



Opening Statement of Chairman Tom Rice
Subcommittee on Economic Growth, Tax and Capital Access
Hearing: “The Seasonal Employment Needs of Small Tourism Businesses and H-2B Visa Policy”
June 12, 2013

Good morning. I want to thank our witnesses for appearing before our Committee today. We look forward to your testimony.

Our small businesses in the tourism industry need to significantly increase their workforce during their peak seasons. For businesses in my district, the high season is well under way. South Carolina’s Grand Strand is one of the top tourist destinations in the country, competing with Orlando, Las Vegas, and Virginia Beach. From April to August, Myrtle Beach hotels, resorts, restaurants and other tourism-related businesses are welcoming vacationing guests from across the country.

Having a well-trained and reliable staff is a critical component to having a successful seasonal business. Companies located in small, often rural, towns that rely heavily on tourism to sustain the local economy have a difficult time finding enough local workers to fill seasonal jobs.

Employers that cannot find American workers to fill their seasonal jobs rely on the H-2B visa program to supplement their local workforce. The H-2B visa program allows businesses to bring in temporary foreign workers to fill lesser-skilled, non-agricultural jobs. H-2B visas are capped at 66,000 per year. While the program is relatively small, it is heavily relied upon by small seasonal businesses, including those in the tourism industry.

Utilizing the H-2B program is a time-consuming and costly process which involves several agencies, including the Department of Labor and the Department of Homeland Security. Unfortunately, these Departments are making the process even more difficult during a critical time for small businesses.

Both the Department of Labor and the Department of Homeland Security recently suspended processing H-2B visa applications for a month. Although processing was restarted in late April, the suspension of the program caused a backlog. Some small businesses that were expecting their H-2B workers to arrive before Memorial Day are still waiting. Being short-staffed is leading to a strain on the existing resources of small businesses.

In addition, a recent regulatory change, that is immediately effective, changes the way wages are calculated for H-2B workers and U.S. workers recruited in connection with the H-2B process. Businesses that have received new wage rates from the Department of Labor since the new rule was implemented are seeing an average wage increase of 32.3 percent according to a nationwide survey. The impact of the increased costs is especially significant for small businesses that have set their seasonal rates or have existing contracts. These businesses, and those that operate on thin margins, have little or no flexibility to offset increased labor costs.

I am very concerned that the H-2B program may be regulated out of existence. That would have a dire effect on small businesses that rely on the program to supplement their local workforce to meet their seasonal hiring needs.

I look forward to hearing from our witnesses today about the H-2B visa program and its importance to small tourism businesses, as well as how the recent suspension of the program and regulatory change will affect small businesses that rely on the program.

I now yield to Ranking Member Chu for her opening remarks.