



June 10, 2013

U.S. House of Representatives
Small Business Subcommittee on Economic Growth, Tax and Capital Access
2361 Rayburn House Office Building
Washington, DC 20515

Re: **Temporary Non-Agricultural Employment of H-2B Visa Workers**

Mr. Chairman and Members of this Subcommittee, thank you for the opportunity to join you today. My name is Brad Dean and I reside in Murrells Inlet, South Carolina, a part of South Carolina's 7th congressional district. I am the President and CEO of the Myrtle Beach Area Chamber of Commerce, a membership organization that serves nearly 3,000 businesses which employ more than 50,000 Americans. Our organization is a proud member of the U.S. Chamber of Commerce, the American Hotel and Lodging Association, and the US Travel Association. We work closely with these groups, and other pro-business groups, as well.

I appreciate your invitation to testify today in this hearing entitled "*The Seasonal Employment Needs of Small Tourism Businesses and H-2B Visa Policy.*" The topic of employment, and specifically, the need for an efficient, effective process to allow small businesses to legally hire temporary workers to fill seasonal jobs and supplement a core base of employment is of great importance throughout America, particularly in communities like Myrtle Beach.

BACKGROUND

Myrtle Beach is a small town of approximately 30,000 permanent residents. Several surrounding communities are tied economically to Myrtle Beach but the entire population of the Myrtle Beach area is still small by most standards. Despite our small permanent population, the Myrtle Beach area is a major tourism mecca, welcoming more than 15 million visitors each year. As you might expect, tourism is our number one industry.

Visitors come to Myrtle Beach to enjoy the 60 miles of beautiful, pristine beaches, 100-plus championship golf courses, and a wide array of amusements, attractions, dining, shopping, and entertainment options. While the activities and amenities are a draw, Myrtle Beach has been fortunate to enjoy a high repeat visitation rate, due in part to the extraordinary southern hospitality our visitors enjoy during each trip.

But there's another reason Myrtle Beach is so popular: it is one of the most affordable destinations in America, a place where the average American family can travel for that American birthright, the summer vacation, to make memories that will last a lifetime while staying within their travel budget. Myrtle Beach is a place where you can spend a lot of time without spending a lot of money. That's more important today than ever before.

In Myrtle Beach, tourism accounts for an annual economic impact of nearly Seven Billion dollars and supports 74,000 jobs in our area. As you might expect, the tourism industry generates millions of dollars to help fund important public services and necessary infrastructure. While Myrtle Beach tourism has a huge economic impact, the underlying industry is made up of many small businesses. In fact, most of our employers are independently-owned businesses, many of which are in the third or fourth generation of family ownership.

We are in the service business. Our local economy depends upon it. Our jobs depend upon it. Because of the importance of tourism as a tax generator, our teachers, police officers, firefighters and infrastructure depend upon tourism, as well.

OUR TOURISM WORKFORCE

A key element of good customer service is the ability to attract and retain a reliable workforce. Unlike a business that can simply increase, decrease, or altogether stop its production levels, tourism has no assembly line. Our industry operates 365 days a year, 24 hours a day. We are required to perform at all times, ensuring our guests have an enjoyable experience. Because we are dependent upon people spending their discretionary earnings on a travel experience that occurs whenever they desire, providing the services Americans desire is paramount to our success.

One very interesting – and challenging – aspect of our tourism industry is its seasonality. Approximately 60 percent of our business is conducted between June and August. This means that our industry is subject to significant peaks and valleys of economic activity. A typical business will see their volume of business activity double or triple from spring to summer, almost overnight. To put it in a perspective that Congress can relate to, imagine if Congress was required to hold 60% of your hearings and office visits and pass 60% of your legislation in June, July and August. The way congressional staff, committees, and offices operate would change considerably.

This extreme seasonality is both a blessing and a curse. We are thankful for the opportunity to host so many Americans during the summer, but it is not uncommon to watch our local community swell to a population that is 10 to 15 times its normal size during peak season. As you might expect, this presents many unique challenges.

Local businesses must anticipate these extremes when planning for their future. A key consideration is the hiring of both permanent and temporary positions. While the businesses we serve naturally welcome the opportunity to hire permanent, year-round employees, these same businesses recognize that they must “staff up” for the summer season. Simply put, adapting to fluctuations in the level of business activity is a survival tactic for our local businesses.

This effort entails a number of recruitment strategies. Our businesses hire college students from the local university and technical college and other students returning home for the summer. We are also a retirement community and some retirees re-enter the workforce to

work during the summer months. Further, among the use of other recruitment programs, many local businesses hire workers from outside our county, providing the workers with transportation to bring them to and from the job.

Yet, despite our best efforts, there are never enough workers to fill the open jobs. We have found ourselves needing temporary, seasonal workers in both good and bad economic times. In recent years, our total employment has grown 15 to 25 percent due to the addition of seasonal jobs. The economic reality is simple: during our peak tourism season, when business levels double or triple and several thousand jobs are added, we do not have enough American workers to fill our temporary employment needs.¹

H-2B VISA PROGRAM

The H-2B visa program, which supplies approved temporary workers at a fair wage, is essential to our economic success. Let me be absolutely clear: this is a jobs issue, not an immigration issue.

The businesses we represent pay competitive wages and successfully hire thousands of hard-working Americans for both full-time and part-time jobs. They pay seasonal workers a market-based wage that is documented and approved by both the state and federal government. However, even while paying a market-based wage, our businesses still cannot find enough workers during the summer months, which makes our use of the often complex and costly H-2B visa program necessary. Businesses must anticipate and plan for hiring levels several months in advance. These businesses must work through as many as four governmental agencies to hire an H-2B visa worker. For temporary hiring that begins in May, some businesses will start the recruiting process in October of the prior year. The businesses run employment advertisements in local newspapers, online news sites and in trade publications. They also promote through independent hiring events, community job fairs and social media.

Our local businesses often do not have the internal resources or expertise to handle H-2B visa hiring in-house, so most rely upon an outside third party placement agency. This adds even more costs to an already lengthy and costly process.

So why use the H-2B visa program? The answer is simple: we cannot find enough American workers to fill the open positions. As a result, temporary guest workers are an essential part of our seasonal employment base. Our local economy cannot function optimally without them.

Despite its shortcomings, the H-2B visa program provides a trained (or trainable) employee at a time when our businesses need them. Often, these workers travel to America from foreign tourism industries that enjoy the opposite seasonality (e.g. in Jamaica, their level of tourism

¹ The overwhelming majority of the 6,000-8,000 businesses that seek to utilize the H-2B visa program annually are small businesses that apply for an average of 15 H-2B workers annually. See "The Economic Impact of H-2B workers," U.S. Chamber of Commerce and Immigration Works (October 2010).

tends to be slow when we are busy, and vice versa). This presents a unique, balancing effect which benefits everyone involved.

CURRENT EMPLOYMENT OF SEASONAL TEMPORARY WORKERS

We understand and accept the premise that businesses must pay the greater of the actual wage or the prevailing wage. Until this year, that standard had been relatively problem-free for our local industry. From what we have been told, changes made in calculating the prevailing wage caused an unexpected, unnecessary hold-up in application processing, and this has negatively impacted our local businesses that depend upon H-2B visa workers. While our local industry needs more H-2B visa workers this year than in previous years, I expect the actual number of positions filled will be at or below last year's level, leaving jobs unfilled in 2013.

These are not jobs that can, or will, be outsourced to another state or nation. If these jobs go unfilled, the level of service will suffer, and businesses will underperform. Ultimately, this will undermine the very business model within which we operate, making businesses less likely to hire more permanent, full-time employees. In this sense, H-2B visa workers enhance the overall business operation, which helps fuel hiring of full-time, permanent American workers. Furthermore, any unnatural intrusion into the economic model will ultimately raise the cost of conducting business, which ultimately gets passed onto the consumer. And, for a tourism destination like Myrtle Beach, where value and affordability are a key part of our business success, the average American could be squeezed out of their summer vacation experience.

WAGE IMPACT OF H-2B VISA EMPLOYMENT

Critics of this program might wonder why businesses don't just pay higher wages to fill open jobs. Market forces dictate an appropriate wage, and the jobs filled by temporary guest workers are paid a fair wage approved by the federal government. You might be surprised to learn that temporary guest workers are being hired in Myrtle Beach today at an hourly wage rate that exceeds the federal minimum wage by 10 to 25 percent. In fact, we know of very few businesses that hire temporary or permanent workers at minimum wage.

The idea that businesses can choose between paying a higher wage or simply not filling a job is a false choice. Industry and market conditions can, and should, determine the prevailing wage, as with other industries, and we find most businesses accepting of the prevailing wage or actual wage calculation, as overseen by the Department of Labor. In my view, the process has worked well prior to this year, and we should strive to allow that to continue.

EMPLOYMENT IMPACT OF H-2B VISA EMPLOYMENT

Critics of this program might suggest that these temporary H-2B visa workers displace American workers. This is simply not true. The jobs we struggle to fill are temporary seasonal jobs which

last 60 to 90 days. The American workers seeking employment in our community are not looking for temporary jobs; they want full-time permanent employment.²

The H-2B Visa Worker program provides a series of balanced benefits for all involved:

- Employers find reliable, trained workers who eagerly enter our workforce for a short period of time, providing a necessary means of filling open jobs which would otherwise go unfilled.
- The temporary workers voluntarily participate in a world-class tourism industry, earning a fair wage to provide for their families while learning our language and customs.
- American workers benefit by enjoying full-time pay and benefits in businesses that succeed, in part, by the hiring of H-2B visa workers.
- Our economy benefits from optimal business activity and fair collection of taxes, required to be paid by the temporary workers, by state and federal governments.

This truly represents a Win-Win situation for all involved.

Likewise, the opposite is true. If temporary service jobs go unfilled, everyone loses – including the business, its employees, and its customers. Also, due to the economic importance of tourism, our local economy and at-large community will be negatively impacted.

IMPROVEMENTS TO THE H-2B VISA WORKER PROGRAM

While our businesses use the current H-2B visa program out of necessity, the process for hiring an H-2B worker could be improved upon. Suggested improvements include:

- Improve the efficiency of the process by streamlining the program's complex requirements. Employers must meet a complicated set of requirements before they can hire H-2B visa workers including making extensive efforts to recruit U.S. workers, filing paperwork with four government agencies, obtaining temporary labor certification from the Department of Labor (DOL), and gaining approval of their petition for a foreign worker by U.S. Citizenship and Immigration Services (USCIS). Employers must demonstrate that their need for a foreign worker is temporary, and they must pay at least the government-mandated prevailing wage for the job. These requirements are onerous for any company and simplifying the program's requirements would make it more efficient and reduce the burdens it imposes on many small and medium sized employers.³
- Prevent the processing delay experienced by small businesses using the program this year caused by uncertainty in agency action and regulation of the program. Seasonal

² In fact, certain studies have actually been able to draw a direct correlation between the H-2B program and the hiring of U.S. workers. See Douglas W. Lipton. "An Economic Analysis of Guest Workers in Maryland's Blue Crab Industry." University of Maryland's 2008 Maryland Sea Grant Extension Brief.

³ For additional information on the H-2B hiring process, See "The Economic Impact of H-2B workers," U.S. Chamber of Commerce and Immigration Works (October 2010).

hiring for 2013 was deterred for several weeks and that has already impacted our local market.

CONCLUSION

The main issue concerning H-2B visa workers is not the prevailing wage rate. It's not about unfair employment practices. It's not about displacing American workers. The real issue at hand is about small businesses and the jobs they create to employ American workers.

A guest worker program is not a luxury. Rather, it is a business necessity. Specifically, the H-2B visa program is necessary for a seasonal tourism destination like Myrtle Beach, South Carolina. Without this program, we would struggle. With the program, we enjoy a level playing field and our businesses are given a fair chance to succeed.

It appears to me that in the contentious political environment within which you operate, compromise is difficult, if not impossible. And, it is not lost upon most of us that this Congress, along with the current administration, are prepared to pass some form of comprehensive immigration reform, a landmark accomplishment for our nation that is long overdue. Additionally, the Myrtle Beach Area Chamber of Commerce in working with the U.S. Chamber of Commerce has put its full support behind comprehensively reforming our nation's broken immigration system into one that drives job creation and economic growth by both better meeting the needs of employers and better utilizing the unique talents of people here and abroad.

With all of this in mind, I humbly offer this gentle reminder that the laws you create can cultivate a climate that provides small businesses greater confidence and clarity, a willingness to invest and grow, and the opportunity to succeed. Likewise, you can pass laws that stifle growth and limit job creation. I encourage you to rise above the partisan arguments and petty politics which could deter you from acting responsibly by, and for, the single largest creator of jobs in America: our small businesses.

Recognize that for some tourism-dependent communities, temporary seasonal hiring is a business necessity. The H-2B visa program is one very small part of a successful economy and should be given fair consideration in your deliberations.

I thank you for your time and considerations of this very important topic.



Brad Dean
President & CEO