000 Massachusetts employees. The mission of the Roundtable is to make Massachusetts the most desirable place to live, work and do business by engaging private sector executives and public leaders to ensure access to a robust, diverse, and talented workforce that enhances the Commonwealth's competitiveness in a global economy. To learn more about the Roundtable, visit [maroundtable.com](http://maroundtable.com).

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