

Testimony of Sarah M. Diment
Before the Subcommittee on Economic Growth, Tax
and Capital Access
Committee on Small Business
U.S. House of Representatives
June 12, 2013

Dear Mr. Chairman Rice, Madam Ranking Member Chu, and Members of the Committee:

Thank you for inviting me here today to speak on "The Seasonal Employment Needs of Small Tourism Businesses and H-2B Visa Policy." My name is Sarah Diment, a 3rd generation hotelier at The Beachmere Inn, in Ogunquit Maine, southern York County. Our complex of buildings offers various accommodations from hotel rooms and suites to a full service cottage. We have 73 rooms to service daily. I hope to put a face on the challenges of running a business in a seasonal community on the coast of Maine and the difficulties we have in staffing for the peak summer and fall months and what that means to my own business and to our industry.

Ogunquit is a seasonal tourist destination, located 87 miles north of Boston and is within a three-hour drive of the most populated areas on the East Coast. We are only a six-hour drive from New York City, where many of our July and August guests originate.

Ogunquit offers miles of pristine white sandy beaches, a famous 1-mile walk along the ocean called Marginal Way, and a working fishing cove surrounded by restaurants and shops. We cater to visitors who return for generations. This past week I spoke to a guest who has been coming to our Inn since the late 1960's. Tourism is the principal source of income for many York county residents and businesses and is heavily relied upon during the summer months to help businesses survive the quiet winter season.

We are in the business of hospitality. There are no excuses for not having a clean room, working amenities, or proper food service when our guests arrive. They don't care if we are short-handed or that we cannot find help during the season. They expect and deserve a perfect stay, as they are paying for it. During the past 10 years or so it has been increasingly difficult to find help in the housekeeping department during the summer and fall months. Our business peaks from mid May to the beginning of November. During 2012, we had a monthly occupancy of May 15-31 83.96%, June 78%, July 99.8%, August 99.9%, September 98.5%, October 84%.

We currently employ 14 people in the housekeeping department (2 part-time, 1 supervisor and 11 Americans who average 30-35 hours or more). Typically we require 17 full time housekeepers to make the department run smoothly. As we employ mostly single mothers, our average of 30 - 35 hours is based on accommodations we must make for family and childcare situations. We had used the H-2B program for the past 10 years or so, but due to the changes in rules we opted out of the program last year.

We attempted to apply for visas this year, but due to the "hold" on petitions (and issues that may affect us next year if we were to drop out once the processing at the Department of Labor had begun) we chose to withdraw our petition. We could not wait with uncertainty as to when our petition would be approved for this coming season.

It also concerns me that the wages for these positions are set at the federal level by the Department of Labor, a wage called the "Prevailing Wage" which is not commensurate with the wages paid by hoteliers in my area. Maine minimum wage is currently \$7.50 per hour; federally, the minimum wage is \$7.25 per hour. I had to research minimum wage rates, as I don't think I've ever paid someone minimum wage at my inn. We start our housekeepers, with no experience necessary, at \$9.00 to \$10.00 per hour, with those having some cleaning experience starting at the higher end.

Before dropping out of the program this year, the prevailing wage for housekeeping was determined to be \$9.39 per hour based on the on the determination given to us by the Department of Labor on February 15, 2013. Then the Department of Labor revised that figure to \$10.54 per hour, communicated to us on May 20, 2013. That's an increase of \$1.15 an hour in a three-month span. We determine room rates by December of the year prior, rates that we

provide to our guests, and rates our guests expect us to honor. We cannot change the room rates to accommodate a wage increase in the largest department at our Inn now that the season has already begun. We work within a budget, as most prudent small business owners do. I'm also troubled that this rate is targeted at only the properties who utilize the H-2B program. Because we have more rooms than say, a fellow competitor at the property next door of 35 rooms, we have to pay our American and H-2B workers more. That smaller hotel may not need seasonal help to get through the summer, but because we do, and, because we find those people through the H-2B visa program, we are penalized with a higher wage. This wage also applies to my American workers, which in the short run is a good deal for them. However, once they leave us for other employment or to pursue another career, they will quickly find that entry-level work in many industries in Maine does not start at \$10.54 per hour. It seems that we are creating a false expectation, one that does not reflect entry-level wages in our area. This new higher wage would affect the benefits I would offer, the level I contribute toward health insurance and retirement plans and how we allocate revenues going back into the Inn's capital improvements.

For 2013, we have been actively recruiting through employee referrals, newspaper ads, and online recruiting efforts since March with these results:

Responses to our housekeeping ads: 16
No-shows for interviews: 9
Interviews conducted: 7
Reference checks indicated not hireable: 2
Candidates who came in to interview but showed obvious lack of interest: 2
Job offers declined: 2
Candidates who were hired for other positions in the hotel: 1
Number of housekeepers hired through advertising: 0
Number of housekeepers hired through employee referrals: 3

We had once tried to recruit American workers by advertising in northern Maine, where unemployment levels were higher and industries such as paper mills and manufacturing were closing. We experienced some inquiries but they were mostly from workers who had families they did not want to leave behind. Housing in the summer months is next to impossible to find at a reasonable rates, thus we were unable to provide family housing that would be affordable based on the one person working a seasonal position. We quickly realized that lack of affordable housing and the seasonal nature of the job made these positions undesirable. This past weekend, I tried recruiting housekeepers while attending my cousin's graduation in Bangor, Maine. Although I was prepared to let them leave mid August to start college and drive to Bangor to get them, I could not get any takers. There genuinely seemed to be a lack of enthusiasm in doing housekeeping work.

Locally, as of January 2013, Ogunquit had 1,098 registered voters with 44 restaurant establishments and 65 hotels/B&Bs/inns representing 2,561 hotel rooms, not counting rental homes and condos. The median age in our town is approximately 61.7 years old. We currently have more hotels rooms than residents. At the height of the season, we can see up to 50,000 people in town, including overnight visitors as well as day-trippers.

Many have asked why we don't hire students. As our coastal town is not near any college campuses, recruiting from those attending summer school has proven fruitless. The University of New Hampshire is 27 miles away, a 40-minute commute; the University of Southern Maine is 38 miles to the north, a 55-minute drive; and, the University of New England is 22 miles, a 46-minute drive. Many college students are working in internships for the summer, as they must shore up their resumes far in advance of graduation in this difficult job market. The high cost of college tuition has caused many of those students to work an internship during the day and take job during the evenings. Housekeeping must be done during the day. Housekeeping is no longer

a job that is valued nor sought by college students.

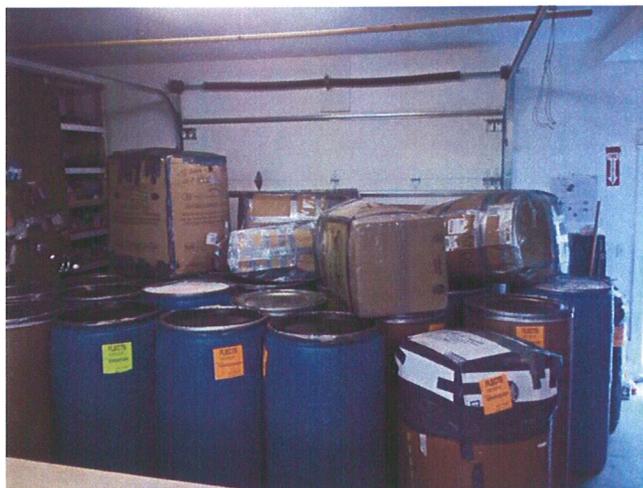
So we turn to surrounding communities as a source in hiring. We compete not only with the other 65 hotels/B&Bs/inns in our town, but also with well known summer vacation spots such as Kennebunkport, Old Orchard Beach, York, Biddeford Pool and more.

There are about 18,000 hotel rooms south of Portland, Maine to the New Hampshire border. That does not include the demands for the hiring needs of retail shops, restaurants or attractions that are looking for seasonal help to operate during the summer months. We primarily recruit from the Sanford area, a 20-mile drive that takes about 35 minutes. Sanford has equally easy access to Kennebunkport, Wells, Ogunquit and Biddeford for job opportunities, yet there were only 20,798 residents there in 2010. Smaller communities surrounding Sanford are also sources of recruitment, but the primary area of available applicants is in Sanford. Clearly, we do not have the human resources available to work at just the hotel industry to clean rooms given the demographics of our region and the competition for the other jobs, seasonal or year round.

Hiring H-2B workers is not an easy, or inexpensive way of recruiting employees. We pay approximately \$3,100 in agency fees and \$1,700 for USCIS fees to process the paperwork. We also pay the transportation costs for each worker to Ogunquit Maine, from their home country. The myriad paperwork, applications, verification and costs make this program one of the more expensive ways to find housekeepers. This is a complicated and expensive program to use, but is one that has been able to fulfill our seasonal needs and support our American workers.

That being said, the H-2B housekeepers who have worked for us are treated as we would any employee. They are paid wages that are comparable to our local workforce, if not more, based on their years of service, just as any American worker would be. They are provided housing (which we built in 2007) with an apartment offering 2 bathrooms, washer/dryer, full kitchen (with 3 refrigerators) AC, TV, and, from some rooms, ocean views. Workers walk 75 feet to the housekeeping office in our main building to report for work. They only pay \$80.00 a week for rent (everything included, except food) and are provided transportation by one of our staff members for weekly shopping trips to local grocery stores and big box retailers.

They are afforded all of the same benefits that our local seasonal workers are offered. They are eligible for our Employee Retirement program after the obligatory waiting period. This past season, the employer contribution was 11% of the employee's gross yearly wages. This retirement program is funded 100% by The Beachmere Inn. They pay taxes and remit Social Security weekly deductions even though they will never be able to use the benefits. They work hard to earn money to shop for goods that they then send home to support their families.



Goods purchased by H-2B workers while working at The Beachmere Inn awaiting shipment to Jamaica

In October 2011, our four H-2B workers shipped 25 barrels and 5+ boxes of goods back to Jamaica. Everything in this shipment was a result of the money they earned while here in the U.S. That's a lot of shopping for just four women. This is money that is rolled right back into our economy and is something to be said for these hard working employees. They also pay a U.S. shipping company to send everything back, at a cost of \$75.00+ a barrel.

The impact of not being able to shore up our year-round staff during the summer and fall affects us in many ways. We often have to pull staff members from other departments in to assist housekeepers, thus delaying work that should be done in their own departments. We have turned to a 6-day workweek for our year-round housekeeper, which impacts them for childcare, gasoline costs and physical exhaustion. If any of you have ever tried housekeeping, it's not a job for the faint of heart. It is a physical job, where you are on your feet most of the day with many tasks requiring bending, kneeling, lifting, twisting and turning. Asking our year round staff to work more to cover the seasonal needs means we are taxing them physically and putting them at risk for injury due to the sheer nature of the job. Or should we shut down rooms to shield them from the work and overtime?

I am now analyzing what services I may not be able to offer (or have to reduce) for this season, as I will not have the staff to do it all. Staff removed from one area to help in another area means we will not be able offer all programs we might wish to. Making these choices is going to hinder what I can do later this season in capital improvements, employee resources and purchases of goods and services for the amenities we may drop.

The H-2B program is a supplement to our year-round American workforce, allowing our business to operate at full capacity so that we can be as successful as we can be, rolling revenue and benefits back into the workforce and our local economy.

We didn't get to celebrate 75 years of operation by not employing Americans and do not plan on continuing to operate without our valued local employees at the helm; however, operating without proper seasonal staffing will force us to make drastic changes. H-2B staffing is not a luxury; it is critical for the operation and growth of my business and for the many other businesses in Maine who realize a dramatic seasonal increase in their businesses.

I hope you can see that we are not using this program as an easy fix, but as a critical business need for the employment, not a displacement or infringement on the success of our year-round American workers. Thank you very much for the opportunity to testify. I am happy to answer any questions you may have.

Sarah Diment, Owner
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Ogunquit, Maine